13.1.3 Request for Comment for Public Interest Amendments to Add Part X-Special Purpose Acquisition Corporations to the TSX Company Manual

REQUEST FOR COMMENT FOR PUBLIC INTEREST AMENDMENTS TO ADD PART X-SPECIAL PURPOSE ACQUISITION CORPORATIONS TO THE TSX COMPANY MANUAL

Toronto Stock Exchange ("TSX") is publishing for comment a proposed new rule ("Part X") which would result in the introduction of Part X – Special Purpose Acquisition Corporations to the TSX Company Manual (the "Manual"). Part X is being published for a 30 day comment period.

Part X will be effective upon approval by the Ontario Securities Commission (the "OSC") following public notice and comment. Comments should be in writing and delivered by Monday, September 15, 2008 to:

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A copy should also be provided to the OSC:

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Comments will be publicly available unless confidentiality is requested.

Overview

TSX is seeking comments on Part X. Currently, TSX only approves for listing issuers with an operating business which meet certain financial requirements, as provided in Part III of the Manual. However, TSX has recently observed, in the United States, a growing number of issuers going public with the intention to later complete a qualifying acquisition by merging with or acquiring an operating company with the proceeds of such offering. Such financial vehicles are generally known as special purpose acquisition corporations or "SPACs", and such transactions are similar to reverse mergers or reverse takeovers. However, unlike reverse takeovers, SPACs generally offer: i) a clean public company shell; ii) more experienced management teams; iii) greater certainty of financing; and iv) a readily available retail and institutional securityholder base.

Recent SPAC offerings have included a wide range of investor protections that mitigate TSX's previous concerns about listing SPACs. SPACs bear some similarity to capital pool companies ("CPCs") in that both involve the creation of publicly-traded shell companies which later acquire an operating business using the initial proceeds raised. However, the proposed SPAC rules differ from the CPC rules, particularly because SPACs are much larger than CPCs and therefore involve more stringent investor protections. The proposed SPAC rules take into account SPAC rules recently adopted by the New York Stock Exchange and currently proposed by NASDAQ, while also incorporating best commercial practices observed in the SPAC market in the United States.

As at April 30, 2008, in the United States, 94 SPACs had completed their initial public offerings, having raised an aggregate of US$18.6 billion, but had not yet completed their qualifying acquisition. Another 87 SPACs were in the process of registration. In the United States, the American Stock Exchange has been the leading exchange for SPACs. Recently, NASDAQ and New York Stock Exchange both proposed to adopt SPAC rules. NYSE's SPAC rules were approved and came into effect on May 6, 2008. In addition, global financial institutions such as Goldman Sachs, Citi, UBS, Deutsche Bank, Merrill Lynch, JP Morgan and Morgan Stanley have acted as investment bankers for SPACs.

As a result of the growing market acceptance of SPACs in the United States, and building on the CPC concept, TSX is proposing Part X to provide a framework for the listing of SPACs on TSX.

Part X sets out: i) the original listing requirements which must be met by the SPAC; ii) the continued listing requirements that a SPAC must meet prior to the completion of a qualifying acquisition; and iii) the process relating to the completion of a qualifying acquisition, or failing that, liquidation distribution of the SPAC.

Part X is attached as Appendix A and is summarized below.

Part X – Special Purpose Acquisition Corporations:

Original Listing Requirements – Sections 1003-1018

TSX has considered a number of factors in developing Part X, including the SPAC rules in place or proposed by other stock exchanges. The proposed original listing requirements for SPACs also take into account TSX's current original listing requirements for operating businesses, the need for investor protection, as well as the size and nature of the Canadian marketplace. TSX also consulted with its Listings Advisory Committee which is made up of investment bankers, securities lawyers and institutional investors, in order to ensure a broad spectrum of considerations are addressed in Part X and this request for comments.

TSX will retain discretion to take into account any factors it considers relevant and appropriate when assessing the merits of listing a SPAC. In particular, TSX will take into account factors such as the experience and track record of management, the extent of the founding securityholders' equity ownership in the SPAC and the gross proceeds publicly raised in its initial public offering ("IPO"). Part X includes many features to enhance investor protection given the lack of financial and operating history of a SPAC.

IPO Requirements

Part X contemplates that a minimum of $30 million be raised on the SPAC IPO. TSX considers that this threshold is appropriate to demonstrate market and management support and provides sufficient funds to purchase an operating business that may reasonably meet TSX's original listing requirements. The $30 million minimum also takes into account the relative size of the Canadian marketplace and the average IPO size in Canada.

