

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 (“**OSC**”) has approved, certain housekeeping amendments (the “**Amendments**”) to Part I - Interpretation, Part IV - Maintaining a Listing and Part IX - Dealing with the News Media 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.

Background

Part IV of the Manual provides issuers with the general requirements to maintain its listing on TSX. This Part includes Sections 406 to 423.14 which relate to requirements regarding timely disclosure (the “**Timely Disclosure Requirements**”). Part IX of the Manual expands on the timely disclosure requirements by providing issuers with guidance on dealing with news media. TSX has also published the Guide to TSX Timely Disclosure Requirements, formally called the “TSX Policy Statement on Timely Disclosure” (the “**Guidelines**”), which provide issuers with additional guidance on complying with the requirements set out in Part IV and Part IX of the Manual. A copy of the updated Guidelines can be found [here](#).

Currently, the Timely Disclosure Requirements include: (i) certain rules for issuers to follow; and (ii) recommendations and guidance for issuers to consider, but not required to follow. In order to make it easier for issuers to understand what the requirements are, the Amendments remove guidance or recommendations from the Manual and instead include them in the Guidelines. The Guidelines were initially published to supplement the Timely Disclosure Requirements and therefore, these recommendations and guidance are better suited for inclusion there. Part IX currently contains a number of provisions relating to dissemination of information that were relevant at the time of publication, but given the ever-changing nature of technologies (including social media) and methods of dissemination, the Amendments remove this Part from the Manual and include certain relevant portions in the Guidelines to help ensure that issuers apply the Timely Disclosure Requirements to all forms of disclosure, including any future means of communications.

The Amendments aim to: (i) assist issuers when preparing meaningful disclosure by clearly setting out in the Manual the timely disclosure requirements, and separately providing guidance in complying with these requirements in the Guidelines; and (ii) simplify the text in Part IV of the Manual for the reader. Please see the section entitled “Summary and Rationale of Non-Public Interest Amendments” below.

Summary and Rationale of Non-Public Interest Amendments

| | Section of the Manual | Amendments to the Manual | Rationale |
|---|---------------------------------------|--|--|
| Part I - Interpretation | | | |
| 1. | Interpretation | Include a new defined term, "Timely Disclosure Policy", in the Interpretation section. | The Manual currently refers to this term, however does not define it. Including this term in the Interpretation section (and therefore providing a definition for it) and as a defined term in the Manual provides clarity and removes any inconsistencies. |
| 2. | | Revise the defined term, "Market Surveillance" in the Interpretation section. Include a new defined term, "PR Portal", in the Interpretation section. | The Manual currently defines this term by referring to the Investment Industry Regulatory Organization of Canada but has been replaced by its successor, Canadian Investment Organization, or "CIRO". "PR Portal" is a new method provided by Market Surveillance (being the Canadian Investment Organization, or "CIRO") by which issuers may submit their press releases to Market Surveillance. As such, a new defined term for this portal is being included in the Interpretation Section. Please also see Amendment #6 below. |
| Part IV - Maintaining a Listing - General Requirements | | | |
| 3. | Part IV | Capitalize all references to "timely disclosure policy". | This amendment is being made to reflect the addition of the definition of "Timely Disclosure Policy" in the Interpretations section and as a defined term in the Manual. See the rationale for Amendment #1 above. |
| | | Remove all references to "company" or "companies" and replace them with "issuer" or "issuers". | This amendment is being made to provide consistency in the use of terms throughout this Part. |
| | | Remove all references to "listed issuer" and replace them with "issuer". | This amendment is being made to provide consistency with the use of terms throughout this Part. |
| 4. | Section 406 - Introduction | Replace "state" with "states" in the second paragraph that reads "[...] the CSA clearly state in National Policy 51-201 Disclosure Standards that they expect listed issuers to comply with the requirements of the Exchange." | This amendment is being made to correct a grammatical error. |
| | | Add "(SEDI)" to the title of National Instrument 55-102. | This amendment is being made to refer to the correct title of this instrument. |
| | | Capitalize "Bid" in the title of National Instrument 62-103. | This amendment is being made to correct a typographical error. |
| | | Remove "s" in the title of National Instrument 62-103. | Not applicable for the English version of the Manual. |
| 5. | Section 413 - Timing of Announcements | Replace "significant announcements" with "material announcements" in the sentence describing the rule as to when material | Currently, the Manual refers to and defines "Material Information". While section 413 requires that "significant announcements" are to be released immediately, TSX is of the view that referring to material announcements would clarify the |

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| | | announcements are required to be released. | requirement with the use of the defined concept of materiality. In addition, the term “ <u>material</u> announcements” is a more widely-understood concept than “significant announcements”. |
| | | Replace the reference to “shares” with “securities”. | Currently, this section states that an issuer should seek direction from Market Surveillance as to when an announcement should be released and whether trading in an issuer’s shares should be halted for dissemination of announcement. Because an issuer may have other securities (and not just common shares), the reference to “shares” is being replaced with “securities”. |
| 6. | Section 415 - OSC Cease Trading Order | Replace the reference to a “halt in trading” with “a cease of trading”. | This amendment is being made to be consistent with the use of the term “cease trading order” in this section. In addition, the Canadian Securities Administrators generally refer to “halts” as cease trading orders rather than “halts” in trading as currently set out in this section. |
| 7. | Section 416 - Announcements of Material Information | Replace “the Exchange” with “Market Surveillance” in the subheading “Pre-Notification to the Exchange”. | In the past, the Exchange performed the market surveillance function for its listed issuers. This function was then assumed by IIROC (now CIRO) in 2008. As such, this amendment is being made to reflect that the Exchange no longer performs the market surveillance function, and as a result, that Market Surveillance (CIRO) (instead of the Exchange) must be advised of the content of an issuer’s press release, and supplied with a copy of its release in advance. |
| | | Amend the language to require issuers to, where an announcement is ready to be made by an issuer during trading hours, file the announcement with Market Surveillance before calling them to notify them of the announcement. | Where an announcement is ready to be made by an issuer during trading hours, the Manual currently requires issuers to first provide advance notice of the announcement involving material information to Market Surveillance by telephone, followed by a written copy of the release. This amendment is being made to be consistent with Market Surveillance’s current practice, which is to require issuers to first file a copy of the announcement with Market Surveillance via Market Surveillance’s Press Release Portal (“ PR Portal ”) or email, followed by a telephone call to Market Surveillance. The PR Portal is a web-based platform provided by Market Surveillance, which provides issuers with immediate and secure delivery of their announcements directly to Market Surveillance staff. |
| | | Include a reference to the PR Portal and email as methods by which an issuer may file a copy of an announcement with Market Surveillance where an announcement is ready to be made during trading hours. | TSX is also clarifying that, where an announcement is to be released after the Exchange has closed, copies of the announcement may be filed with Market Surveillance through TMX LINX, the PR Portal, or email. |
| 8. | Section 417 - Dissemination | Delete the references to Dow Jones and Reuters as examples of news wire services that provide wide dissemination | When issuing a news release, the Manual currently requires issuers to use news wire services that provide wide dissemination at no charge to the issuer, and Section 417 provides limited examples |

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| | | of news releases, and remove the requirement that issuers use news wire services that provide such services “at no charge to the issuer”. | <p>of news wire services providers that provide such services. Issuers are still required to satisfy themselves that their chosen provider meets the requirements set out in Section 417 of the Manual.</p> <p>While setting out examples of acceptable news wire service providers in Section 417 may be useful, TSX is of the view that it may not be appropriate to specifically name certain, and a limited number of, news wire service providers as examples in the Manual. Issuers may view the examples set out in the Manual as being prescriptive, and may limit their choice of news service provider based on this view. In contrast, while there are many news wire service providers that meet the requirements set out in Section 417, it is impracticable for the Exchange to list (and update) all of the acceptable news wire service providers in the Manual. As such, the specific references to Dow Jones and Reuters in this section are being removed to clarify to issuers that any news services providers that meet the criteria listed therein are acceptable, and not just the companies set out as examples. A list of examples of news services that meet the required criteria that issuers may refer to are included in the Guidelines.</p> <p>Section 417 also requires dissemination of the full text of an issuer’s news release. The Exchange has found that news wire services that offer their services at no cost typically amend the content of the news release. As such, the requirement that an issuer use a news wire service provider that provides such services “at no charge to the issuer” is being deleted.</p> |
| | | Amend the language to clarify that certain, and not all news service providers, may edit news releases, and that issuers are required to use news wire service providers that do not do this (i.e. they must provide full text of the news release without edits). | This section is being amended to clarify that issuers should be aware that certain news services (rather than all news services as currently stated in the section) may substantially edit news releases. In addition, the amendments to the requirement that issuers use news services that guarantee that the full text of the news release will be carried are stylistic in nature and are meant to clarify the issuer’s obligation. |
| 9. | Section 421 - Requests for Trading Halts | Amend the language to clarify that the issuer’s disclosure obligation to Market Surveillance is so that Market Surveillance staff (and not Exchange staff) can assess the appropriateness (and duration) of a trading halt. | When requesting a trading halt for an announcement, issuers must provide Market Surveillance with certain disclosure as set out in Section 421 so that it can assess the need for, and the appropriate duration of, a trading halt. This section is being amended to clarify that it is Market Surveillance staff, and not Exchange staff, that makes this assessment. |
| | | Make certain stylistic and grammatical amendments. | Certain grammatical and stylistic changes are being made to simplify this section for the reader. |
| 10. | Section 423 - Failure to Make an | Add a hyphen to the term “nonbusiness” so that it reads “non-business”. | This amendment is being made to correct a typographical error. |

