

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 TSX – Amendments to Part VI of the TSX Company Manual – Notice of Approval

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL AMENDMENTS TO PART VI OF THE TORONTO STOCK EXCHANGE COMPANY MANUAL

(September 1, 2016)

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits thereto for recognized exchanges, Toronto Stock Exchange (“**TSX**”) has adopted, and the Ontario Securities Commission has approved, amendments to Part VI of the TSX Company Manual (the “**Manual**”). The proposed amendments provide for public interest changes and ancillary changes, and are collectively referred to as the “**Amendments**”. The Amendments were published for public comment in a request for comments on April 28, 2016 (“**Request for Comments**”).

Reasons for the Amendments

Dividend / distribution reinvestment plans (“**DRIPs**”) have been adopted by many TSX-listed issuers to allow their existing holders to re-invest their cash dividends or distributions by purchasing additional securities. In certain instances, DRIPs may also allow security holders to purchase additional securities, in excess of the dividend or distribution, in compliance with applicable securities laws. These purchases are referred to as “optional cash payments”.

There are many benefits to DRIPs. They allow listed issuers to preserve cash and encourage long-term investment in their securities. DRIPs are also a means for security holders to increase their investment in an issuer in a convenient and efficient way through commission-free purchases of securities, often at a discount to the market price. TSX estimates that DRIPs are utilized by approximately 200 TSX-listed issuers.

The Manual does not currently contain specific requirements relating to DRIPs. DRIPs that provide for the issuance of securities from treasury are treated as additional listings of securities under the general provisions of Section 615 of the Manual. Section 616 of the Manual sets out the customary documentation required for additional listings. TSX has historically relied on these provisions to approve DRIPs and list the securities issuable in connection with DRIPs. However, these requirements are general in nature and not specifically tailored to DRIPs.

As there are no specific requirements applicable to DRIPs in the Manual, TSX is frequently contacted by issuers or their legal advisors to understand how to implement a DRIP, list additional securities pursuant to a DRIP or amend a DRIP.

Section 617.1 is being implemented to provide a complete set of standards and practices applicable to DRIPs. TSX believes the introduction of these requirements in the Manual will provide greater transparency and a more efficient process for adopting DRIPs. This may ultimately translate into time and cost savings for TSX-listed issuers. The introduction of Section 617.1 is further warranted given the prevalence of DRIPs among TSX-listed issuers.

As a result, TSX has determined to implement the Amendments. Listed Issuers that have DRIPs in effect prior to the date of this Notice of Approval will be grandfathered and will not be required to comply with the Amendments until such time as such DRIPs are amended and require TSX approval. For greater clarity, the mere listing of additional securities under an existing DRIP pursuant to Section 617.1(c) without an amendment to the DRIP will not constitute an amendment that requires re-approval of the DRIP pursuant to Section 617.1(d) and a Listed Issuer will not be required to comply with the Amendments at the time of application to list additional securities.

Practices of Other Exchanges

None of Aequitas Neo Exchange, TSX Venture Exchange or the New York Stock Exchange have rules setting out specific requirements for DRIPs.

NASDAQ also does not have specific requirements related to DRIPs, but issuers are required to file a copy of the DRIP in connection with the issuer's application to list additional securities pursuant to a DRIP.

Summary of the Final Amendments

TSX received four comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix A**. Overall, the commenters support the Amendments. TSX thanks all commenters for their feedback and suggestions.

As a result of the comment process, TSX has made non-material changes to the Amendments. These non-material changes include clarifying that:

- (i) Section 617.1 applies to all plans¹ where existing securityholders are provided the opportunity to (a) reinvest their cash dividends or distributions by purchasing additional listed securities or (b) elect to receive additional listed securities from the listed issuer in lieu of cash dividends or distributions;
- (ii) for purposes of Section 617.1(b)(i)a., listed issuers may calculate the VWAP using a minimum of 5 trading days and maximum of 20 trading days;
- (iii) the limits placed on a listed issuer in Sections 617.1(b)(ii)a. and b. are not intended to be time-based restrictions imposed by TSX on the number of securities that may be issued pursuant to DRIPs; and
- (iv) subject to compliance with applicable securities laws, securities distributed under a DRIP may be of a different class or series of security of the issuer than the class or series of security to which the dividend or distribution is attributable.

