

Goodmans^{LLP} Update

TSX Introduces TSX Sandbox – A New Framework for Listing Applications

On April 12, 2019, the Toronto Stock Exchange (TSX) issued *TSX Staff Notice 2019-0002* providing guidance with respect to its exercise of discretion in listing decisions and introducing and setting out the framework for its exercise of that discretion; an initiative the TSX refers to as the “TSX Sandbox”.

The TSX Sandbox is the TSX’s regulatory sandbox created to facilitate listing applications for issuers that may not otherwise satisfy the listing guidelines set out in the TSX Manual but may warrant a listing or an exemption from certain listing requirements due to unique factors. It also will allow the TSX to efficiently test and develop new policy initiatives outside of its standard regulatory framework and explore novel financings for existing issuers.

Subject to eligibility, both original (early-stage and seasoned companies) and existing TSX-listed issuers from all industry sectors may apply to the TSX Sandbox. The TSX indicated it will consider a number of factors in evaluating applicants’ eligibility including the experience and track record of management teams, size of market capitalization, significant pre-tax cash from operations, evidence of public support or investor interest and established corporate governance practices, among other things.

Applicants that are currently or have previously been subject to investigations or regulatory sanctions, are emerging market issuers, have questionable management or have previously applied through the TSX’s standard procedures will not be eligible for inclusion in the sandbox.

Procedurally, the TSX recommends that issuers request a pre-filing meeting before submitting an application to the sandbox. Issuers whose applications are approved by the TSX Sandbox may be subject to special conditions beyond those required for a regular listings which may include enhanced disclosure (including the fact that their application was approved via the TSX Sandbox), minimum public raises or market capitalization, time limitation for listing or waivers, and enhanced sponsorship, escrow requirements or reporting requirements.

The TSX Sandbox is an opportunity for the TSX to analyze novel applications and provide issuers that may not fit within existing listing criteria the opportunity for listing or creative financing though the TSX stated all decisions will be made on a case-by-case basis. As a result, the TSX actively encourages first-mover applications to the sandbox noting first-movers will benefit from early consideration as approved applicants will not be viewed as precedent-setting and subsequent similar applications may not be accepted until the TSX has had time and/or seasoning to evaluate the results of the initial applications.

Please contact any member of our [Corporate Securities Group](#) for further information.

Authors



Stephen Pincus
spincus@goodmans.ca
416.597.4104



Bill Gorman
bgorman@goodmans.ca
416.597.4118



Bryan Flatt
bflatt@goodmans.ca
416.849.6935

All Updates are available at www.goodmans.ca. This Update is intended to provide general comment only and should not be relied upon as legal advice. © Goodmans LLP, 2019.