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| | Announcement Immediately | | |
| 11. | Section 423.2 - When Information May be Kept Confidential | Delete “It is the policy of the Exchange that the [...]” in this section as it is irrelevant and redundant. | This text is being removed as it is unnecessary, and to simplify the text for the reader. |
| 12. | Section 423.3 - Maintaining Confidentiality | Amend the language to state that unusual market activity “may indicate” (rather than “probably means”) that news of an undisclosed and material matter is being disclosed and that certain persons are taking advantage of it. | This amendment is being made to clarify that not all unusual market activity indicates the disclosure of undisclosed material information, but instead, “may indicate” such disclosure. |
| | | Include “and” before the reference to Market Surveillance. | This amendment is being made to correct a grammatical error. |
| | | Amend the language to require issuers (rather than suggest to issuers) to advise Market Surveillance immediately where there disclosure of material information is delayed and there is unusual market activity. | Currently, the Manual states that issuers should notify Market Surveillance of unusual market activity where an issuer delays the disclosure of material information. This amendment is being made to clarify that issuers are required to notify Market Surveillance in such a case, and to reflect the practice of the Exchange in applying this section as an issuer requirement. |
| 13. | Section 423.4 - Insider Trading | Delete the paragraphs in this section that discuss insider trading rules and requirements as per applicable Ontario securities laws. | As these paragraphs refer to securities law requirements, are not Exchange requirements and are currently included in the Guidelines, they are being removed from the Manual. See the section entitled “Insider Trading” in the Guidelines. |
| | | Delete the subheading entitled “Law”. | The deletion of the subheading reflects this amendment above. |
| 14. | Section 423.5 - Guidelines— Disclosure, Confidentiality Guidelines and Employee Trading | Amend this section by removing the paragraphs discussing the Exchange’s recommendation that issuers establish policies to help them comply with the Disclosure Rules (as defined in the Manual), including recommendations as to what the policies should include. | This section requires that issuers comply with applicable securities law governing corporate disclosure, confidentiality and employee trading, and the Timely Disclosure Policy. This section also recommends that issuers establish written policies to help them comply with the Disclosure Rules. As these paragraphs do not include any requirements of the Exchange, and instead provide recommendations and guidelines for issuers to consider, they are being deleted from this section. In addition, the text of the deleted paragraphs is currently included in the Guidelines. See the section entitled “Guidelines - Disclosure, Confidentiality and Employee Trading” in the Guidelines. |
| | | Delete the heading entitled “Guidelines - Disclosure, Confidentiality Guidelines and Employee Trading”. | The deletion of the subheading reflects this amendment above. |

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| 15. | Section 423.6 - Disclosing Material Information | Delete this section in its entirety and include "[Intentionally deleted]". | <p>This section includes the definition of "material information" and states that issuers are required to disclose public information immediately. This section is being removed from the Manual as it is duplicative of information already included in the Manual (see Section 408 of the Manual).</p> <p>This section also includes guidelines and recommendations that an issuer may consider when establishing a policy to help it comply with the Disclosure Rules (see Amendment #10 above), and more specifically, as it relates to disclosing material information. As these paragraphs do not include any requirements of the Exchange, and instead provide recommendations and guidelines for issuers to consider, they are being deleted from the Manual. In addition, the text of the deleted paragraphs is currently included in the Guidelines. See the section entitled "Disclosing Material Information" in the Guidelines.</p> |
| 16. | Section 423.7 - Maintaining the Confidentiality of Information | Delete this section in its entirety and include "[Intentionally deleted]". | <p>This section provides guidelines and recommendations relating to how issuers can keep information confidential and implement policies to do so. As this section does not include any requirements of the Exchange, and instead provides recommendations and guidelines for issuers to consider, it is being removed from the Manual. In addition, this section is duplicative of the information included in Sections 423.2 and 423.3 of the Manual, and is also currently included in the Guidelines. See the section entitled "Maintaining the Confidentiality of Information" in the Guidelines.</p> |
| 17. | Section 423.8 - Restrictions on Employee Trading | Delete the section under the subheading entitled "Guidelines" in its entirety. | <p>This section expands on the Disclosure Rules and provides for restrictions on employee trading where an issuer's employees have access to material information of the issuer, or are aware of undisclosed material information of another issuer. It also includes, under the subheading entitled "Guidelines", guidelines and recommendations regarding an issuer's trading blackout policy. As this section does not include any requirements of the Exchange, and instead provides recommendations and guidelines for issuers to consider, it is being removed from the Manual. In addition, this section is currently included in the Guidelines. See the section entitled "Restrictions on Employee Trading" in the Guidelines.</p> |
| 18. | Section 423.9 and 423.10 - Electronic Communications Disclosure Guidelines Section 423.11 - Applicable Disclosure Standards | Delete these sections in their entirety. | <p>These sections have been removed, as they provide guidelines and recommendations with respect to electronic communications disclosure guidelines instead of requirements of the Exchange.</p> <p>Although electronic communications disclosure is subject to the Timely Disclosure Policy, certain paragraphs in this section that contain relevant recommendations are now included in the Guidelines. These paragraphs provide relevant guidance to issuers relating to: (i) applicable</p> |

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| | | | disclosure rules applying to electronic communications; (ii) making investor relations information available on an issuer's website; (iii) the duty to update and correct any information on an issuer's website; (iv) ensuring that excerpts are not misleading when read on its own; and (vi) displaying favourable and unfavourable information on an issuer's website with the same prominence. |
| 19. | Section 423.12 – Electronic Communication Guidelines | Delete this section in its entirety. | <p>This section has been removed, as it provides guidelines and recommendations instead of requirements.</p> <p>Certain paragraphs in this section that contain relevant recommendations are now included in the Guidelines. These paragraphs provide relevant guidance to issuers relating to: (i) establishing a written policy regarding electronic communications; (ii) monitoring electronic communications; (iii) posting their investors relations information; (iv) distributing non-material, supplemental investor information to all investors; (v) providing contact information to an investor relations representative of the issuer; (vi) hosting conference calls and industry conferences; (vii) adopting a social media policy for employees; (viii) posting of third party links; (viii) maintaining accurate information on its website; and (ix) dealing with rumours about an issuer on the internet.</p> <p>While certain deleted text provides guidelines and recommendations regarding electronic communication, TSX is of the view that such information is currently included in the Manual and/or Guidelines, and/or includes information that was relevant for issuers at the time the internet became available, however is now out of date, and no longer relevant.</p> |
| 20. | Section 423.13 - Maintaining Site Integrity | Delete this section in its entirety. | This section has been removed. It provides outdated recommendations for maintaining website security that were relevant when they were introduced initially in the manual, but are no longer relevant in the context of current technology. |
| 21. | Section 423.14 - TSX Monitoring of the Internet | Delete this section in its entirety. | As described above, the Exchange performed the market surveillance function in the past. As this function was assumed by Market Surveillance (CIRO) in 2008, the Exchange no longer monitors issuer websites and therefore, this section is no longer applicable. |
| 22. | Section 472 – Corporate Governance | Delete the paragraphs that discuss the Exchange's review of issuers' corporate governance disclosure and the consequences of failure to comply with requests for amended disclosure. | In the past, the Exchange would monitor its issuers who were subject to National Instrument 58-101 <i>Disclosure of Corporate Governance Practices</i> and assist issuers who were not in compliance with this instrument. This amendment is being made to reflect the Exchange's current practice, which is to review an issuer's corporate governance disclosure as part of an issuer's continuing listing requirements review. |

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| Part IX Dealing with the News Media | | | |
| 23. | Part A. General Section 901 Section 902 | Delete these sections in their entirety and include “[Intentionally deleted]” after “Part A.” | These sections provide information on dealing with the media in matters relating to day-to-day business developments. Given that they do not contain any requirements, these sections have been moved to the Guidelines. See the section entitled “Dealing with the News Media” in the Guidelines. |
| 24. | Part A. General Section 903 Section 904 Section 905 | Delete these sections in their entirety. | These sections provide information on the news media, generally, and discuss how issuers may interact with the news media. As these sections do not provide any requirements of the Exchange, nor do they provide any guidance for issuers to consider, they are being removed from the Manual. TSX is of the view that while this information may have been useful at the time of publication, it is out of date and no longer relevant. As such, these recommendations will not be included in the Guidelines. |
| 25. | Part B. Notifying the Financial Media Section 906 | Delete this section in its entirety. | This section requires issuers to advise Market Surveillance of the content of an announcement involving material information and to provide Market Surveillance with a copy prior to its release. As this section is duplicative of the information included in Section 416 of the Manual, it is being removed from the Manual. |
| 26. | Part B. Notifying the Financial Media Section 907 | Delete this section in its entirety. | This section sets out recommendations where there is material information arising from an issuer’s board meeting. As this section does not include any requirements of the Exchange, and instead provides recommendations and guidelines for issuers to consider, it is being removed from the Manual. Instead, this section is now included in the Guidelines. See the section entitled “Notifying the Financial Media” in the Guidelines. |
| 27. | Part B. Notifying the Financial Media Section 908 | Delete this section in its entirety. | This section provides issuers with guidance and requirements relating to the immediate disclosure of statements on material information, and the disclosure of subsequent developments relating to such matters. As this section is duplicative of the information included in Section 410 of the Manual, it is being removed from the Manual. Instead, this section is now included in the Guidelines. See the section entitled “Notifying the Financial Media” in the Guidelines. |
| 28. | Part B. Notifying the Financial Media Section 909 | Delete this section in its entirety. | This section recommends that issuers become familiar with applicable Ontario securities law relating to timely disclosure. As this section is duplicative of the information included in Section 406 of the Manual, it is being removed from the Manual. |
| 29. | News Services and Publications Section 910 | Delete this section in its entirety. | This section discusses the requirement for issuers to use a wire service to transmit news releases as quickly as possible, with the widest dissemination possible. It also includes a link to a list of key segments of the news media accepted by the |

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| | | | <p>Exchange. As this section is duplicative of the information provided in Section 417, it is being removed from the Manual. A list of examples of news services that meet the required criteria that issuers may refer to is now included in the Guidelines.</p> <p>Issuers are still required to satisfy themselves that their chosen provider meets the requirements set out in Section 417 of the Manual.</p> |
| 30. | <p>News Services and Publications Section 911 Section 912 Rules of Thumb for Release of Information Section 913</p> | Delete these sections in their entirety. | <p>These sections advise issuers to: (i) make phone calls to major dailies and weekly financial publications regarding news releases; (ii) contact local newspapers, radio, television and foreign publications; and (iii) avoid news releases with fixed release times as some newspapers ignore them. As these sections provide guidelines and recommendations instead of requirements of the Exchange, they are being removed from the Manual. In addition, while these sections may have been useful at the time of their initial publication, TSX is of the view that they are no longer relevant given new communication technology, and therefore, will not be included in the Guidance.</p> |
| 31. | Section 914 | Delete this section in its entirety. | <p>This section recommends that an issuer’s news release be accurate, whether the news is good or bad. As this section provide guidelines and recommendations instead of requirements of the Exchange, they are being removed from the Manual. See section entitled “Content of Announcements” in the Guidelines.</p> |
| 32. | <p>Part. C. Dealing with Enquiries from Press and Public Section 915 Section 916</p> | Delete these sections in their entirety. | <p>These sections set out recommendations relating to an issuer dealing with enquiries from the press and public, including avoiding selective disclosure to third parties, and delegating an authorized spokesperson for the issuer. As these sections provide guidelines and recommendations instead of requirements of the Exchange, they are being removed from the Manual. Instead, these sections are now included in the Guidelines. See section entitled “Dealing with Enquiries from Press and Public” in the Guidelines.</p> |

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 is set out at **Appendix B**.