TSX has also made certain revisions to the drafting of the Amendments to clarify that (i) where a listed issuer proposes to amend a DRIP, a black-lined copy of the DRIP showing the amendments must be provided to TSX at least five (5) business days prior to the effective date of any amendment, and (ii) listed issuers cannot rely on Section 617.1 in regards to plans where listed securities are issuable on account of dividends or distributions of unlisted securities, except in limited circumstances.

A blackline of the Amendments showing changes made since they were published in the Request for Comments, is attached as **Appendix B**.

Text of the Amendments

Please refer to the text of new Section 617.1 and to the ancillary amendments to Sections 329, 423.12 and Part XI at Appendix C.

Effective Date

The Amendments will become effective for TSX-listed issuers on September 1, 2016.

¹ For the purposes of Section 617.1, the term "plan" includes any constating document or other document or instrument governing the terms of a class of securities.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

Canaccord Genuity Corp.
 Fasken Martineau DuMoulin LLP
 Doug Beeler
 Computershare

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the TSX Request for Comments – Amendments to Toronto Stock Exchange Company Manual dated April 28, 2016.

Summarized Comments Received	TSX Response
1. Are there any other requirements TSX should consider adopting regarding DRIPs?	
One commenter sought clarification on the application of Sections 617.1(b)(ii) a. and b., specifically whether there is a time-based restriction on re-applications under such sections or what issues TSX will consider when evaluating such re-applications.	TSX thanks the commenter for its input. A footnote has been added to the Amendments clarifying that the limits placed on a listed issuer in Sections 617.1(b)(ii) a. and b. are for TSX administrative purposes. The limits are placed to ensure that a reasonable number of securities are listed. Sections 617.1(b)(ii) a. and b. are not intended to be time-based restrictions on re-applications on DRIPs. While TSX will evaluate re-applications on a case-by-case basis, TSX has no particular concern with re-applications.
2. Is it appropriate to limit the discount at which securities may be issued under a DRIP to 5% of the market price?	
One commenter suggested that the available discount should not be capped since interest rates are not capped.	Based on TSX's experience over the last few decades, there is no need for DRIPs to provide for the issuance of securities at a discount that is greater than 5% of the market price.
3. Other Comments	
One commenter stated that listed issuers should have more flexibility in their DRIPs and that the number of shares issuable under the DRIP should only be restricted by the number of shares provided for by the DRIP. The commenter stated that this would potentially allow for, among other things, the listed issuer to waive purchase limits under any optional cash payment feature for institutional investors and thus provide an additional source to raise capital for the listed issuer.	TSX notes that the prospectus exemptions for reinvestment plans under applicable securities laws place a limit on optional cash features of 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.
One commenter suggested using a longer time period to calculate average market price.	TSX thanks the commenter for its input. A footnote has been added to the Amendments clarifying that, for purposes of Section 617.1(b)(i)a., listed issuers may apply a VWAP of a minimum of 5 trading days and maximum of 20 trading days.
One commenter sought clarification on whether DRIPs of non-corporate issuers that are in effect as of the effective date of the Amendments will be grandfathered such that no amendments are required of those DRIPs. The commenter suggested that grandfathered DRIPs should be afforded a transition period only after which they would be required to comply with the Amendments.	TSX thanks the commenter for its input. TSX agrees with the commenter. Listed issuers that have DRIPs that are in effect prior to the date of this Notice of Approval will be grandfathered and will not be required to comply with the Amendments until such time as such DRIPs are amended and require TSX approval. For greater clarity, the mere listing of additional securities under an existing DRIP pursuant to Section 617.1(c) without an amendment to the DRIP will not constitute an amendment that requires re-approval of the DRIP pursuant to Section 617.1(d) and a Listed Issuer will not be required to comply with the Amendments at the time of application to list additional securities.

