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

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO PART VI OF THE
TORONTO STOCK EXCHANGE ("TSX") COMPANY MANUAL

(SEPTEMBER 25, 2014)

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 for recognized exchanges, Toronto Stock Exchange ("**TSX**") has adopted, and the Ontario Securities Commission ("**OSC**") has approved, amendments (the "**Amendments**") to Part VI of the TSX Company Manual (the "**Manual**"). The Amendments are public interest rule amendments to the Manual. The Amendments were published for public comment in a request for comments on November 28, 2013 ("**Request for Comments**").

Reasons for the Amendments

A. SECTION 611 – ACQUISITIONS:

Background

Section 613 of the Manual provides that any security based compensation arrangement (an "Arrangement") adopted by a listed issuer must be approved by its security holders.

There are two exceptions from this general rule[1]:

1. Under Subsection 613(c) of the Manual, listed issuers can provide an Arrangement as an inducement for employment to an officer, provided that the number of securities issuable does not exceed 2% of the issued and outstanding securities over a 12-month period under such exemption. To qualify for this exception, the proposed officer cannot previously have been employed, and cannot previously been an insider, of the listed issuer.

2. Under Subsection 611(e) of the Manual, listed issuers may assume an Arrangement of a target issuer in the context of an acquisition. In this instance, the number of securities issuable under such Arrangement will be taken into account to determine whether security holder approval is required for the acquisition pursuant to Subsection 611(c) of the Manual.

Rationale for the Amendments to Section 611

The current regime provides that existing options, awards and entitlements under an Arrangement of a target issuer may continue following the completion of an acquisition of the target issuer by the listed issuer without the listed issuer having to seek security holder approval. Where a listed issuer assumes an Arrangement of a target issuer, it has been TSX practice to only allow such securities to be issued for awards outstanding at the time of the acquisition and for no other purpose. Accordingly, new awards may not be granted and any cancelled awards may not be re-allocated to any other participant or be used for any other purpose.

Listed issuers have, from time to time, requested additional flexibility to adopt Arrangements for employees of a target issuer in the context of an acquisition. For example, certain listed issuers have requested the ability to provide new incentives to employees of a target issuer as a retention mechanism in the context of an acquisition without requiring security holder approval. Listed issuers have submitted that certain Arrangements are being made and adopted as an integral part of acquisitions to retain employees of the target issuer. In such instance, they further submit that the issuance of securities to employees should be considered part of the acquisition cost.

On a discretionary basis, TSX has permitted such Arrangements, taking into consideration that: i) the Arrangement resulted in dilution of no more than 2% ii) such additional dilution was ultimately taken into account to determine whether security holder approval was required for the acquisition; iii) the Arrangement was for the benefit of individuals who are neither insiders of, nor previously employed by, the listed issuer; and iv) the ability to retain employees of the target company is a key component and an integral part of the acquisition and its success.

[1] In addition, pursuant to Subsection 602 (g) of the Manual, interlisted issuers may, in certain circumstances, be exempted from the requirements set out in Section 613 of the Manual (security based compensation arrangements).

TSX is proposing the Amendments to Section 611 for transparency and to formalize this exemption. We believe that the Amendments strike the proper balance between flexibility for listed issuers and preserving the quality of the marketplace for the following reasons:

1. The dilution is limited since the number of securities issuable will be capped at 2% of the issued and outstanding securities on a non-diluted basis. This limit on dilution is consistent with the exemption under Subsection 613(c) that is available to listed issuers which allows the adoption of Arrangements as employment inducements for officers;

2. The number of additional securities issuable under such Arrangements will be included in determining whether security holder approval is required for the transaction as a result of dilution exceeding 25%. For example, if the number of securities that are issued in consideration for an acquisition of assets results in dilution of 24.2% for the listed issuer, an Arrangement adopted for the employees of the target issuer resulting in 2% dilution will result in aggregate dilution of 26.2% and the transaction will therefore require shareholder approval; and

3. The exemption provided by the Amendments is only available for Arrangements adopted for persons who are employees of a company being acquired by a listed issuer. Employees and insiders of the listed issuer are prohibited from participating in Arrangements adopted in such circumstances. As a result, the exemption provided by the Amendments cannot be used to circumvent the general requirement that listed issuers obtain security holder approval for Arrangements pursuant to Section 613 of the Manual.