Effective Date

The Amendments become effective on December 14, 2023.

APPENDIX "A"

BLACKLINE OF
NON-PUBLIC INTEREST AMENDMENTS TO
THE TSX COMPANY MANUAL

Part I – Introduction

[...]

Interpretation

[...]

"Market Surveillance" means ~~the Market Surveillance Department of the Investment Industry Regulatory Organization of Canada~~ [the Canadian Investment Regulatory Organization](#);

[...]

["PR Portal"](#) means the Press Release Portal provided by Market Surveillance;

[...]

["Timely Disclosure Policy"](#) means the timely disclosure requirements of TSX in Sections 406 to 423.8 under Part IV of the Manual;

[...]

Part IV Maintaining a Listing — General Requirements

[...]

B. Timely Disclosure

Introduction

Sec. 406.

It is a cornerstone policy of the Exchange that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of material information concerning the business and affairs of ~~companies~~[issuers](#) listed on the Exchange, thereby placing all participants in the market on an equal footing.

The ~~timely disclosure policy of the Exchange~~[Timely Disclosure Policy](#) is the primary timely disclosure standard for all TSX listed issuers. National Policy 51-201 Disclosure Standards, assists issuers in meeting their legislative disclosure requirements. While the legislative and Exchange timely disclosure requirements differ somewhat, the CSA clearly ~~states~~[states](#) in National Policy 51-201 Disclosure Standards that they expect listed issuers to comply with the requirements of the Exchange.

To minimize the number of authorities that must be consulted in a particular matter, in the case of securities listed on the Exchange, the Exchange is the relevant contact. The issuer may, of course, consult with the government securities administrator of the particular jurisdiction. In the case of securities listed on more than one stock market, the issuer should deal with each market.

The requirements of the Exchange and National Policy 51-201 Disclosure Standards are in addition to any applicable statutory requirements. The Exchange enforces its own policy. ~~Companies~~[Issuers](#) whose securities are listed on the Exchange are legally obligated to comply with the provisions on timely disclosure set out in section 75 of the OSA and the regulation under the OSA. Reference should also be made to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*, National Instrument 62-103 *The Early Warning System and Related Take-Over* ~~bid~~[Bid](#) and *Insider Reporting Issues*, and National Instrument 62-104 *Take-Over Bids and Issuer Bids*.

In addition to the foregoing requirements, ~~companies~~[issuers](#) whose securities are listed on the Exchange and who engage in mineral exploration, development and/or production, must follow the "Disclosure Standards for Companies Engaged in Mineral Exploration, Development and Production" as outlined in ~~Appendix B~~[Appendix B](#) of this Manual for both their timely and continuous disclosure.

Market Surveillance monitors the ~~timely disclosure policy~~[Timely Disclosure Policy](#) on behalf of the Exchange.

Material Information

Definition

Sec. 407.

Material information is any information relating to the business and affairs of ~~a company~~[an issuer](#) that results in or would reasonably be expected to result in a significant change in the market price or value of any of the ~~company~~[issuer's](#) listed securities.

Material information consists of both material facts and material changes relating to the business and affairs of a listed ~~company~~[issuer](#). In addition to material information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, Market Surveillance may require that an announcement be made by the ~~company~~[issuer](#) whether such rumours and speculation are factual or not. The policy of the Exchange with regard to rumours is set out more fully in ~~Section 414~~[Section 414](#).

The ~~timely disclosure policy~~[Timely Disclosure Policy](#) of the Exchange is designed to supplement the provisions of the OSA, which requires disclosure of any "material change" as defined therein. A report must be filed with the OSC concerning any "material change" as soon as practicable and in any event within ten days of the date on which the change occurs. The Exchange considers that "material information" is a broader term than "material change" since it encompasses material facts that may not entail a "material change" as defined in the Act. It has long been the practice of most listed ~~companies~~[issuers](#) to disclose a broader range of information to the public pursuant to the Exchange's ~~timely disclosure policy~~[Timely Disclosure Policy](#) than a strict interpretation of the Act might require. ~~Companies~~[Issuers](#) subject to securities legislation outside of Ontario should be aware of their disclosure obligations in other jurisdictions.

It is the responsibility of each listed ~~company~~[issuer](#) to determine what information is material according to the above definition in the context of the ~~company~~[issuer's](#) own affairs. The materiality of information varies from one ~~company~~[issuer](#) to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is "significant" or "major" in the context of a smaller ~~company~~[issuer's](#) business and affairs is often not material to a large ~~company~~[issuer](#). The ~~company~~[issuer](#) itself is in the best position to apply the definition of material information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments, and encourages ~~listed companies~~[issuers](#) to consult Market Surveillance when in doubt as to whether disclosure should be made.

Rule: Immediate Disclosure

Sec. 408.

A listed ~~company~~[issuer](#) is required to disclose material information concerning its business and affairs forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk of persons with access to the information acting upon undisclosed information. Unusual trading marked by significant changes in the price or trading volumes of any of ~~a company~~[an issuer's](#) securities prior to the announcement of material information is embarrassing to ~~company~~[issuer](#) management and damaging to the reputation of the securities market, since the investing public may assume that certain persons benefited from access to material information which was not generally disclosed.

In restricted circumstances disclosure of material information may be delayed for reasons of corporate confidentiality. In this regard, see Sections 423.1 to 423.3.

Developments to be Disclosed

Sec. 409.

~~Companies~~[Issuers](#) are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, ~~companies~~[issuers](#) are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most ~~companies~~[issuers](#) in a particular industry does not require an announcement, but if it affects only one or a few ~~companies~~[issuers](#) in a material way, an announcement should be made.

The market price of ~~a company~~[an issuer's](#) securities may be affected by factors directly relating to the securities themselves as well as by information concerning the ~~company~~[issuer's](#) business and affairs. For example, changes in ~~a company~~[an issuer's](#) issued capital, stock splits, redemptions and dividend decisions may all impact upon the market price of a security.

Sec. 410.

Other actual or proposed developments that are likely to give rise to material information and thus to require prompt disclosure include, but are not limited to, those listed below. Of course, any development must be material according to the definition of material information before disclosure is required.

Many developments must be disclosed at the proposal stage, or before an event actually occurs, if the proposal gives rise to material information at that stage. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the board of directors of the [company issuer](#), or by senior management with the expectation of concurrence from the board of directors. Subsequently, updates should be announced at least every 30 days, unless the original announcement indicates that an update will be disclosed on another indicated date. In addition, prompt disclosure is required of any material change to the proposed transaction, or to the previously disclosed information.

Examples of developments likely to require prompt disclosure as referred to above include the following:

- (a) Changes in share ownership that may affect control of the [company issuer](#).
- (b) Changes in corporate structure, such as reorganizations, amalgamations, etc.
- (c) Take-over bids or issuer bids.
- (d) Major corporate acquisitions or dispositions.
- (e) Changes in capital structure.
- (f) Borrowing of a significant amount of funds.
- (g) Public or private sale of additional securities.
- (h) Development of new products and developments affecting the [company issuer's](#) resources, technology, products or market.
- (i) Significant discoveries by resource [companies issuers](#).
- (j) Entering into or loss of significant contracts.
- (k) Firm evidence of significant increases or decreases in near-term earnings prospects.
- (l) Changes in capital investment plans or corporate objectives.
- (m) Significant changes in management.
- (n) Significant litigation.
- (o) Major labour disputes or disputes with major contractors or suppliers.
- (p) Events of default under financing or other agreements.
- (q) Any other developments relating to the business and affairs of the [company issuer](#) that would reasonably be expected to significantly affect the market price or value of any of the [company issuer's](#) securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Sec. 411.

Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the [company issuer](#). If disclosed, they should be generally disclosed. Reference should be made to National Instrument 51-102 *Continuous Disclosure Obligations* (FOFI and Financial Outlooks).

Market Surveillance

Monitoring Trading

Sec. 412.

Market Surveillance maintains a continuous stock watch program which is designed to highlight unusual market activity, such as unusual price and volume changes in a stock relative to its historical pattern of trading. Where unusual trading activity takes place in a listed security, Market Surveillance attempts to determine the specific cause of such activity. If the specific cause cannot be determined immediately, [company issuer](#) management will be contacted. Should this contact result in Market Surveillance staff becoming aware of a situation which requires a news release, the [company issuer](#) will be asked to make an immediate announcement. Should the [company issuer](#) be unaware of any undisclosed developments, Market Surveillance staff will continue to monitor trading and, if concerns continue, may ask the [company issuer](#) to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern.

Timing of Announcements

Sec. 413.

Market Surveillance has the responsibility of receiving all timely disclosure news releases from [listed companies issuers](#) detailing material information concerning their affairs. The overriding rule is that [significant material](#) announcements are required to be released immediately. Release of certain announcements may be delayed until the close of trading, subject to the approval of Market Surveillance. [Company issuer](#) officials are encouraged to seek assistance and direction from Market Surveillance as to when an announcement should be released and whether trading in the [company issuer's shares securities](#) should be halted for dissemination of an announcement.

Rumours

Sec. 414.

Unusual market activity is often caused by the presence of rumours. The Exchange recognizes that it is impractical to expect management to be aware of, and comment on, all rumours, but when market activity indicates that trading is being unduly influenced by rumours Market Surveillance will request that a clarifying statement be made by the [company issuer](#). Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying such a situation. A trading halt may be instituted pending a "no corporate developments" statement from the [company issuer](#). If a rumour is correct in whole or in part, immediate disclosure of the relevant material information must be made by the [company issuer](#) and a trading halt will be instituted pending release and dissemination of the information.