<i>Summarized Comments Received</i>	<i>TSX Response</i>
One commenter sought clarification on whether the Amendments are intended to apply to stock or share dividend plans.	TSX thanks the commenter for its input. Section 617.1 applies to all plans where securityholders are provided the opportunity to (a) reinvest their cash dividends or distributions by purchasing additional listed securities or (b) elect to receive additional listed securities from the listed issuer in lieu of cash dividends or distributions. The Amendments have been revised to reflect this.
One commenter sought clarification on whether Section 617.1 would permit existing security holders of a preferred class of an issuer to reinvest their cash dividends or distributions by purchasing additional common shares of the same issuer.	TSX thanks the commenter for its input. Section 617.1 has been revised to clarify that, subject to compliance with applicable securities laws, securities distributed under a DRIP may be of a different class or series of securities of the issuer to which the dividend or distribution is attributable.

APPENDIX B

BLACKLINE OF FINAL AMENDMENTS

PART VI AMENDMENTS

Sec. 617.1. Dividend / Distribution Reinvestment Plans (DRIPs)

DRIPs are adopted by ~~listed~~ issuers to allow existing holders of a ~~listed~~ security holders to reinvest their cash dividends or distributions by purchasing additional securities of the same class from the listed issuer. In certain instances, DRIPs may also allow security holders to purchase additional securities, in excess of the dividend or distribution, in compliance with applicable securities laws (an "optional cash payment").

This section applies to any plan¹ for listed securities² adopted by a listed issuer that allows existing holders of such listed securities to: i) reinvest their cash dividends or distributions by purchasing, or ii) receive, in lieu of their cash dividends or distributions, additional listed securities of the listed issuer. For purposes of this Section, the plans referred to above are collectively referred to as "DRIPs".

DRIPs that provide for the issuance of additional listed securities from treasury are subject to TSX pre-clearance. However, DRIPs providing for the payment of dividends or distributions solely with securities purchased on the secondary market do not require TSX approval.

Other than as provided in footnote 2 below, any plan where existing holders of unlisted security may reinvest their cash dividends or distributions by purchasing, or receiving in lieu of their cash dividends or distributions, additional listed securities of the listed issuer will be reviewed under Section 607.

(a) Implementing a New DRIP

- (i) All DRIPs must be pre-cleared with TSX other than DRIPs providing for the payment of dividends or distributions solely with securities purchased on the secondary market. Listed issuers must provide a draft copy of the DRIP to TSX for pre-clearance at least five (5) business days prior to the effective date of the DRIP.
- (ii) Once the DRIP has been pre-cleared by TSX and approved by the board of directors of the listed issuer, the following must be filed with TSX:
 - a. a certified copy of the board resolution approving adoption of the DRIP;
 - b. a final copy of the DRIP; and
 - c. an additional listing application (the "DRIP additional listing application") comprised of:
 - i. a letter notice pursuant to Section 602; and
 - ii. an opinion of counsel that the securities to be listed ~~will be~~ have been validly created in accordance with applicable laws and that the securities will be validly issued as fully paid and non-assessable.

TSX will invoice the listed issuer for the additional listing fee payable (see TSX Listing Fee Schedule).

(b) Requirements Applicable to DRIPs

- (i) Each DRIP should provide for the principal terms and conditions pursuant to which security holders may participate in the DRIP. TSX requires, in particular, that:
 - a. ~~(i) the price per listed security at which securities will be issued, such price not being lower than the market price (as defined in Part 1 [link] of the Manual)~~ VWAP on TSX (or another stock exchange where

¹ For the purposes of this Section 617.1, the term "plan" includes constating documents or similar documents governing the terms of a class of securities allowing for the reinvestment or payment of cash dividends or distributions in securities.