Part X is also designed to align the interests of the founding securityholders with public securityholders and to ensure their continued participation by requiring such founding securityholders to hold an equity interest of at least 10% in the SPAC. Typically this interest is purchased in advance of the IPO at a price which may be significantly less than the IPO price. These securities may not be transferred prior to the completion of the qualifying acquisition and subsequently, may be subject to TSX's Escrow Policy. The securities are also restricted from voting on the qualifying acquisition and will not be permitted to receive proceeds from any liquidation distribution, as later described.

Although Part X sets a minimum equity interest of the founding securityholders in the SPAC, there is no proposed maximum. Generally, as with any IPO, TSX expects that the founding securityholders and underwriters will negotiate a commercially reasonable level of equity interest held by the founding securityholders, failing which a successful marketing of the IPO would be unlikely. However, TSX will consider the equity interest of the founding securityholders in listing the SPAC since such interest may be acquired at a price which may be significantly less than the IPO price. TSX may refuse to list a SPAC if the interest of the founding securityholders in the SPAC appears excessive. TSX would generally consider founding securityholders' interest above 20% of the resulting issuer excessive, excluding securities acquired in the IPO, on the secondary market or under a rights offering.

Finally, to prevent SPACs from being used to subvert the IPO and listing process for operating businesses, Part X requires that a SPAC must not be an active business and may not enter into a written or oral, binding or non-binding agreement in respect of a qualifying acquisition when seeking a listing on TSX.

Questions

1. Is $30,000,000 minimum raised on the IPO appropriate? If not, why, and what would be an appropriate amount?

2. Is it appropriate to require the founders to hold securities equal to at least 10% of the proceeds raised in the IPO? Is it appropriate that the founders be permitted to purchase securities at less than the IPO price taking into account the limitations on transfers, voting and liquidation prior to completion of a qualifying acquisition?

3. Should founding securityholders be limited to a maximum equity interest without an equity contribution which is equivalent to other securityholders? If so, what would be an appropriate level?
4. Is it appropriate to prohibit the identification of a qualifying acquisition target prior to the listing of the SPAC on TSX?

Capital Structure

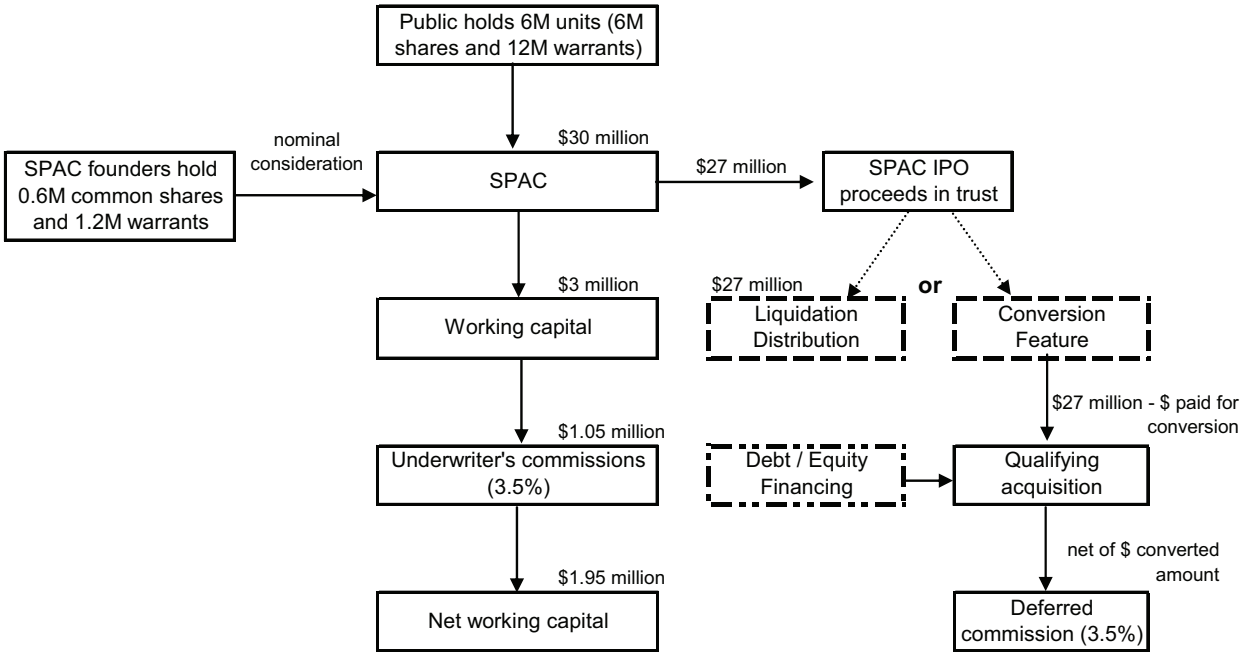
Securities to be issued by the SPAC must include a conversion right and a liquidation distribution feature.