OSC Cease Trading Order

Sec. 415.

In certain circumstances trading in a listed security may be stopped by Market Surveillance as a result of a cease trading order being issued by the OSC. Such an order may be issued by the OSC where it is of the opinion that a [halt in cease of](#) trading is in the public interest. However, Market Surveillance generally handles halts for the dissemination of announcements of material information. Additional information with respect to trading halts is included in Sections [420.420](#) to [423.423](#).

Announcements of Material Information

Pre-Notification to [Exchange Market Surveillance](#)

Sec. 416.

The Exchange's policy requires immediate release of material information except in unusual circumstances. While Market Surveillance may permit certain news releases to be issued after the close of trading, the policy of immediate disclosure frequently requires that news releases be issued during trading hours, especially when an important corporate development has occurred. If this is the case, it is absolutely essential that [company issuer](#) officials notify Market Surveillance prior to the issuance of a news release. Market Surveillance staff will then be in a position to determine whether trading in any of the [company issuer's](#) securities should be temporarily halted. Also, if the Exchange is not advised of news releases in advance, any subsequent unusual trading activity will generate enquiries and perhaps a halt in trading.

Regardless of when an announcement involving material information is released, Market Surveillance must be advised of its content and supplied with a copy in advance of its release. Market Surveillance must also be advised of the proposed method of dissemination. ~~Market Surveillance must be advised by telephone. Where~~ [an announcement is ready to be made during trading hours, and submission of a written copy of the release should follow, an issuer must file a copy of the announcement with Market Surveillance via the PR Portal or email, followed by a telephone call to Market Surveillance.](#) Where an announcement is to be

released after the Exchange has closed, Market Surveillance staff should be advised before trading opens on the next trading day. Copies [of the announcement](#) may be filed through TMX LINX, [the PR Portal](#) or [email](#).

Market Surveillance coordinates trading halts with other exchanges and markets where [a company](#) [an issuer](#)'s securities are listed or traded elsewhere. A convention exists that trading in a security traded in more than one market shall be halted and resumed at the same time in each market. Failing to pre-notify the Exchange of an imminent material announcement could disrupt this system.

Dissemination

Sec. 417.

After notifying Market Surveillance, a news release must be transmitted to the media by the quickest possible method, and by one that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service or combination of services must be used which provides national and simultaneous coverage.

The Exchange accepts the use of any news services that meet the following criteria:

- dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
- dissemination to all Participating Organizations; and
- dissemination to all relevant regulatory bodies.

~~Companies~~[Issuers](#) are also expected to use services ~~such as Dow Jones and Reuters~~ that provide wide dissemination ~~at no charge to the issuer. However, companies,~~

[Issuers](#) should be aware that ~~these~~[certain](#) services do not carry all releases and may substantially edit releases they do carry. ~~News~~[Issuers are required to use news](#) services that guarantee that the full text of the release will be carried ~~are required to be used.~~

Dissemination of news is essential to ensure that all investors trade on equal information. The onus is on the listed [company](#)[issuer](#) to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension of trading or delisting of the [company](#)[issuer](#)'s securities. In particular, the Exchange will not consider relieving [a company](#) [an issuer](#) from its obligation to disseminate news properly because of cost factors.

Content of Announcements

Sec. 418.

Announcements of material information should be factual and balanced, neither overemphasizing favourable news nor underemphasizing unfavourable news. Unfavourable news must be disclosed just as promptly and completely as favourable news. It is appreciated that news releases may not be able to contain all the details that would be included in a prospectus or similar document. However, news releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or another. The ~~company~~[issuer must](#) be prepared to supply further information when appropriate, and the Exchange recommends that the name and telephone number of the [company](#)[issuer](#) official to contact be provided in the release.

Misleading Announcements

Sec. 419.

While the policy of the Exchange is that all material information must be released immediately, judgment must be exercised by [company](#)[issuer](#) officials as to the timing and propriety of any news releases concerning corporate developments, since misleading disclosure activity designed to influence the price of a security is considered by the Exchange to be improper. Misleading news releases send signals to the investment community which are not justified by an objective examination of the facts, and may detract from the credibility of the [company](#)[issuer](#). Announcements of an intention to proceed with a transaction or activity should not be made unless the [company](#)[issuer](#) has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the [company](#)[issuer](#), or by senior management with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by [company](#)[issuer](#) officials as to the timing of an announcement of material information, since either premature or late disclosure may result in damage to the reputation of the securities markets.

Trading Halts

When Trading May Be Halted

Sec. 420.

The Exchange's objective is to provide a continuous auction market in listed securities. The guiding principle is therefore to reduce the frequency and length of trading halts as much as possible.

Trading may be halted in the securities of a listed [company issuer](#) upon the occurrence of a material change during normal trading hours, which requires immediate public disclosure. The determination that trading should be halted is made by Market Surveillance. Market Surveillance determines the amount of time necessary for dissemination in any particular case, which determination is dependent upon the significance and complexity of the announcement.

It is neither the intention nor practice of Market Surveillance to halt trading for all news releases from listed [companies issuers](#). A news release is discussed by Market Surveillance and the listed [company issuer](#) prior to its release and a determination is made as to whether a trading halt is justified based upon the impact which the particular announcement is expected to have on the market for the [company issuer](#)'s securities.

A halt in trading does not reflect upon the reputation of management of [a company an issuer](#) nor upon the quality of its securities. Indeed, trading halts for material information announcements are usually made at the request of the listed [company issuer](#) involved. Market Surveillance normally attempts to contact [a company an issuer](#) before imposing a halt in trading.

Requests for Trading Halts

Sec. 421.

It is not appropriate for a listed [company issuer](#) to request a trading halt in a security if a material announcement is not going to be made forthwith.

When a listed [company issuer](#) (or its advisors) requests a trading halt for an announcement, the [company issuer](#) must provide assurance to Market Surveillance that an announcement is imminent. The nature of this announcement and the current status of events shall be disclosed to Market Surveillance, ~~in order the~~ [so that Market Surveillance](#) staff can assess the need for, and [the](#) appropriate duration of, a trading halt.

Length of Trading Halts

Sec. 422.

When a halt in trading is necessary, trading is normally interrupted for a period of less than two hours. In the normal course, the announcement should be made immediately after the halt is imposed and trading will resume within approximately one hour of the dissemination of the announcement through major news wires.

A trading halt in a security shall not normally extend for a period longer than 24 hours from the time the halt was imposed. This is a maximum time period intended to address unusual situations. The only exception to the 24-hour time limit is where Market Surveillance determines that resumption of trading would have a significant negative impact on the integrity of the market.

Failure to Make an Announcement Immediately

Sec. 423.

If trading is halted but an announcement is not immediately forthcoming as expected, Market Surveillance will establish a reopening time, which shall not be later than 24 hours after the time that the halt was imposed (excluding ~~nonbusiness non-~~ [business](#) days). If the [company issuer](#) fails to make an announcement. Market Surveillance will issue a notice stating that trading was halted for dissemination of news or for clarification of abnormal trading activity, that an announcement was not immediately forthcoming, and that trading will therefore resume at a specific time.

When Market Surveillance advises [a company an issuer](#) in applying this Section 423 that it will announce the reopening of trading the [company issuer](#) should reconsider, in light of its responsibility to make timely disclosure of all material information, whether it should issue a statement prior to the reopening becoming effective to clarify why it requested a trading halt (if this is the case) and why it is not able to make an announcement prior to the reopening of trading.

Confidentiality

When Information May Be Kept Confidential

Sec. 423.1.

In restricted circumstances disclosure of material information concerning the business and affairs of a listed [company issuer](#) may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the [company issuer](#).

Examples of instances in which disclosure might be unduly detrimental to the [company issuer](#)'s interests are as follows:

- (a) Release of the information would prejudice the ability of the [company issuer](#) to pursue specific and limited objectives or to complete a transaction or series of transactions that are under way. For example, premature disclosure of the fact that [a company an issuer](#) intends to purchase a significant asset may increase the cost of making the acquisition.
- (b) Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the [company issuer](#) is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.
- (c) Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalization of the terms of the transaction.

Sec. 423.2.

~~It is the policy of the Exchange that the~~ [The](#) withholding of material information on the basis that disclosure would be unduly detrimental to the [company issuer](#)'s interests must be infrequent and can only be justified where the potential harm to the [company issuer](#) or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the considerations that have given rise to the Exchange's immediate disclosure policy. While recognizing that there must be a trade-off between the legitimate interests of [a company an issuer](#) in maintaining secrecy and the right of the investing public to disclosure of corporate information, the Exchange discourages delaying disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.

Maintaining Confidentiality

Sec. 423.3.

If disclosure of material information is delayed, complete confidentiality must be maintained. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the necessary course of business), the [company issuer](#) is required to make an immediate announcement on the matter, [and](#) Market Surveillance must be notified of the announcement in advance in the usual manner. During the period before material information is disclosed, market activity in the [company issuer](#)'s securities should be closely monitored. Any unusual market activity ~~probably means~~ [may indicate](#) that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, Market Surveillance ~~should~~ [must](#) be advised immediately, and a halt in trading will be imposed until the [company issuer](#) has made disclosure on the matter.

At any time when material information is being withheld from the public, the [company issuer](#) is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any officers or employees of the [company issuer](#), or to the [company issuer](#)'s advisors, except in the necessary course of business. The directors, officers and employees of a listed [company issuer](#) should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed. It is contrary to law under the OSA for any person in a "special relationship" with [a company an issuer](#) to make use of undisclosed material information. This point is discussed in [Section 423.4](#).

Listed [companies issuers](#) must comply with the provisions of section 75 of the OSA requiring confidential disclosure to the OSC of any "material change" that is not immediately being disclosed to the public.

Insider Trading

Law

Sec. 423.4.

Every listed [company issuer](#) should have a firm rule prohibiting those who have access to confidential information from making use of such information in trading in the [company issuer](#)'s securities before the information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed.

