

## Corporate Securities Law

January 19, 2016

### TSX Provides Guidance on New Rights Offering Regime

The Toronto Stock Exchange (TSX) has published guidance (the “**TSX Guidance**”) on its rights offering rules in light of the recent adoption by the Canadian Securities Administrators (CSA) of a new rights offering regime (the “**CSA Amendments**”). The CSA Amendments, which are intended to make rights offerings more accessible to issuers while maintaining investor protection, are detailed in our September 28, 2015 Update, *CSA Finalize Proposed Amendments to Rights Offering Regime*.

#### Pre-clearing Rights Offering Documents

Under the CSA Amendments, rights offering documents are no longer subject to advance review and approval by the CSA. The TSX Guidance clarifies that the key rights offering documents (being the short-form notice, together with either the rights offering circular or the prospectus) must still be pre-cleared with the TSX. These documents should be filed in draft form with the TSX at least five trading days before they are finalized to allow the TSX sufficient time to review the pricing, mechanics and timing of the rights offering and ensure an orderly market for trading.

#### Setting the Record Date

Rights offering documents must be approved by the TSX before the issuer determines and announces the record date for the rights offering. Under the old TSX rules, TSX approval had to be obtained and notice of the record date given at least seven trading days before the record date. The TSX Guidance reduces the notice period for the record date to five trading days. The TSX believes five trading days is sufficient time to advise market participants about the timing for ex-rights trading in the listed securities. Ex-rights trading typically begins two trading days before the record date.

#### Implementation

The TSX Guidance is effective immediately and will eventually be reflected in amendments to the TSX Company Manual. The TSX Venture Exchange has adopted similar guidance regarding its rights offering rules, and is also making changes to its rules regarding minimum pricing, listing and the requirement to obtain shareholder approval for the creation of a new “control person” as a consequence of a stand-by commitment.

Please contact any member of our Corporate Securities Group to discuss the implications of these changes.