Summary of the Amendments to Section 611

The Amendments to Section 611 will allow listed issuers to adopt Arrangements for employees of a target issuer in the context of an acquisition without security holder approval, provided that the number of securities issuable under such Arrangement does not exceed 2% and the issuance of securities in connection with the acquisition (including any related Arrangement) does not exceed 25% of the number of issued and outstanding securities. While the securities issuable are exempt from obtaining security holder approval under Subsection 613(a) of the Manual, they can only benefit employees of the target issuer and cannot be re-allocated or used in respect of any other Arrangement by the listed issuer. Newly adopted Arrangements may only be created in conjunction with an acquisition of a target issuer, whether or not such acquisition entails the issuance of listed securities.

The Amendments also clarify that the securities issuable to insiders under an Arrangement are included in determining whether security holder approval for an acquisition, on a disinterested basis, is required, as provided in Subsection 611(b) of the Manual.

Notwithstanding that the assumption of awards of a target issuer or the creation of an Arrangement for the employees of a target issuer may be exempt from security holder approval, such awards will: i) be subject to the annual disclosure requirements of Subsection 613(g) of the Manual; ii) count towards dilution incurred as a result of security based compensation arrangements; and iii) be considered in the insider participation limit. For greater clarity, Subsection 613(g) has also been amended to state that Arrangements created as part of an acquisition under Section 611 must be included in the annual disclosure requirements under Subsection 613(g).

B. SECTION 626 – BACKDOOR LISTINGS

Background

All issuers applying to list on TSX must meet the original listing requirements set out in Part III of the Manual, regardless of the means by which they become public (initial public offering, listing from another market, backdoor listing, etc.). Section 626 of the Manual provides that a transaction resulting in the acquisition of a TSX-listed issuer by an unlisted entity is to be considered as a backdoor listing (also called a reverse takeover or reverse merger by other stock exchanges) and the entity resulting from the transaction (or the unlisted entity) must meet TSX original listing requirements. Section 626 allows TSX to support investor protection and to maintain the integrity of its stock list by ensuring that all issuers meet the original listing requirements in order to list on TSX.

Section 626 of the Manual currently provides that the following two factors must both be present in order for a transaction to be considered a backdoor listing:

1. The transaction will or could result in the existing security holders of the listed issuer holding less than 50% of the securities or voting power in the entity resulting from the transaction. That is, the transaction will or could result in more than 100% dilution, taking into account the securities issuable pursuant to the transaction and including securities issuable pursuant to a concurrent private placement.

2. The transaction must result in a change in effective control of the listed issuer. TSX has generally applied the definition of "materially affect control"[2] contained in the Manual in making this determination.

Section 626 complements the "Change in Business" provisions in Section 717 of the Manual which state that listed issuers substantially discontinuing their business or materially changing the nature of their business will normally be required to meet original listing requirements. The principal difference between the provisions is that Section 626 is only engaged when there is an issuance of securities while Section 717 can also be triggered by transactions such as asset sales or significant cash acquisitions.

Where a listed issuer contemplates a transaction which could result in excess of 100% dilution, security holder approval may be required on the following bases: i) dilution exceeding 25% as a result of an acquisition (Section 611 of the Manual); ii) dilution exceeding 25% as a result of a private placement (Section 607 of the Manual); and/or iii) the transaction materially affecting control of the issuer (Section 604 of the Manual). Therefore, the principal issue raised in Section 626 is whether the entity resulting from the transaction (or the unlisted entity) will be required to meet original listing requirements. Section 626 also requires that security holder approval must be obtained at a meeting of security holders, and not in writing, as may otherwise be permitted under Section 604(d) of the Manual in certain circumstances.