The conversion right will allow securityholders (other than founding securityholders) who vote against a proposed qualifying acquisition to convert their securities into a pro rata portion of the proceeds held in trust if the qualifying acquisition is completed. Upon exercise of the conversion right, securityholders would be entitled to receive, for each security held, an amount equal to: (1) the aggregate amount then on deposit in the trust account (net of any applicable taxes and direct expenses related to exercise of the conversion right), divided by (2) the aggregate number of securities then outstanding.

The liquidation distribution feature will return a pro rata portion of the proceeds held in trust to securityholders if a qualifying acquisition is not completed within the prescribed time frame. Upon a liquidation distribution, all securityholders (other than founding securityholders in respect of their founding securities) will receive, for each security held, an amount at least equal to: (1) the aggregate amount then on deposit in the trust account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of securities then outstanding less any founding securities held by the founding securityholders.

The securities held by the founding securityholders are not excluded from the pro rata calculation for exercise of a conversion right because at this point, although the founding securityholders do not vote on the qualifying acquisition, they still participate in the qualifying acquisition if it is completed. However in the liquidation distribution scenario, the founding securityholders are not entitled to participate except to the extent of any securities purchased under the IPO prospectus, on the secondary market or under a rights offering. Therefore the remaining securityholders benefit from the forfeiture of the initial investment in the SPAC by the founding securityholders.

For illustrative purposes only, we have assumed a SPAC IPO of 6 million units at $5 per unit, each unit being comprised of a common share and 2 common share purchase warrants, as follows:



We further assume that no income is generated on the $27 million SPAC proceeds in trust, no taxes or expenses are applicable upon conversion or liquidation and the founding securityholders do not own any securities other than their founding securities.

Upon exercise of the conversion right, securityholders will receive $4.09 for each common share held, calculated as follows:

$$\frac{\text{proceeds in trust [\$27 million]}}{\text{common shares outstanding [6.6 million]}}$$

Upon a liquidation distribution, securityholders will receive $4.50 for each common share held, calculated as follows:

$$\frac{\text{proceeds in trust [\$27 million]}}{\text{common shares outstanding [6.6 million] – founders common shares [0.6 million]}}$$

TSX believes it is appropriate to limit dilution incurred by securityholders of a SPAC prior to completion of a qualifying acquisition. SPAC securities typically are not very liquid prior to announcement of a qualifying acquisition. TSX is therefore requiring that if units are issued in the IPO, share purchase warrants may not be exercisable before completion of a qualifying acquisition, expire if no qualifying acquisition takes place, and are not entitled to proceeds from liquidation.
To provide additional protection to securityholders, it is further proposed that a SPAC may not obtain any form of debt financing until the time of, or after, a qualifying acquisition.

Questions

5. Should securityholders be entitled to an amount other than their pro rata share of the proceeds held in trust in the event that the conversion right is exercised or the liquidation distribution occurs?

6. Is it appropriate that the warrants will separate immediately after completion of the IPO, but not be exercisable until the completion of the qualifying acquisition? Why or why not?

7. Is it appropriate to restrict debt financing to the time of or after completion of a qualifying acquisition? Why or why not?

IPO Proceeds

Part X proposes that a minimum of 90% of the gross proceeds raised on the IPO be put into trust. This is consistent with the requirements of other exchanges. The minimum may voluntarily be set at a higher amount. Furthermore, the trust funds may only be invested in certain permitted investments. These rules are intended to protect securityholders by ensuring that sufficient proceeds are available for a qualifying acquisition or to be returned to securityholders should a qualifying acquisition not be made within the permitted time frame. The interest earned from permitted investments may be used by the SPAC, generally to fund administrative expenses of the SPAC, provided any such intended use is disclosed in the IPO prospectus.

