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**TSX VENTURE EXCHANGE AMENDS POLICY
MANUAL EFFECTIVE JUNE 14, 2010**

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Effective June 14, 2010 (the "Effective Date"), the TSX Venture Exchange ("TSXV") has adopted significant changes to its policies, which include amendments to the minimum listing requirements, tier maintenance requirements and capital pool company ("CPC") policy, along with various other minor policy amendments. Applications filed with the TSXV prior to June 14, 2010, will be subject to the current policy requirements of the TSXV.

1. Listing Requirements

Post Effective Date, "minimum listing requirements" will be referred to as "initial listing requirements" ("ILR") and "maintenance requirements" will be referred to as "continued listing requirements" ("CLR"). The TSXV intends that the changes to ILR and CLR will simplify listing and tier maintenance procedures for issuers, and that the new requirements will be more relevant measures for the TSXV's existing market composition and environment.

(a) Initial Listing Requirements - Tier 2

The TSXV has simplified the qualifying metrics for issuers applying for Tier 2 listing. Prior to the Effective Date, working capital metrics for Tier 2 issuers differed depending on the applicable industry segment. Post Effective Date, working capital metrics will be standardized and consistent for all industry segments. In order for a Tier 2 issuer to meet the ILR, the issuer will need to have adequate working capital or financial resources:

- (i) to carry out a work program or execute its business plan for the 12-month period following listing; and
- (ii) \$100,000 in unallocated funds.

Further, Tier 2 issuer distribution requirements have been standardized across industry segments and all Tier 2 issuers will have to meet the following public distribution requirements:

- (i) public float of 500,000 shares;
- (ii) 200 public shareholders, each holding a board lot and having no resale restrictions on their shares; and
- (iii) 20% of all issued and outstanding shares in the hands of public shareholders.
- (iv) Removed are the requirements that the shares held by public shareholders have a value of \$500,000 and that the issuer have a 10% public float.

(i) Initial Listing Requirements - Tier 2 Non-Resource Issuers

Post Effective Date, there will be five industry segments for non-resource issuers: industrial, technology, life sciences, real estate and investment.

Companies applying for listing under the real estate and investment segments may choose between a \$2 million net tangible asset test or a \$3 million arm's length financing test. Non-resource issuers in the industrial, technology or life sciences industry segments may select one of the three following tests in order to meet what were formerly the net tangible asset tests and revenue tests in order to qualify for listing on the TSXV:

- (i) net tangible asset test (\$750,000);
- (ii) revenue test (\$500,000); or

- (iii) arm's length financing test (\$2 million).

Real estate issuers must also have a significant interest in real property whereas investment issuers must have an investment policy disclosed to their investors with at least 50% of their available funds allocated to no less than two specific investments. Companies applying for listing under the industrial, technology or life sciences segments must also have a significant interest in the business, property or asset, in addition to a history of operations or evidence of business validity.

(ii) Initial Listing Requirements - Tier 2 Resource Issuers

ILR's for resource issuers (mining and oil and gas) remain largely unchanged. However, the oil and gas industry segments have been divided into two sub-segments under which an issuer can be categorized: (i) exploration; or (ii) reserves. Property metrics differ depending on whether the issuer falls within the exploration or reserves sub-segment.

Exploration issuers will need to have a \$1.5 million work program recommended in a geological report. Exploration issuers will have the ability to meet property and prior expenditures and work program metrics through a joint venture interest, provided an amount of \$5 million is being raised through a prospectus offering.

Reserve issuers will require either \$500,000 in proved developed producing reserves or \$750,000 in proved plus probable reserves. Where proved developed reserves have a value of less than \$500,000, a work program of no less than \$300,000 is required and will have to be recommended in a geological report.

Mining issuers will continue to be required to demonstrate expenditures of no less than \$100,000 on a qualifying property within the 36-month period preceding listing; and have an initial phase work program, recommended in a geological report, of no less than \$200,000.