² For purposes of this Section 617.1, unlisted securities such as exchangeable securities or other securities which are economically equivalent will typically be permitted to participate in a DRIP for listed securities on an equivalent basis.

the majority of the trading volume and value of the listed securities occurs) for a period not less than five trading days or more than 20 days immediately preceding the relevant date, less a 5% discount, taking into account any premium increasing the amount of the dividend or distribution payable or the optional cash payment;

- b. listed issuers must make some provision for fractional security interests that may result from the DRIP;
 - c. all security holders must be eligible to participate in the DRIP, except that listed issuers may limit the participation of security holders residing outside of Canada; and
 - d. the DRIP must state that all amendments to the DRIP must be pre-cleared by TSX.
- (ii) ~~the listed issuers must list a sufficient number of additional securities to be listed cover issuances under the DRIP, including securities issuable pursuant to an optional cash payment, such number of securities being³:~~
- a. a sufficient number of securities to cover issuances for a two-year period, provided such number of securities does not exceed 10% of the securities of the listed issuer that are issued and outstanding, on a non-diluted basis, at the time of the DRIP additional listing application; or
 - b. a number of securities equal to 5% of the securities of the listed issuer that are issued and outstanding, on a non-diluted basis, at the time of the DRIP additional listing application; ~~and~~
- (iii) ~~listed issuers must make some provision for fractional security interests that may result from the DRIP;~~
- (iv) ~~all security holders must be eligible to participate in the DRIP, except that listed issuers may limit the participation of security holders residing outside of Canada; and~~
- (v) ~~the DRIP must state that all amendments to the DRIP must be pre-cleared by TSX.~~

(c) Listing Additional Securities under an Existing DRIP

~~After a DRIP has been implemented, listed issuers must have a sufficient number of securities listed to cover issuances under the DRIP, including pursuant to optional cash payments.~~

In order to list additional securities under an existing DRIP, listed issuers must file a DRIP additional listing application comprised of a letter notice and legal opinion in the form prescribed in Section 617.1(a)(ii)c. above.

TSX will invoice the listed issuer for the additional listing fee payable (see TSX Listing Fee Schedule).

(d) Amending a DRIP

Where a listed issuer proposes to amend a DRIP, it must pre-clear such amendment with TSX. TSX will require a black-lined copy of the DRIP ~~clearly showing the amendments-~~ at least five (5) business days prior to the effective date of any amendment.

Once the amendment has been pre-cleared, TSX will require a certified copy of the board resolution approving the amendment to the DRIP.

(e) Suspending or Terminating / Resuming or Reinstating a DRIP

Where a listed issuer proposes to suspend or terminate a DRIP, it must promptly:

- (i) advise its security holders of the suspension or termination by way of issuing a news release; and
- (ii) notify TSX of the suspension or termination by filing a copy of the news release referred to in (i) above with TSX.

Where a listed issuer proposes to resume or re-instate a DRIP, it must notify its security holders and TSX by issuing and filing a news release as described above.

³ The limits placed on a listed issuer in Sections 617.1(b)(ii) a. and b. are for TSX administrative purposes, and are not intended to be time-based restrictions imposed by TSX on the number of securities that may be issued pursuant to DRIPs.

ANCILLARY AMENDMENTS

Sec. 329 Outstanding Options, Incentive Plans and Dividend / Distribution Reinvestment Plans (DRIPs)

- (a) Stock options, stock option plans and stock purchase plans, which are in effect at the time a company is first listed on the Exchange, must be in compliance with the Exchange's requirements applicable to listed companies (but need not be approved by shareholders). See Section 613 regarding share compensation and incentive arrangements for employees and other persons who provide services for listed companies on an ongoing basis.
- (b) DRIPs which are in effect at the time a company is first listed on the Exchange must be in compliance with the Exchange's requirements applicable to DRIPs as set out in Section 617.1.

Sec. 423.12 – Electronic Communication Guidelines

TSX recommends that listed issuers follow these guidelines when designing a website, establishing an internal email policy or disseminating information over the Internet.

[...]

An issuer may either post its own investor relations information or establish links, frequently called “hyper-links”, to other web sites that also maintain publicly disclosed documents on behalf of the issuer such as news wire services, SEDAR and stock quote services. “Investor relations information” includes all material public documents such as: the annual report; annual and interim financial statements; the Annual Information Form; news releases; material change reports; information regarding DRIPs; declarations of dividends; redemption notices; management proxy circulars; and any other communications to shareholders.

Part XI Requirements Applicable to Non-Corporate Issuers

This section sets out the requirements that are specifically applicable to Non-Corporate Issuers.