Underwriters will be required to deposit 50% of their commissions from the IPO into trust with the IPO proceeds. This portion of the commissions will only be released to the underwriters upon completion of a qualifying acquisition. Otherwise they will be distributed to securityholders as part of a liquidation distribution. In the event that a securityholder exercises his or her conversion rights and the qualifying acquisition is completed, the securityholder will be entitled to receive his or her pro rata portion of the trust funds, including the deferred commissions. This provision is intended to ensure that the interests of the underwriters are aligned with those of the SPAC securityholders.

The proposed public distribution requirements are consistent with the existing minimum listing requirements for operating issuers, that is, a minimum of 1 million securities held by the public and a minimum of 300 public holders.

Questions

8. Are 90% of gross proceeds raised on the IPO an appropriate minimum amount to be put into trust? If not, why, and what would be an appropriate amount?

9. Is it appropriate to require that the trust funds be invested in certain permitted investments? Should the SPAC be permitted to invest the funds as it sees fit, subject to disclosure in the IPO prospectus?

10. Is it appropriate to permit the SPAC to use the interest from permitted investments provided any intended use is disclosed in the IPO prospectus? Why or why not?

11. Should 50% of the underwriters' commissions be required to be placed in trust only to be paid upon successful completion of a qualifying acquisition?

12. Is the application of TSX standard distribution requirements of 300 public holders holding at least one board lot and 1,000,000 freely tradeable securities appropriate? If not, why, and what would be an appropriate alternative?

Continued Listing Requirements Prior to Completion of a Qualifying Acquisition – Sections 1019-1021

TSX is concerned about the dilution of securityholders in a SPAC prior to completion of a qualifying acquisition. Therefore in addition to the restrictions on debt financing and the exercisability of warrants, TSX is requiring that additional securities issued

prior to a qualifying acquisition must be issued by way of a rights offering to existing securityholders. A minimum of 90% of additional funds raised must also be placed into trust pending a qualifying acquisition or liquidation.

Similarly, a SPAC may not have any security based compensation arrangement in place prior to completion of a qualifying acquisition, after which securityholder approval will be required in accordance with Section 613 of the Manual.

Questions

13. Is it appropriate to limit the additional issuance of securities following the IPO and prior to the completion of a qualifying acquisition? Why or why not?

14. Is it appropriate to require SPACs raising additional capital to do so by a rights offering or should other means, such as private placements and public offerings, be permitted? Why or why not?

Completion of a Qualifying Acquisition – Sections 1022-1030

Under Part X, SPACs will have up to three years from the date of the closing of the distribution under the IPO prospectus to complete a qualifying acquisition. The qualifying acquisition must be approved by a majority of the votes cast by securityholders of the listed SPAC, excluding founding securityholders, at a duly called meeting. If multiple acquisitions are required to meet TSX original listing requirements and those of a qualifying acquisition, each transaction must be approved by securityholders and must close prior to the deadline. This deadline has been set taking into account the timelines under the rules of other stock exchanges and to provide sufficient time and flexibility for a SPAC to complete a qualifying acquisition.

Part X also requires that the value of the qualifying acquisition must represent at least 80% of the value of the IPO proceeds in trust. If multiple acquisitions are required to satisfy this requirement, these transactions must close concurrently. Both NYSE and NASDAQ have an equivalent requirement for the minimum fair market value of the target asset(s) or business(es). TSX considers this threshold appropriate in order to ensure that the qualifying acquisition can reasonably meet TSX original listing requirements and to ensure that the IPO proceeds in trust are used for their intended purpose.

It is contemplated that holders of securities voting against a qualifying acquisition will be entitled to convert their securities for their pro rata portion of the proceeds in trust. NYSE has a similar conversion right for a securityholder voting against a proposed qualifying acquisition.

Certain stock exchanges, including NYSE, will assess whether the issuer resulting from the completion of a qualifying acquisition meets continued listing requirements rather than original listing requirements, unless the qualifying acquisition constitutes a backdoor listing. NYSE will not permit a qualifying acquisition to proceed if public securityholders owning in excess of a certain threshold amount (to be set no higher than 40%) of the securities exercise their conversion rights.

Part X provides that a majority of public holders of securities must approve the proposed qualifying acquisition and does not set a maximum threshold amount for conversion rights. However, the SPAC may choose to set limits or conditions, which must be disclosed in its IPO prospectus and information circular. In addition, TSX will review every resulting issuer in accordance with original listing requirements. TSX is not therefore proposing to require a conversion right threshold amount. However, a SPAC may then need to obtain debt or equity financing to complete a qualifying acquisition which meets TSX original listing requirements. Any debt or equity financing will be taken into consideration in conjunction with the original listing review when assessing the capital structure of the resulting issuer. Such financing may not be completed other than contemporaneously with or immediately following the qualifying acquisition. Any equity financing by the SPAC must be completed in accordance with Parts VI and X.