Rationale for the Amendments to Section 626

In the last few years, there have been transactions that have effectively resulted in the acquisition of a TSX-listed issuer by an unlisted entity with significant dilution (in excess of 100%) but without an accompanying change in effective control, as currently defined and applied by TSX. For example, this may happen where the unlisted entity is widely held or where there is a concurrent offering diluting the security holders of the unlisted entity. Therefore, Section 626 may not always adequately meet its intent as there may be transactions where unlisted entities use TSX-listed issuers to go public without having to meet original listing requirements, unless TSX exercises its discretion to apply its backdoor listing requirements.

The Amendments are being proposed to clarify drafting and more fully and transparently support the policy objectives of the rules for backdoor listings. We believe that transactions resulting in the listing of an issuer not previously listed on the exchange should be closely scrutinized and should generally be required to meet original listing requirements. The application of Section 626 is important to support investor protection, and to ensure the quality of listed issuers and of the marketplace. The Amendments will broaden the scope of transactions that may be considered as backdoor listings by taking into account a variety of factors, in addition to taking a more comprehensive view of dilution by including all securities issued in a concurrent financing, whether by way of private placement or public offering.

However, we are mindful that there may be highly dilutive acquisitions that do not result in a need to meet original listing requirements. We will continue to require shareholder approval for dilutive transactions which do not constitute backdoor listings. We believe that the Amendments will provide appropriate and meaningful factors that will distinguish backdoor listings from such highly dilutive acquisitions.

In accordance with the exercise of its discretion under Section 603, TSX may determine not to consider a transaction as a backdoor listing, notwithstanding that existing security holders of the listed issuer will own less than 50% of the securities or voting power of the entity resulting from the transaction. In such instance, TSX must be satisfied that the transaction should not be regarded as a backdoor listing, having regard to all relevant factors.

The distinguishing factors to be considered include the business of the listed issuer and of the unlisted entity, the relative sizes of the listed issuer and the unlisted entity, changes to management (including the board of directors), as well as changes in voting power, security ownership, name changes and capital structure, among other factors that may be relevant in the particular circumstances. These factors do not constitute bright line tests and will be assessed both individually and collectively in determining whether a transaction results in a backdoor listing. Listed issuers will have the opportunity to make detailed submissions as to whether a transaction should be considered a backdoor listing and (if applicable) how the resulting entity will meet TSX original listing requirements.

Summary of the Amendments to Section 626

The Amendments to Section 626 are intended to better define backdoor listings to help support investor protection and preserve the quality of the stock list and the quality of the marketplace as follows:

[2] "**materially affect control**" means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances outlined above.

1. We propose to consider a series of factors in determining whether there is a backdoor listing. These factors include, but are not limited to, the business of the listed issuer and the unlisted entity, changes in management (including the board of directors), voting power, security ownership, name changes and the capital structure of the listed issuer. We believe that these factors are all relevant indicia of whether a transaction results in an unlisted entity becoming listed by acquiring a listed issuer.

2. The Amendments clarify the discretion of TSX to consider a variety of relevant factors when determining whether a transaction constitutes a backdoor listing.

3. The Amendments to Section 626 clarify the drafting of the definition of a "backdoor listing".

4. In assessing whether the transaction will or could result in the existing security holders of the listed issuer holding less than 50% of the securities or voting power in the entity resulting from the transaction, and in assessing the various factors set out in Subsection 626(b), TSX will take into account securities issued or issuable upon a concurrent financing, whether it is by way of private placement or public offering (rather than only by private placement).

Summary of the Final Amendments

TSX received one (1) comment letter in response to the Request for Comments and this comment letter was limited to comments on the Amendments to Section 626. A summary of the comment submitted, together with TSX's response, is attached as **Appendix A**.