In addition to the specific requirements outlined in this Part XI, Non-Corporate Issuers must also comply with the following sections of the Manual:

Part IV—MAINTAINING A LISTING

All Sections, other than Shareholders' Meeting and Proxy Solicitation (Sections 455–465)

Part VI—CHANGES IN CAPITAL STRUCTURE

(A) Discretion (Section 603), Security Holder Approval (Section 604), Changes in Issued Securities (Section 605)

(C) Security Based Compensation Arrangements (Section 613)

(E) Additional Listings (Section 617.1)

(F) Substitutional Listings (Sections 618–622)

(I) Redemption of Listed Securities (Section 625)

(L) Normal Course Issuer Bids (Sections 628–629)

APPENDIX C

CLEAN VERSION OF FINAL AMENDMENTS

PART VI AMENDMENTS

Sec. 617.1. Dividend / Distribution Reinvestment Plans (DRIPs)

DRIPs are adopted by issuers to allow existing security holders to reinvest their cash dividends or distributions by purchasing additional securities of the listed issuer. In certain instances, DRIPs may also allow security holders to purchase additional securities, in excess of the dividend or distribution, in compliance with applicable securities laws (an “optional cash payment”).

This section applies to any plan¹ for listed securities² adopted by a listed issuer that allows existing holders of such listed securities to: i) reinvest their cash dividends or distributions by purchasing, or ii) receive, in lieu of their cash dividends or distributions, additional listed securities of the listed issuer. For purposes of this Section, the plans referred to above are collectively referred to as “DRIPs”.

DRIPs that provide for the issuance of additional listed securities from treasury are subject to TSX pre-clearance. However, DRIPs providing for the payment of dividends or distributions solely with securities purchased on the secondary market do not require TSX approval.

Other than as provided in footnote 2 below, any plan where existing holders of unlisted security may reinvest their cash dividends or distributions by purchasing, or receiving in lieu of their cash dividends or distributions, additional listed securities of the listed issuer will be reviewed under Section 607.

(a) Implementing a New DRIP

- (i) All DRIPs must be pre-cleared with TSX other than DRIPs providing for the payment of dividends or distributions solely with securities purchased on the secondary market. Listed issuers must provide a draft copy of the DRIP to TSX for pre-clearance at least five (5) business days prior to the effective date of the DRIP.
- (ii) Once the DRIP has been pre-cleared by TSX and approved by the board of directors of the listed issuer, the following must be filed with TSX:
 - a. a certified copy of the board resolution approving adoption of the DRIP;
 - b. a final copy of the DRIP; and
 - c. an additional listing application (the “DRIP additional listing application”) comprised of:
 - i. a letter notice pursuant to Section 602; and
 - ii. an opinion of counsel that the securities to be listed have been validly created in accordance with applicable laws and that the securities will be validly issued as fully paid and non-assessable.

TSX will invoice the listed issuer for the additional listing fee payable (see TSX Listing Fee Schedule).

(b) Requirements Applicable to DRIPs

- (i) Each DRIP should provide for the principal terms and conditions pursuant to which security holders may participate in the DRIP. TSX requires, in particular, that:
 - a. the price per listed security at which securities will be issued not being lower than the VWAP on TSX (or another stock exchange where the majority of the trading volume and value of the listed securities occurs) for a period not less than five trading days or more than 20 days immediately preceding the

¹ For the purposes of this Section 617.1, the term “plan” includes constating documents or similar documents governing the terms of a class of securities allowing for the reinvestment or payment of cash dividends or distributions in securities.

² For purposes of this Section 617.1, unlisted securities such as exchangeable securities or other securities which are economically equivalent will typically be permitted to participate in a DRIP for listed securities on an equivalent basis.