As the SPAC and the qualifying acquisition may be viewed as a two-stage going public process, TSX believes that it is more appropriate to complete an original listing review of the resulting issuer rather than ensuring that a specified portion of the trust proceeds are available for the qualifying acquisition, provided that a majority of the securityholders have approved the transaction. TSX proposes that securityholder voting rights and conversion rights are sufficient protection and that if necessary, the market will set an appropriate threshold beyond which a proposed qualifying acquisition may not be consummated.

In Canada, there is generally no requirement under securities law to file a prospectus for the resulting issuer in connection with a qualifying acquisition. An information circular in connection with the securityholder meeting called to consider a proposed qualifying acquisition with prospectus level disclosure must be pre-cleared by TSX and distributed to securityholders. In the United States, the Securities and Exchange Commission pre-clears proxy circulars, other than for foreign private issuers, relating to securityholder meetings to consider a qualifying acquisition, as well as any registration statement for securities being issued on a qualifying acquisition.

Further to discussions with securities regulators, Part X includes a requirement for SPACs to file and obtain a receipt from applicable securities regulators for a final prospectus containing full, true and plain disclosure regarding the resulting issuer

assuming completion of the qualifying acquisition. The receipt must be issued prior to mailing the information circular describing the qualifying acquisition in order to ensure complete and consistent disclosure. The prospectus will be a non-offering prospectus if additional securities are not being distributed to the public at the time of the qualifying acquisition. Failure to obtain the receipt prior to completion of the qualifying acquisition will result in the delisting of the SPAC.

Questions

15. A SPAC listed on TSX must complete a qualifying acquisition within three years of the date of the closing of the distribution under the IPO prospectus. Is this timeline appropriate? If not, why, and what would be an appropriate alternative timeline?

16. If a securityholder votes against a proposed qualifying acquisition, should there be a conversion right? Why or why not?

17. Should TSX require that a qualifying acquisition not proceed if a certain threshold percentage of securityholders exercise their conversion rights? If yes, what is an appropriate threshold? In conjunction with a conversion right threshold, should TSX review the resulting issuer on a continued listing basis rather than an original listing basis? Why or why not?

18. Is it appropriate to require the minimum value of a qualifying acquisition be at least 80% of the IPO proceeds in trust? Why or why not?

19. If a qualifying acquisition is composed of multiple acquisitions, is it appropriate to require them to close concurrently in order to satisfy the fair market value of the qualifying acquisition?

20. Is it appropriate to require SPAC issuers to obtain a receipt for a prospectus that assumes completion of a qualifying acquisition prior to mailing the information circular and completing the qualifying acquisition? Why or why not?

21. What are the benefits of the SPAC clearing a prospectus prior to mailing the information circular and completing the qualifying acquisition? What are the costs? Please consider all stakeholders, including securityholders, the public and the marketplace.

22. Will the prospectus requirement materially affect costs and timing of a qualifying acquisition? If yes, how? How do these costs and timing issues compare with benefits provided by the prospectus?

Liquidation and Delisting Following Failure to Complete a Qualifying Acquisition - Sections 1031-1033

SPACs which fail to complete a qualifying acquisition prior to the deadline must complete a liquidation distribution within 30 days after the deadline. The SPAC will be delisted from TSX on or about the liquidation distribution date. Founding securityholders may not participate in any liquidation distribution for their founding securities. The aggregate amount then on deposit in trust will be distributed to securityholders, net of any applicable taxes and direct expenses related to the liquidation distribution. These requirements and time frame are consistent with those of other exchanges.

Questions

23. Is the time frame for liquidation and distribution appropriate? Why or why not?

Continued Listing Requirements Following Completion of a Qualifying Acquisition - Section 1034

Upon completion of a qualifying acquisition, the resulting issuer will be subject to TSX continued listing requirements and other rules.

Questions

24. Are there any additional requirements or rules that would be appropriate for SPACs that should be considered?

25. Are there additional factors, not discussed in this Request for Comments, to consider in adopting Part X?

Ancillary Proposed Rule Amendments

The following ancillary rule amendments are non-public interest and will only be made at the effective time of Part X.

