

# Goodmans<sup>LLP</sup> Update

Barristers & Solicitors

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## Corporate Securities Law

June 26, 2006

### TSX Notice With Respect to Stock Plans

Earlier this month the Toronto Stock Exchange issued a notice with important implications for listed issuers with stock incentive compensation plans.

#### Amendments to Plans

The principal purpose of the notice was to advise that listed issuers wishing to avoid a requirement of securityholder approval of *any* amendment to their stock incentive compensation plans, whether or not material, have until June 30, 2007 (in effect, at the issuer's next annual meeting) to amend their plans to include a detailed amendment procedure. After that date listed issuers with plans that do not specifically provide that securityholder approval is not required for specified types of amendments will be required to obtain that approval for any amendment. A broadly cast "general amendment provision" typical of many plans will not suffice to avoid the requirement of securityholder approval. The TSX has advised listed issuers to introduce detailed amendment provisions in their plans at their next meeting of securityholders. Issuer proposing to include a provision which allows the board of directors (or a similar body) to make fundamental changes to a plan should include a description of the general nature of the changes the board may make, together with examples. The TSX's rules continue to provide that certain amendments will require disinterested securityholder approval (notwithstanding the plan terms), including extensions or re-pricing of insiders' options.

#### Option Expiries During Black Out Periods

The TSX notice also provides an exception to the prohibition on extending insiders' stock incentives without disinterested securityholder approval in circumstances where the stock incentives expire during a trading blackout period implemented by the listed issuer. The TSX has advised that stock incentive compensation plans may be amended to provide for stock incentive rights to have conditional expiries, meaning fixed expiry times with provision for an extension if the fixed expiry occurs within a blackout period.

Should you wish to discuss these developments any further, we invite you to contact any member of the Goodmans corporate securities team.

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See Over ⇒

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