

Goodmans^{LLP} Update

TSX Proposes Amendments to Rules Governing Special Purpose Acquisition Corporations

On May 31, 2018, the Toronto Stock Exchange (TSX) published for comment proposed amendments to the rules relating to special purpose acquisition corporations (SPACs). The proposed amendments would simplify the process of forming and listing a SPAC and completing a qualifying acquisition.

In particular, the proposed amendments would, 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;
- b. permit loans to the SPAC from its founders or others up to a maximum aggregate principal amount equal to the lesser of: (i) 10% of the escrowed funds, and (ii) \$5 million;
- c. reduce the initial public distribution requirement from 300 public board lot holders to 150 public board lot holders and provide a period of 90 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.

A copy of the proposed amendments can be found [here](#). The TSX has requested comments on the proposed amendments by July 3, 2018.

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

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