Part I – Introduction

Definitions will be added. See **Appendix B**.

Part III – Original Listing Requirements

Sections 307 and 308 will be amended to refer to SPACs and Part X. See blackline attached as **Appendix C**.

Appendix C – Toronto Stock Exchange Escrow Policy Statement

Section III will be amended to refer to escrow requirements for SPACs. See blackline attached as **Appendix D**.

Question

26. Are there additional ancillary rule amendments, not discussed in this Request for Comments, to consider in adopting Part X?

Public Interest

TSX is publishing Part X for a 30 day comment period, which expires September 15, 2008. TSX believes that it is important for its key stakeholders to have an opportunity to review Part X prior to its implementation. As a result, Part X will only become effective following public notice, a comment period and the approval of the OSC.

Text of Policy

Part X is attached as **Appendix A**.

APPENDIX A
PROPOSED PART X OF THE TSX COMPANY MANUAL

PART X

SPECIAL PURPOSE ACQUISITION CORPORATIONS (SPACS)

Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

A. General Listing Matters

B. Original Listing Requirements

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

D. Completion of a Qualifying Acquisition

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

A. General Listing Matters

Securities to be Listed

Sec. 1001. To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections 1003 to 1018. The listing application, preliminary prospectus, draft trust indenture governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the OSC.

Exercise of Discretion

Sec. 1002. The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may refuse to grant an application notwithstanding that the prescribed original listing requirements are met. In addition, the Exchange will consider:

(a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

B. Original listing Requirements

IPO

Sec. 1003. A SPAC must, concurrently with listing on the Exchange, raise a minimum of $30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

Sec. 1004. Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC representing an aggregate equity interest of at least 10% of the SPAC immediately following closing of the IPO. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

Sec. 1005. The shares, warrants and/or units to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

No Operating Business

Sec. 1006. A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral, binding or non-binding agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral, binding or non-binding agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

Jurisdiction of Incorporation

Sec. 1007. The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

Capital Structure

Sec. 1008. A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a conversion feature, pursuant to which securityholders (other than founding securityholders) who voted against a proposed qualifying acquisition at a duly called meeting of securityholders may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect that each security held be converted into an amount at least equal to: (1) the aggregate amount then on deposit in the trust account (net of any applicable taxes and direct expenses related to the exercise of the conversion right), divided by (2) the aggregate number of securities then outstanding; and

(ii) a liquidation distribution feature, pursuant to which securityholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in Section 1022, be entitled to receive, for each security held, an amount at least equal to: (1) the aggregate amount then on deposit in the trust account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of securities then outstanding less the founding securities;

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be exerciseable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a fixed date specified in the IPO prospectus, and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022; and

(iii) share purchase warrants may not have an entitlement to the trust funds upon liquidation of the SPAC.

Prohibition of Debt Financing

Sec. 1009. The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

Use of Proceeds Raised in the IPO and Trust Requirements

Sec. 1010. Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO in trust with a trustee unrelated to the transaction and acceptable to the Exchange. The following entities, if Canadian, are examples of the types of trustees that are acceptable to the Exchange: trust companies, financial institutions and law firms.

Sec. 1011. The trustee must invest the trust funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest earned on the trust funds from the permitted investments.

Sec. 1012. The trust indenture governing the trust must provide for:

(a) the termination of the trust and release of the trust funds on a pro rata basis to securityholders who exercise their conversion rights in accordance with Section 1008(a)(i) and the remaining trust funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the trust and the distribution of the trust funds to securityholders in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the trust indenture must be submitted to the Exchange for pre-clearance.

Sec. 1013. The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the trust funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in trust will be distributed to the holders of the securities as part of the liquidation distribution. Securityholders voting against a qualifying acquisition and exercising their conversion rights will be entitled to their pro rata portion of the trust funds including any deferred commissions.

Sec. 1014. The proceeds from the IPO that are not placed in trust and interest earned on the trust funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO and the identification and completion of a qualifying acquisition.

Public Distribution

Sec. 1015. A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) at least 1,000,000 freely tradeable securities are held by public holders;

(b) the aggregate market value of the securities held by public holders is at least $30,000,000; and

(c) at least 300 public holders of securities, holding at least one board lot each.

Pricing

Sec. 1016. A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of $5.00 per share or unit.

