Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Toronto Stock Exchange – Notice of Housekeeping Rule Amendments – Housekeeping Amendments to the TSX Company Manual

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TORONTO STOCK EXCHANGE

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDMENTS TO THE TORONTO STOCK EXCHANGE ("TSX") COMPANY MANUAL

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Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the "Protocol"), TSX has adopted amendments (the "Amendments") to the TSX Company Manual (the "Manual"). The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The Ontario Securities Commission has not disagreed with the categorization of the Amendments as Housekeeping Rules.

Reasons for the Amendments

A brief summary of the Amendments and the rationale for each of them is attached at Appendix A. Generally, the Amendments represent a collection of changes to facilitate completion, use and understanding of certain forms found in the Manual or TSX SecureFile®.

Timing and Transition

The Amendments become effective March 12, 2015. The new version of Form 5 will be available on TSX SecureFile on or about March 13, 2015. TSX will continue to accept Form 14A and Form 14B in previous form until April 1, 2015. After April 1, 2015, the new Form 14A and Form 14B will be required.

APPENDIX A

SUMMARY OF AMENDMENTS TO THE TSX COMPANY MANUAL

A.   Amendments to Form 14 – Monthly Reporting Form for normal course issuer bids

Background

The TSX monthly reporting forms for normal course issuer bids ("NCIBs") for both investment fund issuers ("Form 14A") and non-investment fund issuers ("Form 14B" and together with Form 14A, the "Forms") are online on the TSX website under the following sections: "Listings – TSX & TSXV Issuer Resources – TSX Issuer Resources – TSX Company Manual – Forms" and are available in an Excel format.

Since the Forms were adopted in 2007 to conform to new NCIB rules, issuers have required assistance in completing them and in certain circumstances the information provided in the Forms has not provided sufficient content for TSX Staff to review NCIBs. Specifically, the Forms have not adequately addressed situations where listed issuers are interlisted on other markets, where purchases are made off exchange through private agreements and where purchases are made on TSX under the block purchase exception. In order to eliminate the confusion in completing the Forms and ensure that sufficient information is provided to TSX, we are amending the Forms.

Summary of the proposed NCIB Form Amendments

1.   *Amendments to Forms for reporting consistency and ADTV calculation*

The Forms are being amended to provide TSX with the information required to correctly calculate average daily trading volume ("ADTV") and to ensure reporting consistency in areas that were not adequately detailed in the current version of the Forms. Specifically, in order to provide as much visibility in the monthly trading activity as possible and ensure the requisite trading details are being reported, TSX proposes to break out the reporting information into separate tables as follows:

a.   The detail under the blue portion of the Forms contemplates purchases made only on TSX and, in connection with Form 14B for non-investment fund issuers, only under the TSX Daily Limit and purchases made under the block purchase exception. The current Form 14B combines the two concepts within one single table for reporting purposes and does not specify that TSX is only interested in transactions executed on TSX alone, apart from other exchanges. The concept of the TSX Daily Limit and block purchase exception does not apply to investment funds and, as a result, the blue reporting portion of Form 14A has been revised to specify reporting of Purchases made on TSX and not other markets.

      i.   A footnote in the blue portion of the Forms also indicates that this is the appropriate table to report non-independent trustee purchases. In the past, issuers were uncertain whether to include this information in reporting and as a result, the reports were inconsistent, some containing this information and others not.

      ii.   Another footnote to the Forms clarifies that the information reported is to be based on the weighted average purchase price for the whole month, as a subtotal alone. The current version of the Forms requires reporting of the average purchase price per day, a detail that TSX does not require.

      iii.   With respect to Form 14B, in order to calculate ADTV, TSX requires the exact number of purchases made by the listed issuer through the facilities of TSX under the issuer's prior NCIB over the preceding 6 months, if applicable, to be subtracted from the total trading volume on TSX for that period. The blue portion of Form 14B includes a row for the sub-total of all trades on TSX for the month that also includes all purchases made on TSX under the block purchase exception. Pursuant to the definition of ADTV, this total over a six month period provides TSX with the value that is excluded from the total volume of trades by the issuer on TSX over those six months. As a final step to calculate ADTV, this total is divided by the actual trading days in the six month period.