- relevant date, less a 5% discount, taking into account any premium increasing the amount of the dividend or distribution payable or the optional cash payment;
- b. listed issuers must make some provision for fractional security interests that may result from the DRIP;
 - c. all security holders must be eligible to participate in the DRIP, except that listed issuers may limit the participation of security holders residing outside of Canada; and
 - d. the DRIP must state that all amendments to the DRIP must be pre-cleared by TSX.
- (ii) Listed issuers must list a sufficient number of securities to cover issuances under the DRIP, including securities issuable pursuant to an optional cash payment, such number of securities being³:
- a. a sufficient number of securities to cover issuances for a two-year period, provided such number of securities does not exceed 10% of the securities of the listed issuer that are issued and outstanding, on a non-diluted basis, at the time of the DRIP additional listing application; or
 - b. a number of securities equal to 5% of the securities of the listed issuer that are issued and outstanding, on a non-diluted basis, at the time of the DRIP additional listing application.

(c) Listing Additional Securities under an Existing DRIP

In order to list additional securities under an existing DRIP, listed issuers must file a DRIP additional listing application comprised of a letter notice and legal opinion in the form prescribed in Section 617.1(a)(ii)c. above.

TSX will invoice the listed issuer for the additional listing fee payable (see TSX Listing Fee Schedule).

(d) Amending a DRIP

Where a listed issuer proposes to amend a DRIP, it must pre-clear such amendment with TSX. TSX will require a black-lined copy of the DRIP showing the amendments at least five (5) business days prior to the effective date of any amendment.

Once the amendment has been pre-cleared, TSX will require a certified copy of the board resolution approving the amendment to the DRIP.

(e) Suspending or Terminating / Resuming or Reinstating a DRIP

Where a listed issuer proposes to suspend or terminate a DRIP, it must promptly:

- (i) advise its security holders of the suspension or termination by way of issuing a news release; and
- (ii) notify TSX of the suspension or termination by filing a copy of the news release referred to in (i) above with TSX.

Where a listed issuer proposes to resume or re-instate a DRIP, it must notify its security holders and TSX by issuing and filing a news release as described above.

ANCILLARY AMENDMENTS

Sec. 329 Outstanding Options, Incentive Plans and Dividend / Distribution Reinvestment Plans

- (a) Stock options, stock option plans and stock purchase plans, which are in effect at the time a company is first listed on the Exchange, must be in compliance with the Exchange's requirements applicable to listed companies (but need not be approved by shareholders). See Section 613 regarding share compensation and incentive arrangements for employees and other persons who provide services for listed companies on an ongoing basis.
- (b) DRIPs which are in effect at the time a company is first listed on the Exchange must be in compliance with the Exchange's requirements applicable to DRIPs as set out in Section 617.1.

³ The limits placed on a listed issuer in Sections 617.1(b)(ii) a. and b. are for TSX administrative purposes, and are not intended to be time-based restrictions imposed by TSX on the number of securities that may be issued pursuant to DRIPs.

Sec. 423.12 – Electronic Communication Guidelines

TSX recommends that listed issuers follow these guidelines when designing a website, establishing an internal email policy or disseminating information over the Internet.

[...]

An issuer may either post its own investor relations information or establish links, frequently called “hyper-links”, to other web sites that also maintain publicly disclosed documents on behalf of the issuer such as news wire services, SEDAR and stock quote services. “Investor relations information” includes all material public documents such as: the annual report; annual and interim financial statements; the Annual Information Form; news releases; material change reports; information regarding DRIPs; declarations of dividends; redemption notices; management proxy circulars; and any other communications to shareholders.

Part XI Requirements Applicable to Non-Corporate Issuers

This section sets out the requirements that are specifically applicable to Non-Corporate Issuers.

In addition to the specific requirements outlined in this Part XI, Non-Corporate Issuers must also comply with the following sections of the Manual:

Part IV—MAINTAINING A LISTING

All Sections, other than Shareholders' Meeting and Proxy Solicitation (Sections 455–465)

Part VI—CHANGES IN CAPITAL STRUCTURE

(A) Discretion (Section 603), Security Holder Approval (Section 604), Changes in Issued Securities (Section 605)

(C) Security Based Compensation Arrangements (Section 613)

(E) Additional Listings (Section 617.1)

(F) Substitutional Listings (Sections 618–622)

(I) Redemption of Listed Securities (Section 625)

(L) Normal Course Issuer Bids (Sections 628–629)