Other Requirements

Sec. 1017. In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

(a) Section 325 – Management

(b) Section 327 – Escrow Requirements

(c) Section 328 – Restricted Shares

(d) Sections 338-351 – The Listing Application Procedure

(e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections 358-359 – Public Availability of Documents

(g) Section 360 – Provincial Securities Laws

Sec. 1018. A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

Additional Funds by way of Rights Offering Only

Sec. 1019. The Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance of securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) 90% of the funds raised are placed in trust in accordance with the provisions of Sections 1010 to 1014.

Sec. 1020. The Exchange will only permit additional funds to be raised by a listed SPAC pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

Other Requirements

Sec. 1021. Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V;

(b) Part VI, provided that, until completion of a qualifying acquisition, a listed SPAC may only issue and make securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition, for which securityholder approval will be required in accordance with Section 613;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

D. Completion of a Qualifying Acquisition

Permitted Time for Completion of a Qualifying Acquisition

Sec. 1022. A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 1023.

Fair Market Value of a Qualifying Acquisition

Sec. 1023. The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the trust account, excluding deferred underwriting commissions held in trust and any taxes payable on the income earned on the trust funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in Section 1022.

Securityholder Approval

Sec. 1024. The qualifying acquisition must be approved by a majority of the votes cast by securityholders of the SPAC at a meeting duly called for that purpose. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved. The founding securityholders shall not be entitled to vote any of their securities with respect to the approval of the qualifying acquisition.

Sec. 1025. The SPAC may impose additional conditions on the approval of a qualifying acquisition, provided that the conditions are described in the information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public holders of securities vote against the proposed qualifying acquisition and exercise their conversion rights.

Sec. 1026. In connection with the securityholder meeting at which there will be a vote on a qualifying acquisition, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

Sec. 1027. In accordance with Section 1008, holders of securities who vote against the qualifying acquisition must be entitled to convert their securities for their pro rata portion of the trust funds in the event that the qualifying acquisition is completed.

Prospectus Requirement for Qualifying Acquisition

Sec. 1028. The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. The SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in Section 1026. If a receipt for the final prospectus is not obtained, completion of the qualifying acquisition will result in the delisting of the SPAC.

Exchange Approval

Sec. 1029. The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC.

Escrow Requirements

Sec. 1030. Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

Sec. 1031. If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the trust funds must be distributed to the holders of securities on a pro rata basis, and in accordance with Section 1032.

Sec. 1032. In accordance with Section 1004, the founding securityholders may not participate in any liquidation distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all

deferred underwriter commissions held in trust will be part of the liquidation distribution. A liquidation distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010, as well as the proceeds from the founding securityholders' founding securities (in accordance with Section 1004) and 50% of the underwriters' commissions as described in this Section. Any interest earned through permitted investments that remains in trust shall also be part of the liquidation distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

Sec. 1033. The Exchange will delist the SPAC's securities on or about the liquidation distribution date.

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

Sec. 1034. Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.

APPENDIX B
ANCILLARY PROPOSED AMENDMENTS TO PART I – DEFINITIONS

Definitions to be added to Part I:

"**founding securities**" means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, on the secondary market or under a rights offering by the SPAC;

"**founding securityholders**" means insiders and equity securityholders of a SPAC prior to the completion of the IPO who continue to be insiders or equity securityholders, as the case may be, immediately after the IPO;

"**IPO prospectus**" means the final prospectus for the initial public offering of the SPAC;

"**listing application**" means an application for the original listing on the Exchange in the form found in Appendix A of the Manual;

"**permitted investments**" means investments in the following: cash or in book based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America; (ii) demand deposits, term deposits or certificates of deposit of banks listed Schedule I or Schedule III of the Bank Act (Canada), which have a short term debt rating of "R 1 (low)" or better by DBRS and "A 1+" or better by S&P; (iii) commercial paper directly issued by Schedule I or Schedule III Banks having, at the time of the investment therein, a short term debt rating of "R I (low)" or better by DBRS and "A 1 +" by S&P or better; or (iv) call loans to and notes or bankers' acceptances issued or accepted by any depository institution described in (ii) above;

"**principal regulator**" means the issuer's principal regulator determined in accordance with Multilateral Instrument 11-102 - Passport System;

"**qualifying acquisition**" means the acquisition of assets or one or more businesses by a SPAC which result in the issuer meeting the Exchange's original listing requirements set out in Part III of the Manual;

"**SPAC**" means a special purpose acquisition corporation;

"**trust funds**" means the funds placed in trust as required under Section 1010;

APPENDIX C
ANCILLARY PROPOSED AMENDMENTS TO
PART III – ORIGINAL LISTING REQUIREMENTS

Sec. 307. Companies applying for a listing on the Exchange are placed in one of three categories: Industrial/(General), Mining or Oil and Gas. All special purpose issuers such as exchange traded funds, split share corporations, income trusts, investment funds and limited partnerships are listed under the Industrial~~/~~ (General) category. All SPACs are listed under the Industrial (General) category. If the primary nature of a business cannot be distinctly categorized, the Exchange will designate the company to a listing category after a review of the company's financial statements and other documentation.