~~Insider trading is strictly regulated by Part XXI and sections 76 and 134 of the OSA and the Regulation under the Act. The securities laws of other provinces also regulate insider trading in their respective jurisdictions. Insider trading in the securities of companies incorporated under the *Canada Business Corporations Act* is also regulated by Part XI of that Act. The definition of an "insider" will vary from statute to statute, but in any case will include directors and senior officers of the company and large shareholders. In Ontario directors and senior officers of any company that is itself an insider of a second company are considered insiders of that second company. It is recommended that directors and officers of listed companies be fully conversant with all applicable legislation concerning insider trading.~~

~~The OSA requires insiders who own securities of a listed company to file an initial report with the OSC upon becoming insiders and to report all trades made in the securities of the company of which they are insiders.~~

~~In addition, section 76 of the OSA prohibits any person or company in a "special relationship" with a listed company from trading on the basis of undisclosed material information on the affairs of that company. Those considered to be in a "special relationship" with a listed company include those who are insiders, affiliates or associates of the listed company, a person or company proposing to make a take-over bid of the listed company, and a person or company proposing to become a party to a reorganization, amalgamation, merger or similar business arrangement with the listed company. A person or company in a "special relationship" also includes those involved, or which were involved, in the provision of business or professional services for the listed company, including employees.~~

~~An indefinite chain of "tippees" is created by including in the "special relationship" category persons or companies who acquire information from a source known to them to have a "special relationship" with the listed company.~~

~~In any situation where material information is being kept confidential because disclosure would be unduly detrimental to the best interests of the company, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a "special relationship" with the company, such as lawyers, engineers and accountants, in which use is made of such information before it is generally disclosed to the public. Similarly, undisclosed material information cannot be passed on or "tipped" to others who may benefit by trading on the information.~~

In the event that Market Surveillance is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Exchange requires an immediate announcement to be made disclosing the material information of which use is being made.

~~Guidelines—Disclosure, Confidentiality Guidelines and Employee Trading~~

Sec. 423.5.

[Companies Issuers](#) listed on the Exchange must comply with two sets of rules:

- ~~_____~~ securities law governing corporate disclosure, confidentiality and employee trading; ~~and~~
- ~~_____ the Exchanges policy on timely disclosure~~ [the Exchange's Timely Disclosure Policy](#) (Sections [406](#) to [423.4](#)), which expands on the requirements of securities law.

Collectively, these rules are referred to as the Disclosure Rules. Compliance with them is essential to maintaining investor confidence in the integrity of the Exchanges market and its listed [companies issuers](#).

~~Each listed company should establish a clear written policy to help it comply with the Disclosure Rules. The guidelines in Sections 423.6 to 423.8 are intended to help companies establish their policies. They should be viewed as a means to an end (compliance with the Disclosure Rules) and not as an end in themselves.~~

~~These guidelines are not hard and fast rules, and will not be appropriate for every listed company. The TSX recognizes that company policies will vary depending on the company's size and corporate culture.~~

Every company's policy, however, should:

- ~~_____~~ describe the procedures to be followed and spell out the consequences of violations

- ~~be updated regularly~~
- ~~be brought to the attention of employees regularly.~~

The policy should also give specific guidance in the following areas:

- ~~disclosing material information~~
- ~~maintaining the confidentiality of information~~
- ~~restricting employee trading.~~

Disclosing Material Information

Sec. 423.6.

[\[Intentionally deleted\]](#)

~~The Disclosure Rules state that material information is information about a company that has a significant effect, or would reasonably be expected to have a significant effect, on the market price of the company's securities. A company must disclose material information to the public immediately. For exceptions, please see Section 423.7, "Maintaining the Confidentiality of Information".~~

Guidelines

~~The Exchange suggests that the company's policy include provisions to assist management in determining:~~

- ~~if the information is material and must therefore be disclosed~~
- ~~when and how the material is to be disclosed~~
- ~~the content of any press release disclosing the information.~~

~~Specific corporate officers should be made responsible for disclosing material information.~~

~~These officers would:~~

- ~~be completely familiar with the company's operations~~
- ~~be kept up to date on any pending material developments~~
- ~~have a sufficient understanding of the disclosure rules to be able to decide whether or not a piece of information is material~~
- ~~be responsible for communications with the media, shareholders and securities analysts~~
- ~~have back-ups assigned, in case they are unavailable.~~

~~To assist these officers, it might be helpful for them to have access to a file containing all relevant public information about the company, including news releases, brokerage research reports and debriefing notes following analyst contacts.~~

~~Different corporate officers may be designated for different circumstances. For example, a specific employee might be designated as a corporate spokesperson for a particular area of operations or a particular press release. At the same time investor relations personnel might be designated as the contact for shareholders, the media and analysts, but not have the authority to issue a particular press release.~~

~~The names of the designated officers, the names of their back-ups, and their areas of responsibility should be given to Market Surveillance. Market Surveillance may need to contact them in the event of unusual trading in the company's securities.~~

~~Avoid situations where:~~

- ~~delays occur because the person responsible for disclosure is unavailable or cannot be located~~
- ~~employees other than designated spokespersons comment on material corporate developments.~~

Maintaining the Confidentiality of Information

Sec. 423.7.

~~[Intentionally deleted]~~

~~The Disclosure Rules allow that if the early disclosure of material information would be unduly detrimental to the company, that information may be kept confidential for a *limited* period of time. To keep material information completely confidential, companies should:~~

- ~~• not disclose the information to anybody, except in the necessary course of business~~
- ~~• make sure that if the information has been disclosed in the necessary course of business, everyone understands that it is to be kept confidential~~
- ~~• make sure that there is no selective disclosure of confidential information to third parties, for example, in a meeting with an analyst. This is *tipping*, which is prohibited under securities law.~~

~~In the event that selective disclosure of confidential information inadvertently occurs, the company must immediately disclose the information publicly by issuing a press release.~~

Guidelines

~~The Exchange suggests that a company's policy might:~~

- ~~• limit the number of people with access to confidential information~~
- ~~• require confidential documents to be locked up and code names to be used if necessary~~
- ~~• make sure that confidential documents cannot be accessed through technology such as shared servers~~
- ~~• educate all staff about the need to keep certain information confidential, not to discuss confidential information when they may be overheard, and not to discuss investment in the company, for example, in an investment club, when they are aware of confidential information (so that they don't influence the investments of other people, when they themselves are not allowed to trade).~~

Restrictions on Employee Trading

Sec. 423.8.

The Disclosure Rules require that employees with access to material information be prohibited from trading until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. This period may vary, depending on how closely the [company issuer](#) is followed by analysts and institutional investors.

This prohibition applies not only to trading in [company issuer](#) securities, but also to trading in other securities whose value might be affected by changes in the price of the [company issuer](#)'s securities. For example, trading in listed options or securities of other companies that can be exchanged for the [company issuer](#)'s securities is also prohibited.

In addition, if employees become aware of undisclosed material information about another public [company issuer](#) such as a subsidiary, they may not trade in the securities of that other [company issuer](#).

In the case of pending transactions, the circumstances of each case should be considered in determining when to prohibit trading. In some cases, prohibition may be appropriate as soon as discussions about the transaction begin. The definition of materiality helps determine when trading should be prohibited in the case of pending transactions. Trading must be prohibited once the negotiations have progressed to a point where it reasonably could be expected that the market price of the [company issuer](#)'s securities would materially change if the status of the transaction were publicly disclosed. As the transaction becomes more concrete, it is more likely that the market will react. This prohibition on trading will often come into effect before the point in time when it must be disclosed publicly. In all situations, it is a judgment call as to when employee trading should be restricted.

Guidelines

~~The Exchange suggests that a company's policy address trading blackouts. Trading blackouts are periods of time during which designated employees cannot trade the company's securities or other securities whose price may be affected by a pending corporate announcement. A trading blackout:~~

- prohibits trading before a scheduled material announcement is made (such as the release of financial statements)
- may prohibit trading before an unscheduled material announcement is made, even if the employee affected doesn't know that the announcement will be made
- prohibits trading for a specific period of time after a material announcement has been made.

It is easiest to implement a policy on trading blackouts that applies to scheduled announcements, such as the release of financial statements. In this case the policy might:

- prohibit trading by employees for a certain number of days before and after the release of financial statements
- provide "open windows", which are limited periods of time following the release of financial statements during which employees may trade.

It is more problematic to implement a policy on trading blackouts for unscheduled announcements. A company should make the following decisions about its policy on trading blackouts according to its particular circumstances:

- should the policy apply to employees other than those already prevented from trading by insider trading rules (for example, senior employees not directly involved in the material transaction)?
- would telling an employee not to trade tip them off as to the content of the pending announcement?

If a company decides to implement a preannouncement blackout policy, it might want to consider one of the following options:

- without giving a reason, instruct employees not to trade until further notice if there is a pending undisclosed material development
- require employees to obtain approval before trading, on the understanding that this approval will be denied if any material information has not been disclosed.

A company policy on post-announcement trading blackouts should:

- state whether the blackout rules apply to all staff or only to those involved in the material transaction
- allow the market time to absorb the information before employees can resume trading. The amount of time that the market needs to absorb the information and set a new price level will depend upon the size of the company and to what extent it is tracked by analysts and investors.

The Exchange also suggests that a company:

- circulate some basic do's and don'ts about employee trading to all their staff
- designate a contact person who is familiar with the disclosure rules and who can help employees determine whether or not they may trade in a given circumstance
- set expiry dates for the exercise of stock options and other such compensation plans so that the expiry dates normally would fall after the release of financial statements
- educate employees about any additional specific trading restrictions that may apply to them (for example, section 130 of the *Canada Business Corporations Act* generally prohibits insiders of CBCA companies from selling that company's shares short, or from buying or selling put or call options on the shares. Insiders of companies which have to report under the U.S. *Securities Exchange Act of 1934* may be subject to other restrictions, such as liability to account (for short swing profits.)
- decide whether employees who are subject to more stringent trading restrictions, and who are not required by law to file insider trading reports, should have to report details of their trading to the company
- decide whether the company should review insider trading reports to make sure that employees have complied with company policy and disclosure rules.

Electronic Communications Disclosure Guidelines

Sec. 423.9.

