Goodmans LLP Update

Corporate Securities Law

January 26, 2015

TSX Proposes Amendments to Rules for Interlisted Issuers and Voluntary Delisting

The Toronto Stock Exchange (TSX) has published two proposed amendments. The first will expand exemptions available to issuers who list not only on the TSX but on one or more exchanges ("**Interlisted Issuers**"). The second will vary the requirements and procedures for issuers seeking to voluntarily delist.

The TSX has asked for comments on the proposed Interlisted Issuer amendments by March 9, 2015, and on the proposed voluntary delisting process amendment by February 23, 2015.

Interlisted Issuer Amendments

The rules concerning Interlisted Issuers are designed to eliminate unnecessary duplication. Specifically, there is limited advantage and potentially unnecessary burdensome complexity and duplication in imposing an additional regulatory framework on issuers whose securities are primarily traded on other exchanges, and whose activities are being regulated and overseen by those other exchanges.

There is a meaningful number of Interlisted Issuers: the TSX reported that as at November 30, 2014, there were 332. That group subdivides in two ways: jurisdiction of incorporation, and location of the bulk of trading in their securities:

- The substantial majority of Interlisted Issuers (273 or 82%) are incorporated in Canada ("**Canadian-based Interlisted Issuers**"), while the remaining 59 (or 18%) are foreign incorporated ("**International Interlisted Issuers**").
- In 2013, 56 (22%) of the Canadian-based Interlisted Issuers and 37 (46%) of the International Interlisted Issuers, had less than 25% of their trading volume on the TSX.

The TSX's current rules exempt Interlisted Issuers from certain of the exchange's requirements, including those applicable to private placements and acquisitions, where at least 75% of the issuer's trading value and volume over the six months immediately preceding notification occurs on another exchange (provided that the other exchange is reviewing the transaction in question).

The proposed amendments would expand the scope of the exemptions, and the number of Interlisted Issuers who could rely on them. Under those amendments (provided that another recognized exchange is reviewing the transaction), Interlisted Issuers for which less than 25% of trading in their securities occurs in Canada, could use the exemption (without, as presently is the case, necessarily requiring that more than 75% of trading occur on one other exchange). As for the scope of the exempt transactions, and in addition to the current exemptions, qualifying Interlisted Issuers would be exempted from TSX rules concerning the following matters, among others:

- special requirements for non-exempt issuers;
- prospectus offerings;
- convertible securities;
- securities issued to registered charities; and
- rights offerings.

Additionally, International Interlisted Issuers could apply for an annual exemption from the TSX's corporate governance requirements, such as director election requirements.

Voluntary Delisting Amendments

The proposed new rules for issuers seeking to voluntarily delist contemplate enhanced requirements, generally including security holder approval unless the TSX is satisfied that: (a) an acceptable alternative market exists for the listed securities; (b) security holders have a near-term liquidity event; or (c) the listed issuer is already under delisting review.

Please contact any member of our Corporate Securities Group to discuss the implications of either of these proposed amendments.