(b) Initial Listing Requirements – Tier 1

New listing requirements for Tier 1 issuers are structured to bridge the TSXV Tier 2 listing requirements and the listing requirements of the TSX. The Tier 2 industry segments have been carried over to Tier 1 with the exception of the oil and gas sub-segments. Tier 1 oil and gas issuers will either fall into an exploration sub-segment or a producing sub-segment.

In order for a Tier 1 issuer to meet the ILR, the issuer will need to have adequate working capital or financial resources:

- (i) to carry out a work program or execute its business plan, as applicable, for the 18-month period following listing; and
- (ii) \$200,000 in unallocated funds.

Tier 1 issuers must also meet the following public distribution requirements:

- (i) public float of 1 million shares;
- (ii) 250 public shareholders (increased from 200), each holding a board lot and having no resale restrictions on their shares; and
- (iii) 20% of all issued and outstanding shares must be in the hands of public.

Removed are the requirements that the shares held by public shareholders have a value of \$1 million and that the issuer have a 10% public float.

(i) Initial Listing Requirements - Tier 1 Non-Resource Issuers

Non-resource issuers in the industrial, technology or life sciences industry segments may select from one of two listing qualification tests which were formerly the net tangible asset tests and earnings tests. The choice will be a net tangible asset test (\$5 million) or a revenue test (\$5 million). Additionally, issuers applying for listing under the Tier 1 industrial, technology and life science segments will need to have a significant interest in the business, property or asset, and a demonstrated history of operations or evidence of business validity.

Issuers applying under the Tier 1 real estate and investment industry segments will need to meet net tangible asset metrics of \$5,000,000 and \$10,000,000, respectively. In addition, Tier 1 real estate issuers will need to have a significant interest in real property, whereas a Tier 1 investment issuer will need only to have an investment policy disclosed to its investors.

(ii) Initial Listing Requirements - Tier 1 Resource Issuers

Issuers applying under the Tier 1 oil and gas exploration industry sub-segment must have \$3 million in reserves (of which \$1 million must consist of proved developed reserves) and a \$500,000 work program expected to increase reserves and based on a geological report.

Issuers applying under the producing industry sub-segment require \$2 million in proved developed reserves. However, this sub-segment does not require any prior expenditure or work program in place.

Mining issuer property requirements, prior expenditures and work program requirements remain substantively unchanged.

(c) Initial Listing Requirements - Pre-Listing Transactions and Capital Structures

The TSXV has provided guidance on acceptable pre-listing transactions and capital structures, including the following:

- (i) the TSXV will generally require that all securities issued to principals of the issuer, as well as securities issued below certain price levels, be escrowed or held subject to hold periods;
- (ii) where convertible securities are issued prior to listing and exercisable or convertible into shares at a price that is less than the issuance price per security under a prospectus offering (or other financing or acquisition undertaken contemporaneously with the listing application), the underlying security will be subject to escrow, if issued to a principal, or the resale restrictions in all other cases;
- (iii) where there is no concurrent financing, the minimum permitted price at which the securities can be exercisable or convertible, and not be subject to escrow or a hold period, is the greater of the market price and \$0.10;

- (iv) if an issuer has completed a private placement of convertible securities anticipated to be qualified pursuant to a prospectus or otherwise within the three month period prior to its application for listing (i.e. a special warrant offering), and the issuance price per convertible security is less than the prospectus or market price at the time of the listing, the TSXV may impose a hold period on the underlying securities, whether or not the underlying securities have been qualified for distribution by a prospectus; and

- (v) the TSXV may refuse a listing application if the issuer's capital structure appears to be excessively dilutive or otherwise imbalanced and the TSXV may request additional information from, or action on the part of, the issuer, including amendments to the issuer's capital structure for any shares issued to any person at an effective price of less than \$0.05 per share.

(d) Continued Listing Requirements – Tier 2

Tier 2 CLR have been simplified and, except for activity tests, will be consistent for all industry segments. A Tier 2 issuer, regardless of industry segment, will satisfy the public distribution and market capitalization tests (which have been rolled into one category), if:

- (i) at least 500,000 listed shares (increased from 300,000) are in the public float;
- (ii) 10% of listed shares are in the public float;
- (iii) the listed shares within the public float have a minimum market capitalization of \$100,000; and

- (iv) at least 150 public shareholders hold at least one board lot each, free of any resale restrictions.

development of its assets or business).

