

B.11

CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Toronto Stock Exchange – Housekeeping Rule Amendments to the TSX Company Manual – Notice

TORONTO STOCK EXCHANGE

NOTICE OF HOUSEKEEPING RULE AMENDMENTS TO THE TSX COMPANY MANUAL

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the “**Protocol**”), Toronto Stock Exchange (“**TSX**”) has adopted, and the Ontario Securities Commission (the “**OSC**”) has approved, amendments (the “**Amendments**”) to Sections 429, 429.1, 614(j), and 620(d) of the TSX Company Manual (the “**Manual**”). The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The OSC has not disagreed with the categorization of the Amendments as Housekeeping Rules. In accordance with Section 5 of the Protocol, TSX has obtained a waiver from the OSC in connection with the requirements to obtain approval by the board of directors of TSX.

Reasons for the Amendments

The Amendments are being made: (i) in response to industry changes in North America to move to a cycle where settlement occurs one trading day after the trade date (“**T+1**”), as set out in CSA Staff Notice 24-318 – Preparing for the Implementation of T+1 Settlement (the “**CSA Staff Notice**”); and (ii) to clarify in Section 429 that the ex-dividend date is set and published by TSX.

The Amendments relate to non-public interest changes and include aligning the Manual with the T+1 settlement cycle as set out in the CSA Staff Notice.

Summary of the Amendments

| Section | Amendment |
|---------------------------|---|
| 429 – Ex-Dividend Trading | Amend language to reflect that one trading day is permitted for the completion of the registration of a securities transaction and consequently, indicate that the shares will commence trading on an ex-dividend basis on the record date. Update language in the example provided as a result of the aforementioned amendments. Update language to clarify that the ex-dividend date is set and published by TSX. |
| 429.1 – Due Bill Trading | Amend language to indicate that trading on an ex-distribution basis, without the use of Due Bills, will commence at the opening of trading on the record date of the distribution. |
| 614(j) – Rights Offerings | Amend language to indicate that rights are listed on TSX at the opening of trading on the record date. |
| 620(d) – Stock Split | Amend language to indicate that, where the push-out method is used, securities will commence trading on TSX on a split basis at the opening of business on the record date. |

Text of the Amendments

The Amendments are set out as blacklined text at **Appendix A**. For ease of reference, a clean version of the Amendments are set out at **Appendix B**.

Timing and Transition

The Amendments become effective on May 27, 2024.

APPENDIX A

BLACKLINES OF
NON-PUBLIC INTEREST AMENDMENTS TO THE MANUAL

Ex-Dividend Trading

Sec. 429.

Determining whether the seller or the buyer is entitled to the dividend is accomplished through the procedure known as ex-dividend trading. On shares selling ex-dividend the seller retains the right to a pending dividend payment, and the opening bid quotation is usually reduced by the value of the dividend payable.

Since ~~two~~ one trading days ~~are~~ is allowed for the completion of the registration of a securities transaction, it is necessary that the shares commence trading on an ex-dividend basis at the opening of trading on ~~the date which is one trading day prior to~~ the record date for the dividend. For example, if the record date for a dividend is Friday, the shares will commence trading on an ex-dividend basis at the opening of trading on that Friday ~~the preceding Thursday~~ (in the absence of statutory holidays). ~~If the record date is Monday, the shares will commence trading on an ex-dividend basis at the opening of trading on Friday of the previous week (in the absence of statutory holidays).~~

When a distribution is paid entirely in securities which are immediately consolidated following the distribution, resulting in no change to the number of securities held by security holders, ex-dividend trading will not apply.

[The ex-dividend date is set and published by TSX.](#)

[...]

Due Bill Trading

Sec. 429.1.

For the purposes of this Section 429.1, "distribution" means any dividend, distribution, interest, security or right to which holders of listed securities have an entitlement, based on a specific record date.