TSX thanks the commenter for its feedback.

The Amendments have been updated to remove the reference in Section 626 to TSX's discretion to exempt a transaction that would result in security holders owning less than 50% of the securities or voting power of the entity resulting from the transaction from being a backdoor listing. Instead, TSX will rely on its exercise of discretion under Section 603 to exempt such a transaction. In such instance, TSX must be satisfied that the transaction should not be regarded as a backdoor listing, having regard to all relevant factors.

For clarity, TSX has also amended Subsection 613(g) to state that security based compensation arrangements, including those assumed or created by a listed issuer as part of an acquisition, are required to be disclosed on an annual basis in the listed issuer's information circular or other disclosure document distributed to other security holders.

Since the publication of the Request for Comments, TSX has also made certain other non-material revisions to the drafting of the Amendments.

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

The final Amendments are attached as **Appendix C**.

Effective Date

The Amendments will become effective for listed issuers on October 1, 2014 (the "**Effective Date**").

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

PART VI – SECTIONS 611 AND 626

List of Commenters:

The Canadian Advocacy Council for Canadian CFA Institute Societies (CAC)	

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 November 28, 2013.

The summary is found on the following page.

Summarized Comments Received	*TSX Response*
1. When determining whether a transaction constitutes a backdoor listing, should any special consideration be given to circumstances where the listed issuer will develop a significant connection to an emerging market jurisdiction (e.g. mind and management or principal active operations) as a result of such transaction? If so, how?	
Commenter agrees that if a significant connection to an emerging market jurisdiction is identified, it should be a factor in determining whether the transaction constitutes a backdoor listing. The commenter believes that the following additional factors should be considered in the case of an emerging market connection: a) Whether significant shareholders and/or the CEO of the new entity are located outside of Canada; b) The proportion of assets and operations of the new entity located in a jurisdiction outside of Canada, compared to the previously listed entity; c) Whether there are restrictions on the repatriation of profits back to Canada and any other currency movement restrictions; and d) If the new entity changes auditors, whether the new auditor is located in Canada or in another jurisdiction whose laws permit the auditor to provide all audit work to Canadian regulators upon request. The risk of the resulting issuer not being domiciled in a jurisdiction with a robust financial reporting regime or where access to records and financial reports is difficult should be considered.	TSX agrees that a significant emerging market connection arising as a result of a transaction may warrant additional consideration in determining whether the transaction constitutes a backdoor listing. The Amendments to Section 626 state that TSX will consider a wide variety of factors in making its determination, of which a new significant emerging market connection may be one such factor.

APPENDIX B

BLACKLINE OF THE FINAL AMENDMENTS

SECTION 611

Acquisitions

~~**Section 611**~~

(a) Where a listed issuer proposes to issue securities as full or partial consideration for property (which may include securities or assets) purchased from an insider of the listed issuer, TSX may require that documentation such as an independent valuation or engineer's report be provided.

(b) Security holder approval will be required in those instances where the number of securities issued or issuable to insiders as a group, together with any securities issued or made issuable to insiders as a group for acquisitions during the preceding six months, in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding on a non-diluted basis, prior to the date of closing of the transaction. Insiders receiving securities pursuant to the transaction are not eligible to vote their securities in respect of such approval.

(c) Subject to Subsection 611(d), security holder approval will be required in those instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis.

[…]

(e) Where an acquisition by a listed issuer includes the assumption of security based compensation arrangements of a target issuer or the creation of security based compensation arrangements for employees of a target issuer as a result of the acquisition, securities issuable under such arrangements will be included in the securities issued or issuable for the purposes of the security holder approval requirement in Subsection 611(b) and (c). For the purpose of this Section 611, the assumption of security based compensation arrangements includes: i) a direct assumption of security based compensation arrangements of the target issuer; and ii) the cancellation of security based compensation arrangements of the target issuer and their replacement with arrangements of the listed issuer.