A Tier 2 issuer will be able to satisfy the working capital metric with the greater of \$50,000 and the amount required to maintain operations and cover general and administrative expenses for a six-month period.

The TSXV believes that the assets and operations metric for Tier 2 issuers will be more flexible post Effective Date. However, it retains discretion to determine eligibility in situations where the Tier 2 issuer or its principal operating subsidiary reduces or impairs its principal operating asset, ceases or discontinues a substantial portion of its operations or business for any reason, or seeks protection from, or is placed under the protection of, any bankruptcy or insolvency law or is placed into receivership.

A Tier 2 issuer's ability to satisfy the activity tests will depend on whether it is a resource or non-resource issuer.

Tier 2 resource issuers will be able to satisfy their activity tests based on either:

- (i) their most recently completed financial year (positive cash flow, significant operating revenue or \$50,000 of exploration or development expenditures); or
- (ii) the two most recently completed financial years (\$100,000 of exploration or development expenditures).

Tier 2 non-resource issuers will be able to satisfy their activity tests based on either:

- (i) their most recently completed financial year (positive cash flow, \$150,000 of operating revenues or \$150,000 of expenditures relating to the development of its assets or business); or
- (ii) their two most recently completed financial years (\$300,000 of operating revenues or \$300,000 of expenditures relating to the

(e) Continued Listing Requirements – Tier 1

Tier 1 issuer CLR have been considerably simplified. A Tier 1 issuer from any industry segment will be able to meet CLR if it continues to meet the Tier 1 ILR applicable to its industry segment.

2. Capital Pool Companies

The TSXV CPC program was designed as a corporate finance vehicle whereby businesses are provided an opportunity to obtain financing earlier in their development stage than by way of more traditional methods of financing, such as an initial public offering. The TSXV has made the following changes to the CPC program Post Effective Date.

(a) Maximum Aggregate Gross Proceeds to the Treasury of a CPC

The maximum aggregate gross proceeds to the treasury of a CPC from the issuance of IPO shares, all seed shares and shares issued pursuant to a private placement, has been increased from \$2 million to \$5 million. CPC's are now provided with a heightened ceiling with regard to the total amount of capital they are able to raise. However, at this stage, capital raised cannot be used for any purpose other than the identification of assets and business opportunities. Any other use of the financing raised is expressly prohibited by the TSXV CPC policies.

(b) Minimum Total Amount of Seed Capital Raised by the CPC

Directors and officers of the CPC are required to contribute a minimum total amount of seed capital to a CPC through the issuance of seed shares. This amount has been altered from a minimum of \$100,000 to an amount equal to or greater than the greater of:

- (i) \$100,000; and
- (ii) 5% of the aggregate of all proceeds received by the CPC on the date of its final prospectus resulting from the issuance of treasury securities, including proceeds from the issuance of seed shares, any private placement securities and

initial public offering shares (note that this additional seed share investment requirement will only impact CPC's raising more than \$2 million).

(c) Validity Period of Form 2A Personal Information Form

Previously, a director or officer of a CPC had the possibility to file a Form 2C1 Declaration in substitution of a Form 2A Personal Information Form ("PIF"), so long as the director or officer had previously submitted a PIF within 18 months. Post Effective Date, the period for completing a Form 2C1 Declaration is extended from 18 to 36 months.

3. Other Policy Changes

The TSXV has also made minor changes to its policies which aim to clarify and reduce ambiguities, address various changes to securities laws which have impacted its policies, conform to TSXV practice and to achieve greater consistency across all TSXV policies.

Additional information on the amended policies, together with blacklined versions of the TSXV policies, forms and appendixes are available on the TSXV website at www.tmx.com.

CONTACT US

For further information, please contact a member of our [National Securities | Corporate Finance Group](#).