Due Bill trading may be used at the discretion of the Exchange based on various relevant factors. However, the Exchange will normally defer ex-distribution trading and use Due Bills when the distribution per listed security represents 25% or more of the value of the listed security on the declaration date. Without the use of Due Bills, trading on an ex-distribution basis would commence at the opening of trading ~~one trading day prior to~~ on the record date for the distribution and could result in a significant adjustment of the market price of the security. Security holders will then be deprived of the value of the distribution between the ex-distribution date and the payment date. By deferring the ex-distribution date through the use of Due Bills, sellers of the listed securities during this period can realize the full value of the listed securities they hold, by selling the securities with the Due Bills attached. The use of Due Bills will also avoid confusion regarding the market value of the listed securities.

[...]

The Exchange may also use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., ~~one trading day before~~ on the record date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date.

[...]

D. Rights Offerings

Sec. 614.

[...]

- (j) Rights are listed on TSX at the opening of trading on the ~~first trading day preceding the~~ record date. At the same time, the underlying listed securities of the listed issuer commence trading on an ex-rights basis, which means that purchasers of the listed securities at that time are not entitled to receive the rights. Due Bill trading may be used in certain circumstances for conditional rights offerings as determined at the discretion of the Exchange. See Section 429.1.

[...]

Sec. 620. Stock Split

(d) Where the push-out method is used, the securities will commence trading on TSX on a split basis at the opening of business on the ~~first trading day preceding the~~ record date. Due Bill trading may be used in certain circumstances as determined at the discretion of the Exchange. See Section 429.1.

[...]

APPENDIX B

NON-PUBLIC INTEREST AMENDMENTS TO
THE TSX COMPANY MANUAL

Ex-Dividend Trading

Sec. 429.

Determining whether the seller or the buyer is entitled to the dividend is accomplished through the procedure known as ex-dividend trading. On shares selling ex-dividend the seller retains the right to a pending dividend payment, and the opening bid quotation is usually reduced by the value of the dividend payable.

Since one trading day is allowed for the completion of the registration of a securities transaction, it is necessary that the shares commence trading on an ex-dividend basis at the opening of trading on the record date for the dividend. For example, if the record date for a dividend is Friday, the shares will commence trading on an ex-dividend basis at the opening of trading on that Friday (in the absence of statutory holidays).

When a distribution is paid entirely in securities which are immediately consolidated following the distribution, resulting in no change to the number of securities held by security holders, ex-dividend trading will not apply.

The ex-dividend date is set and published by TSX.

[...]

Due Bill Trading

Sec. 429.1.

For the purposes of this Section 429.1, "distribution" means any dividend, distribution, interest, security or right to which holders of listed securities have an entitlement, based on a specific record date.

Due Bill trading may be used at the discretion of the Exchange based on various relevant factors. However, the Exchange will normally defer ex-distribution trading and use Due Bills when the distribution per listed security represents 25% or more of the value of the listed security on the declaration date. Without the use of Due Bills, trading on an ex-distribution basis would commence at the opening of trading on the record date for the distribution and could result in a significant adjustment of the market price of the security. Security holders will then be deprived of the value of the distribution between the ex-distribution date and the payment date. By deferring the ex-distribution date through the use of Due Bills, sellers of the listed securities during this period can realize the full value of the listed securities they hold, by selling the securities with the Due Bills attached. The use of Due Bills will also avoid confusion regarding the market value of the listed securities.

[...]

The Exchange may also use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., on the record date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date.

[...]

D. Rights Offerings

Sec. 614.

[...]

(j) Rights are listed on TSX at the opening of trading on the record date. At the same time, the underlying listed securities of the listed issuer commence trading on an ex-rights basis, which means that purchasers of the listed securities at that time are not entitled to receive the rights. Due Bill trading may be used in certain circumstances for conditional rights offerings as determined at the discretion of the Exchange. See Section 429.1.

[...]

Sec. 620. Stock Split

(d) Where the push-out method is used, the securities will commence trading on TSX on a split basis at the opening of business on the record date. Due Bill trading may be used in certain circumstances as determined at the discretion of the Exchange. See Section 429.1.

[...]