

Goodmans^{LLP} Update

TSX Amends Rules Governing Special Purpose Acquisition Corporations; Eliminates Shareholder Meeting Requirement

On October 4, 2018, the Toronto Stock Exchange (TSX) announced amendments to the rules relating to special purpose acquisition corporations (SPACs). The amendments simplify the process of forming and listing a SPAC and completing a qualifying acquisition.

In particular, the amendments, among other things:

- a. eliminate the shareholder approval requirement for qualifying acquisitions provided that: (i) 100% of the gross proceeds of the SPAC's IPO are placed in escrow, (ii) a notice of redemption is mailed to shareholders, and the prospectus for the qualifying acquisition is posted on the SPAC's website, at least 21 days before the redemption deadline, and (iii) the SPAC delivers a copy of the prospectus to shareholders at least two business days before the redemption deadline, which delivery may be effected electronically;
- b. permit loans to the SPAC from its founders or others up to a maximum aggregate principal amount equal to 10% of the escrowed funds;
- c. reduce the initial public distribution requirement from 300 public board lot holders to 150 public board lot holders and provide a period of 180 days following completion of a qualifying acquisition for an issuer to satisfy the 300 public board lot holder requirement; and
- d. codify exemptions from certain requirements that have previously been granted by the TSX to SPACs that had completed IPOs and listed on the TSX.

Details of the amendments can be found [here](#).

Please contact any member of our [Corporate Securities Group](#) to discuss these developments or the implications of the amendments.

Authors



Stephen Pincus
spincus@goodmans.ca
416.597.4104



Bill Gorman
bgorman@goodmans.ca
416.597.4118



David Coll-Black
dcollblack@goodmans.ca
416.597.4120

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