(f) Subsection 613(a) does not apply where an acquisition by a listed issuer includes: i) the assumption of security based compensation arrangements of a target issuer if the number of assumed securities (and their exercise or subscription price, if applicable) is adjusted in accordance with the price per acquired security payable by the listed issuer; and ii) the creation of security based compensation arrangements for employees of a target issuer if the aggregate number of securities issuable does not exceed 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction, and such employees are not insiders or employees of the listed issuer prior to the acquisition.

(g) In calculating the number of securities issued or issuable in payment of the purchase price for an acquisition, any securities issued or issuable upon a concurrent private placement upon which the acquisition is contingent or otherwise linked will be included.

[…]

~~**BACKDOOR LISTINGS**~~

Section 613(g)

[…]

(g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements including, in both instances, those assumed or created by the listed issuer ~~through~~ as part of an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as of the date of the circular, as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

[…]

SECTION 626

Backdoor Listings

A “backdoor listing” occurs when a transaction results in the acquisition of a listed issuer by an entity not currently listed on TSX. The transaction may be a series of transactions and may take one of a number of forms, including an issuance of securities for assets, an amalgamation or a merger.

(a) Subject to Subsection 626(c), where TSX determines that a transaction is a backdoor listing, the approval procedure is similar to that of an original listing application. Generally, the listed issuer resulting from the transaction must meet the original listing requirements of TSX. TSX will also approve the transaction where the unlisted entity meets the original listing requirements of TSX (except for the public distribution requirements) and the entity resulting from the transaction:

i) meets the public distribution requirements for original listing;

ii) would appear to have a substantially improved financial condition as compared to the listed issuer; and

iii) has adequate working capital to carry on the business.

(b) A transaction resulting, or that could result, in the security holders of the listed issuer owning less than 50% of the securities or voting power of the entity resulting from the transaction, will generally be considered a backdoor listing.

~~Furthermore, in certain circumstances, TSX may determine:~~

~~i) not to consider a transaction as a backdoor listing, notwithstanding that existing security holders of the listed issuer will own less than 50% of the securities or voting power of the entity resulting from the transaction. In such instance, TSX must be satisfied that the transaction should not be regarded as a backdoor listing; or~~

~~ii)~~ Furthermore, in certain circumstances, TSX may determine to consider a transaction as a backdoor listing, notwithstanding that existing security holders of the listed issuer will continue to own 50% or more of the securities or voting power of the entity resulting from the transaction.

In making its determination, TSX will consider a variety of factors such as the business of the listed issuer and of the unlisted entity, the relative sizes of the listed issuer and the unlisted entity, changes to management (including the board of directors), as well as changes in voting power, security ownership and capital structure, among other factors that may be relevant in the particular circumstances.

In calculating whether security holders of the listed issuer will or could own less than 50% of the securities or voting power of the entity resulting from the transaction, any securities issued or issuable upon a concurrent financing that is contingent on or otherwise linked to the transaction will be included.

(c) The transaction must be approved by the security holders of the listed issuer's participating securities at a meeting prior to completion of the transaction. For this purpose, holders of Restricted Securities, as defined in Part I, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the issuer.

TSX's approval of a backdoor listing must be obtained before the transaction is submitted to security holders for approval. If this is impracticable, the information circular sent to security holders must include a statement that the proposed transaction is subject to the acceptance of TSX. The listed issuer must file a draft of the information circular with TSX for review before the sending of the circular to the security holders.

APPENDIX C

THE FINAL AMENDMENTS

SECTION 611

Acquisitions

(a) Where a listed issuer proposes to issue securities as full or partial consideration for property (which may include securities or assets) purchased from an insider of the listed issuer, TSX may require that documentation such as an independent valuation or engineer's report be provided.