~~The Internet allows for relevant information to be instantaneously and simultaneously available to an investor. But the Internet also poses regulatory challenges. In a world in which information is more readily available than ever, it is more important than ever that it be accurate, timely and up-to-date. With this in mind, TSX has developed these electronic communications guidelines to assist listed issuers to meet their investors' informational needs.~~

~~Section 423.11 (Applicable Disclosure Guidelines) reminds issuers that applicable disclosure rules apply to all corporate disclosure through electronic communications and must be followed by each issuer. Disclosure of information by an issuer through its web site or e-mail will not satisfy the issuer's disclosure obligations. The issuer must continue to use traditional means of dissemination. Section 423.12 (Electronic Communications Guidelines) sets out the guidelines that apply directly to the Internet and other electronic media. The overall objective of the guidelines is to encourage the use of electronic media to make investor information accessible, accurate and timely. The challenge of regulating electronic media is to ensure that regulatory concerns are addressed without impeding innovation.~~

Sec. 423.10.

~~These guidelines should be read with TSX's Timely Disclosure requirements and related guidelines ("TSX Timely Disclosure Policy").~~

~~Web sites, electronic mail ("e-mail") and other channels available on the Internet are media of communication available to listed issuers for corporate disclosure. Each of these media provides opportunities for an issuer to broadly disseminate investor relations information. There are, however, a number of issues that an issuer must consider when it goes online. Investor relations information that is disclosed electronically using these new media should be viewed by the issuer as an extension of its formal corporate disclosure record. As such, these electronic communications are subject to securities laws and TSX standards and should not be viewed merely as a promotional tool.~~

~~TSX strongly recommends that all listed issuers make investor relations information available on their web site.~~

~~Current securities filings of listed issuers such as financial statements, Annual Information Forms, annual reports and prospectuses are maintained on SEDAR. In addition, TSX maintains a profile page on each listed issuer on its web site ("tsx.com"). Further, many news wire services post listed issuer news releases on their web sites. Since these various sites are not all connected, it may be difficult and time consuming for an investor to search the Internet and obtain all relevant investor relations information about a particular issuer. If an issuer creates its own web site, it can ensure that all of its investor relations information is available through one site and can provide more information than is currently available online. For example, SEDAR contains only mandatory corporate filings, while an issuer's site may carry a wealth of supplemental information, such as fact sheets, fact books, slides of investor presentations, transcripts of investor relations conferences and webcasts.~~

~~Disclosure by the Internet alone will not meet an issuer's disclosure requirements and an issuer must continue to use traditional means of dissemination.~~

~~Electronic communications do not reach all investors. Investors who have access to the Internet will be unaware that new information is available unless the issuer notifies them of an update.~~

Applicable Disclosure Standards

Sec. 423.11.

~~Distribution of information via a web site, e-mail or otherwise via the Internet is subject to the same laws as traditional forms of dissemination such as news releases. In establishing electronic communications, an issuer should have special regard to disclosure requirements under all applicable securities laws. Issuers should refer to TSX Timely Disclosure Policy, National Policy 51-201 *Disclosure Standards*, National Policy 11-201 *Electronic Delivery of Documents*, and National Policy 47-201 *Trading Securities Using the Internet and Other Electronic Means*. Issuers should be aware of disclosure requirements in all jurisdictions in which they are reporting issuers. Also, there are constant developments regarding electronic disclosure of material information by issuers and issuers must be aware of the impact of all such developments on their disclosure practices.~~

~~These standards apply to all corporate disclosure through electronic communications and must be followed by each issuer.~~

- ~~1. *Electronic communications cannot be misleading*—An issuer must ensure that material information posted on its web site is not misleading. Material information is misleading if it is incomplete, incorrect or omits a fact so as to make another statement misleading. Information may also be misleading if it is out of date.~~

~~(a) — *Duty to correct and update*—A web site should be a complete repository of current and accurate investor relations information. Viewers visiting a web site expect that they are viewing all the relevant information about an issuer and that the information provided to them by the issuer is accurate in all material respects. An issuer has the duty to include on its web site all material information and to correct any material information available on its web site that is misleading. It is not sufficient that the information has been corrected or updated elsewhere.~~

~~It is possible for information to become inaccurate over time. An issuer must regularly review and update or correct the information on the site.~~

~~(b) — *Incomplete information or material omissions*—Providing incomplete information or omitting a material fact is also misleading. An issuer must include all material disclosed information. It must include all news releases, not just favourable ones. Similarly, documents should be posted in their entirety. If this is impractical for a particular document, such as a technical report with graphs, charts or maps, care must be taken to ensure that an excerpt is not misleading when read on its own. In such circumstances, it may be sufficient to post the executive summary.~~

~~(c) — *Information must be presented in a consistent manner*—Investor relations information that is disclosed electronically should be presented in the same manner online as it is offline. Important information should be displayed with the same prominence and a single document should not be divided into shorter, linked documents that could obscure or "bury" unfavourable information. While issuers may divide a lengthy document into sections for ease of access and downloading, issuers must ensure that the full document appears on the site, that each segment is easily accessible and that the division of the document has not altered the import of the document or any information contained in it.~~

~~2. — *Electronic communications cannot be used to "tip" or leak material information*—An issuer's internal employee trading and confidentiality policies should cover the use of electronic forms of communication. Employees must not use the Internet to tip or discuss in any form undisclosed material information about the issuer.~~

~~An issuer must not post a material news release on a web site or distribute it by e-mail or otherwise on the Internet before it has been disseminated on a news wire service in accordance with TSX Timely Disclosure Policy.~~

~~3. — *Electronic communications must comply with securities laws*—An issuer should have special regard to securities laws and, in particular, registration and filing requirements, which may be triggered if it posts any document offering securities to the general public on its web site. If a listed issuer is considering a distribution of securities, it should carefully review its web site in consultation with the issuer's legal counsel in advance of and during the offering. The Internet is increasingly becoming an important tool to communicate information about public offerings to shareholders and investors. Nevertheless, the release of information and promotional materials relating to a public offering before or during the offering is subject to restrictions under securities laws. Documents related to a distribution of securities should only be posted on a web site if they are filed with and receipted by the appropriate securities regulators in the applicable jurisdictions. All promotional materials related to a distribution of securities should be reviewed with the issuer's legal advisors before they are posted on a web site to ensure that such materials are consistent with the disclosure made in the offering documents and that the posting of such materials to a web site is permitted under applicable securities laws.~~

~~Anyone, anywhere in the world can access a web site. Special regard should be made to foreign securities laws, some of which may be stricter than Ontario laws. Foreign securities regulators may take the view that posting offering documents on a web site that can be accessed by someone in their jurisdiction constitutes an offering in that jurisdiction unless appropriate disclaimers are included on the document or other measures are taken to restrict access. Reference should be made to the guidelines issued by other jurisdictions such as those issued by the U.S. Securities and Exchange Commission for issuers who use Internet web sites to solicit offshore securities transactions and clients without registering the securities in the United States.~~

Electronic Communication Guidelines

Sec. 423.12:

TSX recommends that listed issuers follow these guidelines when designing a web site, establishing an internal e-mail policy or disseminating information over the Internet.

Unlike the disclosure rules which are applicable to all electronic communications, these guidelines are not hard and fast rules which must be followed. Aspects of these guidelines may not be appropriate for every issuer. An issuer should tailor these guidelines to create an internal policy that is suitable to its particular needs and resources.

Each listed issuer should establish a clear written policy on electronic communications as part of its existing policies governing corporate disclosure, confidentiality and employee trading. Please refer to TSX Timely Disclosure Policy.

TSX suggests that the policy describe how its electronic communications are to be structured, supervised and maintained. The policy should be reviewed regularly and updated as necessary. To ensure that the policy is followed, it should be communicated to all individuals of the issuer to whom it will apply.

1. ~~Who should monitor electronic communications~~—TSX recommends that one or more of the officers appointed under the issuer's disclosure policy be made responsible for maintaining, updating and implementing the issuer's policies on electronic communications. Reference should be made to TSX Timely Disclosure Policy. These officers should ensure that all investor relations information made available by the issuer on the web site, broadcast via e-mail or otherwise on the Internet complies with applicable securities laws and internal policies. This responsibility includes ensuring the issuer web site is properly reviewed and updated.

2. ~~What should be on the web site?~~

(a) ~~All corporate "timely disclosure" documents and other investor relations information~~—TSX recommends that issuers take advantage of Internet technologies and make available through an issuer web site all corporate "timely disclosure" documents and other investor relations information that it deems appropriate. As stated, however, the posting of such documents and information on the web site does not fulfill the issuer's obligation to disseminate such information through a timely news release.

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

TSX recommends that an issuer post its investor relations information, particularly its news releases, as soon as possible following dissemination. Documents that an issuer files on SEDAR should be posted concurrently on its web site, as suggested in National Policy 51-201 *Disclosure Standards* or the issuer could create a hyper-link to the SEDAR web site. If an issuer chooses to link to SEDAR or to a news wire web site, a link can be provided directly to the issuer's page on that site, provided that the terms and conditions of the site to which the link is provided do not place restrictions on "deep-linking", or object to "framing"¹. An issuer providing deep-linking from its web site to a third party web site should consult its legal advisors to assess the legal issues surrounding deep-linking and to ensure the proposed link is effected properly. The practice of deep-linking has given rise to a number of legal issues, including whether permission from the third party must be sought in order to access a web site other than through the homepage and whether the issuer may incur liability in sending a user to a third party site bypassing any disclaimers posted on the homepage of the third party site.

Links to other web sites should be checked regularly to ensure they still work, are up-to-date and accurate. In addition, a disclaimer should be included on the issuer's web site, preferably via a pop-up window, clearly stating that the viewer is leaving the issuer web site and that the issuer is not responsible for the content, accuracy or timeliness of the other site.

(b) ~~All supplemental information provided to analysts and other market observers but not otherwise distributed publicly~~—TSX recommends that an issuer that distributes non-material investor relations information to analysts and institutional clients make such supplemental information available to all investors. Supplemental information includes such materials as fact sheets, fact books, slides of investor presentations and transcripts of management investor relations speeches and other materials distributed at investor presentations. Posting supplemental information on a web site is a very useful means of making it generally available.

Keeping in mind that an issuer should design its web site to meet its business needs, TSX recommends that an issuer post all supplemental information on its web site, unless the volume or format makes it impractical. If this is the case, the issuer should describe the information on the web site and provide a contact for the information so that an investor may contact the issuer directly either to obtain a copy of the information or to view the information at the issuer's offices.