b.   The green portion of the Forms requires the reporting of purchases made on exchanges and marketplaces other than TSX and also includes a footnote to provide examples of other markets. The current version of the reporting form does not break out the reporting of purchases on other exchanges and as a result, they are often grouped with purchases on TSX, thereby distorting the ADTV calculation.

c.   The blue portion of Form 14B that is for the reporting of purchases made on TSX under the block purchase exception is only applicable to non-investment fund issuers. This detail has been broken out as a separate column in the table so that TSX can accurately calculate the ADTV as described above under item a.iii. Additionally, to alleviate any

confusion, a footnote has been included referring the issuer to the subsection of the Manual that deals with block purchase exceptions.

d.   The green portion of the Forms require the reporting of purchases made off exchange, such as by private agreement pursuant to relief granted by the relevant securities regulatory authorities. In the current form, there is no reference to reporting of private agreement purchases and issuers often either do not report the purchases or group these off exchange purchases with purchases made on TSX under the TSX Daily Limit, thereby distorting the ADTV calculation.

e.   A row at the bottom of each Form has been added for the total securities purchased in the previous months and also for the grand total since the beginning of the NCIB. Essentially, the total purchased in the previous month(s) should be the same number as the grand total since the beginning of the NCIB as reported on the prior month's Form filed with TSX. This additional detail provides a simple mechanism to ensure that reports are being properly completed.

2.   *Amendments to Forms to make them user-friendly for issuers*

a.   The Forms are amended to include 22 lines for reporting purposes in the tables that require detail for trading on a daily basis.

b.   The Forms are colour coded to distinguish trades made on TSX from trades made off TSX and to distinguish the total columns.

c.   The Forms include a Grand Total column that automatically tabulates the totals.

d.   The Forms are amended to specify that the weighted average purchase price for the entire month is required in the subtotal row. The current Forms require the average purchase price per day and issuers were inconsistent in providing values on a daily basis, weighted averages or simple averages.

e.   The Forms are amended to clarify that non-independent trustee purchases are to be included with purchases made under the TSX daily limit in the blue portion of the table. In the past, the Forms made no reference to reporting of non-independent trustee purchases and it was a common source of uncertainty for issuers.

Please refer to the new versions of the Forms available on the TSX website at www.tsx.com.

B.   Amendments to Form 5 – Dividend / Distribution Declaration

Background

TSX is changing the notification requirement for the value of the distribution as a percentage of the value of the security from 10% to 25% in Form 5 – Dividend / Distribution Declaration (the "Form 5 Amendment").

The Form 5 Amendment will align the notification requirement with the general rule that TSX will use due bills when the value of the distribution per listed security represents 25% or more of the value of the listed security on the declaration date (see Section 429.1 of the Manual).

When the Form 5 notification requirements were originally implemented in 2012, TSX had taken a more conservative approach and had requested notification at the lower 10% threshold in order to enable TSX Staff to review any large distributions more closely.

This 10% threshold has ultimately proved confusing for issuers and is unnecessary for TSX, since the rule is generally applied on a bright line basis. The change to the 25% threshold will simplify Form 5 for issuers while allowing TSX to obtain the information it requires in order to review a Form 5 submission.

Summary of the Proposed Form 5 Amendment

The notification requirement will be changed from a 10% threshold to a 25% threshold so that the check box on Form 5 which currently reads:

"Click here if Amount per Share **is or exceeds 10%** of the share value as at the Declaration Date (call Dividend Administrator (416-947-4663) to determine whether Due Bill trading will apply)."

will instead read:

"Click here if Amount per Share **is or exceeds 25%** of the share value as at the Declaration Date (call Dividend Administrator (416-947-4663) to determine whether Due Bill trading will apply)."

Please refer to the new version of Form 5 available on TSX SecureFile.