(b) Security holder approval will be required in those instances where the number of securities issued or issuable to insiders as a group, together with any securities issued or made issuable to insiders as a group for acquisitions during the preceding six months, in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding on a non-diluted basis, prior to the date of closing of the transaction. Insiders receiving securities pursuant to the transaction are not eligible to vote their securities in respect of such approval.

(c) Subject to Subsection 611(d), security holder approval will be required in those instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis.

[…]

(e) Where an acquisition by a listed issuer includes the assumption of security based compensation arrangements of a target issuer or the creation of security based compensation arrangements for employees of a target issuer as a result of the acquisition, securities issuable under such arrangements will be included in the securities issued or issuable for the purposes of the security holder approval requirement in Subsection 611(b) and (c). For the purpose of this Section 611, the assumption of security based compensation arrangements includes: i) a direct assumption of security based compensation arrangements of the target issuer; and ii) the cancellation of security based compensation arrangements of the target issuer and their replacement with arrangements of the listed issuer.

(f) Subsection 613(a) does not apply where an acquisition by a listed issuer includes: i) the assumption of security based compensation arrangements of a target issuer if the number of assumed securities (and their exercise or subscription price, if applicable) is adjusted in accordance with the price per acquired security payable by the listed issuer; and ii) the creation of security based compensation arrangements for employees of a target issuer if the aggregate number of securities issuable does not exceed 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction, and such employees are not insiders or employees of the listed issuer prior to the acquisition.

(g) In calculating the number of securities issued or issuable in payment of the purchase price for an acquisition, any securities issued or issuable upon a concurrent private placement upon which the acquisition is contingent or otherwise linked will be included.

[…]

Section 613(g)

[…]

(g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements including, in both instances, those assumed or created by the listed issuer as part of an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as of the date of the circular, as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

[…]

SECTION 626

Backdoor Listings

A “backdoor listing” occurs when a transaction results in the acquisition of a listed issuer by an entity not currently listed on TSX. The transaction may be a series of transactions and may take one of a number of forms, including an issuance of securities for assets, an amalgamation or a merger.

(a) Subject to Subsection 626(c), where TSX determines that a transaction is a backdoor listing, the approval procedure is similar to that of an original listing application. Generally, the listed issuer resulting from the transaction must meet the original listing requirements of TSX. TSX will also approve the transaction where the unlisted entity meets the original listing requirements of TSX (except for the public distribution requirements) and the entity resulting from the transaction:

i) meets the public distribution requirements for original listing;

ii) would appear to have a substantially improved financial condition as compared to the listed issuer; and

iii) has adequate working capital to carry on the business.

(b) A transaction resulting, or that could result, in the security holders of the listed issuer owning less than 50% of the securities or voting power of the entity resulting from the transaction, will generally be considered a backdoor listing.

Furthermore, in certain circumstances, TSX may determine to consider a transaction as a backdoor listing, notwithstanding that existing security holders of the listed issuer will continue to own 50% or more of the securities or voting power of the entity resulting from the transaction.

In making its determination, TSX will consider a variety of factors such as the business of the listed issuer and of the unlisted entity, the relative sizes of the listed issuer and the unlisted entity, changes to management (including the board of directors), as well as changes in voting power, security ownership and capital structure, among other factors that may be relevant in the particular circumstances.

In calculating whether security holders of the listed issuer will or could own less than 50% of the securities or voting power of the entity resulting from the transaction, any securities issued or issuable upon a concurrent financing that is contingent on or otherwise linked to the transaction will be included.

(c) The transaction must be approved by the security holders of the listed issuer's participating securities at a meeting prior to completion of the transaction. For this purpose, holders of Restricted Securities, as defined in Part I, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the issuer.

TSX's approval of a backdoor listing must be obtained before the transaction is submitted to security holders for approval. If this is impracticable, the information circular sent to security holders must include a statement that the proposed transaction is subject to the acceptance of TSX. The listed issuer must file a draft of the information circular with TSX for review before the sending of the circular to the security holders.