In addition to any supplemental information provided by the issuer to analysts, TSX recommends that whenever an issuer is making a planned disclosure of material corporate information in compliance with TSX Timely Disclosure Policy and related guidelines, it should also consider providing dial-in

~~and/or web replay or make transcripts of the related conference call available for a reasonable period of time after the call.~~

- ~~(c) — *Investor relations contact information* — TSX suggests that an issuer provide an e-mail link on its web site for investors to communicate directly with an investor relations representative of the issuer. The issuer policy should specify who may respond to investor inquiries and should provide guidance as to the type of information that may be transmitted electronically. When distributing information electronically the issuer must adhere to TSX and legislative disclosure requirements in order to minimize the potential of selective disclosure of information.~~

~~To assure rapid distribution of material information to internet users who follow the issuer, an issuer may consider establishing an e-mail distribution list, permitting users who access its web site to subscribe to receive electronic delivery of news directly from the issuer. Alternatively, an issuer may consider using software that notifies subscribers automatically when the issuer's web site is updated. The issuer must note, however, that any electronic distribution of material information must be made after the information has been disseminated on a news wire service.~~

- ~~(d) — *Online conferences* — TSX recommends that issuers hold analyst conference calls and industry conferences in a manner that enables any interested party to listen either by telephone and/or through a web cast, in accordance with s. 6.7(1) of National Policy 51-201 *Disclosure Standards*.~~

~~If an issuer chooses to participate in an online news or investor conference TSX suggests that participation by the issuer in such online conferences should be governed by the same policy that the issuer has established in respect of its participation in other conferences such as analyst conference calls.~~

~~3. — *What should not be distributed via electronic communications*~~

- ~~(a) — *Employee misuse of electronic communications* — Access to e-mail and the Internet can be valuable tools for employees to perform their jobs; however, TSX recommends that clear guidelines should be established as to how employees may use these media. These guidelines should be incorporated into the issuer's disclosure, confidentiality and employee trading policy. Employees should be reminded that their corporate e-mail address is an issuer address and that all correspondence received and sent via e-mail is to be considered corporate correspondence.~~

~~Appropriate guidelines should be established about the type of information that may be circulated by e-mail. An issuer should prohibit its employees from participating in Internet chat rooms², newsgroups^{3A} or social media^{3B} in discussions relating to the issuer or its securities. As stated in s. 6.13 of National Policy 51-201 *Disclosure Standards*, an issuer should also consider requiring employees to report to a designated issuer official any discussion pertaining to the issuer which they find on the Internet. Moreover, communications over the Internet via e-mail may not be secure unless the issuer has appropriate encryption technology. Employees should be warned of the danger of transmitting confidential information externally via unencrypted e-mail.~~

- ~~(b) — *Analyst reports and third party information* — As a general practice, TSX recommends that an issuer not post any investor relations information on its web site that is authored by a third party, unless the information was prepared on behalf of the issuer, or is general in nature and not specific to the issuer. For example, if an issuer posts an analyst report or consensus report on its web site, it may be seen to be endorsing the views and conclusions of the report. By posting such information on its site, an issuer may become "entangled" with the report and be legally responsible for the content even though it did not author it. This could also give rise to an obligation to correct the report if the issuer becomes aware that the content is or has become misleading (for example, if the earnings projection is too optimistic).~~

~~While TSX recommends that issuers refrain from posting analyst and consensus reports on their web sites, it recognizes that some issuers take a different view. If an issuer chooses to post any third party reports on its web site, TSX recommends that extreme caution be exercised. An issuer's policy on posting analyst reports should address the following concerns:~~

- ~~• — permission to reprint a report should be obtained in advance from the third party, since reports are subject to copyright protection;~~
- ~~• — the information should clearly be identified as representing the views of the third party and not necessarily those of the issuer;~~

- ~~the entire report should be reproduced so that it is not misleading;~~
- ~~any updates, including changes in recommendations, should also be posted so the issuer's web site will not contain out-of-date and possibly misleading information;~~
- ~~all third party reports should be posted.~~

~~Instead of posting third party reports on its web site, an alternative approach is for an issuer to provide a list of all analysts who follow the issuer or all consensus reports issued regarding the issuer together with contact information so that investors may contact the third party directly. If an issuer chooses to provide its investors with a list of analysts and other third party authors, the list should be complete and include all analysts and other third party authors that the issuer knows to follow it, regardless of the content of their reports. Since issuers are not obligated to keep track of every third party that follows them or develops a consensus report regarding the issuer, it may be onerous to compile an accurate and complete list that is not misleading to investors.~~

~~Concerns also exist regarding the posting of media articles, including radio, television and online news reports, about an issuer on the issuer's web site. TSX recommends that issuers refrain from posting media articles on their web sites as it is very difficult for an issuer to ensure that it is posting all relevant articles to its web site. If an issuer chooses to do so, it must make every effort to ensure that all significant articles concerning the issuer are posted to the web site and that negative and positive articles are given similar prominence. Also, given the frequency with which media articles may appear, the issuer will have to regularly update the articles posted on its web site.~~

~~(c) *Third party links* As stated above, an issuer may establish hyperlinks between its web site and third party sites. If an issuer creates a hyperlink to a third party site, there is a risk that a viewer will not realize that he or she has left the issuer's web site. TSX recommends that the issuer include a disclaimer stating clearly that the viewer is leaving the issuer website and that the issuer is not responsible for the content, accuracy or timeliness of the other site.~~

~~(d) *The blurred line between investor and promotional information* TSX recommends that an issuer clearly identify and separate its investor information from other information on its web site. In particular, promotional, sales and marketing information should not be included on the same web pages as investor relations information. An issuer's web site should clearly distinguish sections containing investor relations information from sections containing other information.~~

~~4. *When should information be removed from a web site?* Care should be taken to make sure that information that is inaccurate or out-of-date no longer appears on the web site. The currency of information on a web site will vary depending on the nature of the information. An issuer may retain on its web site its annual financial statements for a full year while removing other information such as frequent product releases more quickly. An issuer should review the types of information it posts on its web site and develop a consistent policy for the posting and removal of such different types of information. Issuers may delete or remove inaccurate information from the web site, as long as a correction has been posted. In addition, TSX recommends that issuers establish an archiving system to store and provide access to information that is no longer current. An electronic archive is a repository of information which has been removed from the web site but which can still be accessed from the web site through a link. To assist investors in determining the currency of the information on the site, TSX recommends that an issuer date the first page of each document as it is posted on the web site.~~

~~TSX recommends that the issuer's policy establish a minimum retention period for material corporate information that it posts on its web site. Different types of information may be retained for a different period of time. For example, the issuer may decide to retain all news releases on the site for a period of one year from the date of issue. In contrast, the issuer may decide that investors would want to access its financials for a longer period (e.g., two years for quarterlies and five years for annuals).~~

~~Issuers should also maintain a log of the date and content of all material information that it has posted and removed from the web site. Issuers should also try to ensure that the information posted on their web site is made available in a manner that makes it accessible by others so that it can be used for subsequent reference and is capable of being retained (e.g., printer friendly versions and save/download buttons).~~

~~5. *Rumours on the Internet* Rumours about the issuer may appear in chat rooms, newsgroups, and on social media. Rumours may spread more quickly and more widely on the Internet than by other media. Market Surveillance monitors chat rooms, news groups, and social media to identify rumours about TSX listed issuers that may influence the trading activity of their stocks. TSX Timely Disclosure Policy addresses how an issuer should respond to rumours. An issuer is not expected to monitor chat rooms, news groups or social media for~~

rumours about itself. Nevertheless, TSX recommends that the issuer's standard policy for addressing rumours apply to those on the Internet.

Whether an issuer should respond to a rumour depends on the circumstances. TSX suggests that the issuer should consider the market impact of the rumour and the degree of accuracy and significance to the issuer. In general, TSX recommends against an issuer participating in a chat room, newsgroup or social media to dispel or clarify a rumour as such action may give rise to selective disclosure concerns and may create the expectation that the issuer will always respond. Instead, the issuer should issue a news release to ensure widespread dissemination of its statement.

If an issuer becomes aware of a rumour in a chat room, newsgroup or on social media or any other source that may have a material impact on the price of its stock, it should immediately contact Market Surveillance. If the information is false and is materially influencing the trading activity of the issuer's securities, it may consider issuing a clarifying news release. The issuer should contact Market Surveillance so that they can monitor trading in the issuer's securities. If Market Surveillance determines that trading is being affected by the rumour, it may require the issuer to issue a news release stating that there are no corporate developments to explain the market activity.

6. ~~Legal disclaimers~~—Corporate disclosure by electronic communications gives rise to many legal issues. The use of legal disclaimers on corporate web sites is commonplace. It is in the best interests of an issuer to consult with its legal advisors to discuss the appropriateness and effectiveness of including legal disclaimers about the accuracy, timeliness and completeness of the information posted on its web site. Issuers should also review with their legal advisors the placement and wording of legal disclaimers on web sites. It is critical that disclaimers be easily visible to all users of the web site and that they be written in plain language such that the content of the disclaimer is easily and quickly read and understood.

¹ ~~Displaying the content or page(s) of a third party web site within the overall design of an issuer's web site, which gives the impression that the third party content is part of the issuer's site.~~

² ~~A chat room is a live electronic forum for discussion among Internet participants.~~

³ ~~A newsgroup is an electronic bulletin board on which internet participants may post information.~~

^{3B} ~~Social media includes electronic communication through which users create or participate in online communities to share information, ideas and other content, or to participate in social networking.~~

Maintaining Site Integrity

Sec. 423.13.

Electronic communications on the Internet are not always secure. TSX recommends that an issuer establish procedures to assure maximum security of its web site and email. As electronic technologies evolve, security measures also evolve. To ensure the security of its electronic communications, TSX suggests that an issuer:

- ~~review and update its security systems regularly;~~
- ~~be aware that it might be possible for unauthorized persons to alter the content of the site;~~
- ~~monitor the integrity of its web site address to make sure that the site is accessible and has not been altered.~~

TSX Monitoring of the Internet

Sec. 423.14.