Sec. 308. There are specific minimum listing requirements for each of the three categories of companies. These requirements are set out in the following sections:

Industrial (excluding SPACs)	Sections 309 to 313
Mining	Sections 314 to 318
Oil and Gas	Sections 319 to 323

For SPACs, the minimum listing requirements, as well as other requirements, are set out in Part X.

The minimum listing requirements should be read in conjunction with the Exchange policy on quality of management, as set out in Section 325.

APPENDIX D
ANCILLARY PROPOSED AMENDMENTS TO
APPENDIX C
TORONTO STOCK EXCHANGE'S ESCROW POLICY STATEMENT

I. Introduction

Effective June 30, 2002, the Canadian Securities Administrators ("CSA") introduced National Policy 46-201, *Escrow for Initial Public Offerings,* (the "National Policy") and a standard form of escrow agreement, Form 46-201F1, *Escrow Agreement* (the "Escrow Form"), in connection with the National Policy.

As determined by the CSA, the fundamental objective of escrow is to encourage continued interest and involvement in an issuer, for a reasonable period after its initial Public Offering ("IPO"), by those principals whose continuing role would be reasonably considered relevant to an investor's decision to subscribe to the issuer's IPO.

All terms contained in the TSX Escrow Policy are as defined in the National Policy.

II. Application of the National Policy

Under the National Policy, escrow is not required for an issuer listing on TSX that, immediately after completion of its IPO, is:

i) classified by TSX under sections 309.1, 314.1, or 319.1 of this Manual, as applicable, as an exempt issuer; or

ii) a non-exempt issuer with a market capitalization of at least $100 million.

All other issuers completing initial public offerings and listing on TSX will be subject to the National Policy. Principals of such issuers will be required to place their securities in escrow under an escrow agreement in accordance with the terms of the National Policy, to be administered by the relevant CSA jurisdiction and not by TSX.

III. Application of the TSX Escrow Policy

The TSX Escrow Policy applies to issuers not otherwise subject to the National Policy that have:

i) listed on TSX by completing reverse takeovers of TSX listed issuers ("backdoor listings");

ii) listed on TSX by completing a qualifying acquisition by a SPAC as contemplated in Part X; or

iii) ~~ii)~~ conducted their IPOs in markets outside of a CSA jurisdiction within the 12 months preceding the date of the TSX listing application.

In deciding whether escrow is appropriate for such issuers, TSX will apply the principles of the National Policy. The provisions of the National Policy will be applied by TSX, including the use of the Escrow Form. TSX will administer escrow agreements entered into under the TSX Escrow Policy.

Subject to such terms and conditions as it may impose, TSX may:

i) exempt a person or issuer from the provisions of the TSX Escrow Policy otherwise applicable; or

ii) impose restrictions on a person or issuer beyond, or in addition to, those contained in the National Policy as applied to the TSX Escrow Policy where, in TSX's opinion, it would be in the public interest to do so.

For issuers where escrow is required, a principal's escrow securities are to be released as follows:

On the date of issuer's securities are listed on TSX (the listing date)	$^1/_4$ of the escrow securities
6 months after the listing date	$^1/_3$ of the remaining escrow securities
12 months after the listing date	$^1/_2$ of the remaining escrow securities
18 months after the listing date	the remaining escrow securities

IV. Administration of Existing Escrow Agreements

Issuers may apply to TSX to amend the terms of existing TSX escrow agreement and to request the transfer of securities within escrow or the early release of securities from escrow to reflect the release terms of the National Policy. For non-TSX escrow agreements, issuers must apply to the relevant exchange or relevant CSA jurisdiction under which the escrow agreement was originally entered into for any specific request to approve the transfer of securities within escrow or for the early release of securities from escrow.

The National Policy and the Escrow Form may be found on the web sites of CSA members including, but not limited to, the Ontario Securities Commission (www.osc.gov.on.ca).