TSX regularly monitors listed issuer web sites as well as chat rooms, news groups, and social media on the Internet. TSX has the capability to review alterations to listed issuer web sites and to perform random searches of the Internet to identify active discussions relating to listed issuers. However, such monitoring can never be exhaustive. Issuers are responsible for maintaining their web site and should continue to make Market Surveillance aware of significant rumours or problems relating to Internet discussions.

[...]

M. Corporate Governance

Sec. 472.

Each listed issuer subject to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, or any replacement of that instrument, is required to disclose its corporate governance practices in accordance with that instrument, or any replacement of that instrument.

~~The Exchange will monitor corporate governance disclosure of listed issuers. The Exchange will contact listed issuers who have not complied with this Section 472 to assist them in complying with the disclosure requirement. Non-complying listed issuers will be required to publish amended disclosure in the listed issuer's next quarterly report.~~

~~The Exchange will publish the names of those listed issuers failing to comply with a request for amended disclosure. Continuing non-compliance could result in suspension and delisting.~~

Listed issuers who evidence a blatant and consistent disregard of the Exchange's disclosure requirement will be referred to the OSC and may be subject to other legal proceedings.

[...]

Part IX ~~Dealing with the News Media~~[\[Intentionally deleted\]](#)

A. General

~~Sec. 901.~~

~~Listed companies are frequently called upon to deal with the media in matters relating to day-to-day company developments. Generally, if given all available information, news writers will reciprocate with a straightforward reporting of the company's business. Successful companies recognize that the media provide an effective extension of their lines of communication.~~

~~Sec. 902.~~

~~Many listed companies have well-organized public relations departments which effectively carry out standard company disclosure policies. While the following comments may be of interest to such companies, they will be more pertinent to companies which, because they have no such permanent staff are relatively unfamiliar with such matters. This is particularly true of newly listed companies. They may find that for the first time, as a result of the public attention which their listing now commands, they receive many more enquiries from the media.~~

~~Sec. 903.~~

~~The media have demonstrated a growing awareness of the business world and have taken an increased interest in reporting on this area. It can be expected that this trend will continue. A number of Canadian daily newspapers carry company news in separate business sections. Such business sections are very significant factors in providing continuous, sound and prompt reporting of events affecting the equity markets.~~

~~Sec. 904.~~

~~The broadened national coverage of financial news by the media in Canada reflects an increased public demand for financial and business information. A contributing factor to this increased public interest is a growing public participation in the equity markets, a trend which is fostered by the year-to-year growth in Canada's population.~~

~~Sec. 905.~~

~~Wider coverage of financial news is made possible in part as a result of disclosure requirements now imposed on companies by stock exchanges and governments. Moreover, companies are voluntarily making such information available, because it is recognized that, in the long run, this practice is in the best interests of the company and its security holders.~~

B. Notifying the Financial Media

~~Sec. 906.~~

~~Regardless of when an announcement involving material information is released, Market Surveillance must be advised of its content and supplied with a copy in advance of its release. Market Surveillance must also be advised of the proposed method of dissemination. Market Surveillance must be advised by telephone in advance if an announcement is ready to be made during trading hours, and submission of a written copy of the release must follow. Where an announcement is to be released after the~~

Exchange has closed, Market Surveillance should be advised before trading opens on the next trading day. Copies may be filed through TMX LINX at <https://linx.tmx.com>.

Sec. 907.

The Exchange's timely disclosure policy (Sections 406 to 423.4) makes it desirable that an officer of a company, in handling news arising from important decisions by the board of directors, leave the board meeting and contact Market Surveillance by telephone in order that the Exchange may determine whether a halt in trading is necessary prior to public release of the information. The news should then be reported to the financial media by a TSX recognized full text news service. To release information after the adjournment of the meeting may not prove to be the most satisfactory procedure.

If possible, it is preferable to schedule meetings of boards of directors after the Exchange has closed for the day, so that disclosure can be made when the market is closed. This allows for more complete dissemination of the news, provides a greater opportunity for the investment community and the public to assess the significance of the news and minimizes the risk of misinterpretation of media coverage of the news before trading of the company's securities resumes in the market.

Sec. 908.

An immediate statement containing the major points is the first objective. Additional details can follow in a news release. When several significant actions are resolved at one meeting, they should all be given immediate release, so that the total implications may be judged by the public.

Under the Exchange's timely disclosure policy, further developments must be reported just as promptly as the original notice. Since many developments are disclosed at the proposal stage, further announcements are required when the decision is made to proceed with the development. Updates are required at least every 30 days or at a date designated for an update in the initial announcement.

Sec. 909.

In addition to the requirements of the Exchange, companies should be familiar with applicable securities law relating to timely disclosure. See, for example, sections 75 and 76 of the *Securities Act of Ontario*.

News Services and Publications

Sec. 910.

As a matter of routine procedure, all information of importance should be released as quickly as circumstances permit, and to as broad an audience as possible. After notification to Market Surveillance, a news release must be transmitted to the media by the quickest possible method, and by one that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, the Exchange's timely disclosure policy requires that a wire service (or combination of services) be used which provides national and simultaneous coverage of the full text of the release to the national financial press and daily newspapers that provide regular coverage of financial news, to all Participating Organizations and to all relevant regulatory bodies. If the officials of a listed company have any questions about the acceptability of a particular means of dissemination, they should contact Market Surveillance. A list of key segments of the news media can be found at: <https://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-issuer-resources/continuous-disclosure>.

Sec. 911.

A telephone call to the major dailies regarding a news release will ensure that if there is sufficient time remaining before the next edition, these papers will have an opportunity to report on the items covered by the news release.

A telephone call to the weekly financial publications regarding news releases is a sound practice. It may be that the publication date of one or more of these publications is close to the release time of a press statement. A telephone call may make the difference as to whether coverage is immediately achieved in these publications. Coverage of a news item in the weekly financial press may be somewhat reduced if a full week elapses before a news item can be reported.

Sec. 912.

Many companies notify additional news media—local newspapers, radio, television and foreign publications. The Exchange encourages this practice, provided that the main news services and key Canadian newspapers are given immediate attention.

Rules of Thumb for Release of Information

Sec. 913.

~~All material company developments must be classified as subject to immediate release. This helps to eliminate any tardiness in bringing events out into the open where the public can assess them. Moreover, it avoids releases with fixed release times. It is the policy of some newspapers not to observe such restrictions.~~

Sec. 914.

~~Bad news must be disclosed just as promptly and fully as good news. Unwillingness to release a negative story, a disguising of unfavourable news, or a partial release can endanger a company's reputation. Such actions may encourage the public to view all company announcements with distrust. News releases should be explicit, and should accurately reflect corporate news.~~

C. Dealing with Enquiries from Press and Public

Sec. 915.

~~Regarding specific requests for information, not only from the press but also from security analysts, security holders, and others who have a legitimate interest in a company's business, the Exchange recommends that a listed company maintain a policy of full co-operation, even though it may seem burdensome at times.~~

~~Such a policy builds up goodwill, and thus contributes to a positive attitude towards a company.~~

Sec. 916.

~~The Exchange recommends that:~~

- ~~(a) — a company not give to one inquirer facts which it would not give to another; this can result in bad publicity and lasting resentment;~~
- ~~(b) — a company not give out facts to market analysts or individuals which it would not willingly give to the press, or make public; and~~
- ~~(c) — one or more key executives be delegated to speak for the company in all matters relating to the public interest; this practice helps to ensure that all disclosure is consistent and is handled capably; should the person normally giving out company information go on vacation or on a business trip, prior arrangements should be made for another qualified officer to assume his or her responsibilities.~~

~~[\[Intentionally deleted\]](#)~~

APPENDIX “B”

CLEAN VERSION OF
NON-PUBLIC INTEREST AMENDMENTS TO
THE COMPANY MANUAL

Part I – Introduction

[...]

Interpretation

[...]

“Market Surveillance” means the Canadian Investment Regulatory Organization;

[...]

“PR Portal” means the Press Release Portal provided by Market Surveillance;

[...]

“Timely Disclosure Policy” means the timely disclosure requirements of TSX in Sections 406 to 423.8 under Part IV of the Manual;

[...]

Part IV Maintaining a Listing — General Requirements

B. Timely Disclosure

Introduction Sec. 406.

It is a cornerstone policy of the Exchange that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of material information concerning the business and affairs of issuers listed on the Exchange, thereby placing all participants in the market on an equal footing.

The Timely Disclosure Policy is the primary timely disclosure standard for all TSX listed issuers. National Policy 51-201 Disclosure Standards, assists issuers in meeting their legislative disclosure requirements. While the legislative and Exchange timely disclosure requirements differ somewhat, the CSA clearly states in National Policy 51-201 Disclosure Standards that they expect listed issuers to comply with the requirements of the Exchange.

To minimize the number of authorities that must be consulted in a particular matter, in the case of securities listed on the Exchange, the Exchange is the relevant contact. The issuer may, of course, consult with the government securities administrator of the particular jurisdiction. In the case of securities listed on more than one stock market, the issuer should deal with each market.

The requirements of the Exchange and National Policy 51-201 Disclosure Standards are in addition to any applicable statutory requirements. The Exchange enforces its own policy. Issuers whose securities are listed on the Exchange are legally obligated to comply with the provisions on timely disclosure set out in section 75 of the OSA and the regulation under the OSA. Reference should also be made to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*, National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, and National Instrument 62-104 *Take-Over Bids and Issuer Bids*.

In addition to the foregoing requirements, issuers whose securities are listed on the Exchange and who engage in mineral exploration, development and/or production, must follow the "Disclosure Standards for Companies Engaged in Mineral Exploration, Development and Production" as outlined in Appendix B of this Manual for both their timely and continuous disclosure.

Market Surveillance monitors the Timely Disclosure Policy on behalf of the Exchange.

Material Information

Definition Sec. 407.

Material information is any information relating to the business and affairs of an issuer that results in or would reasonably be expected to result in a significant change in the market price or value of any of the issuer's listed securities.

Material information consists of both material facts and material changes relating to the business and affairs of a listed issuer. In addition to material information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, Market Surveillance may require that an announcement be made by the issuer whether such rumours and speculation are factual or not. The policy of the Exchange with regard to rumours is set out more fully in Section 414.

The Timely Disclosure Policy of the Exchange is designed to supplement the provisions of the OSA, which requires disclosure of any "material change" as defined therein. A report must be filed with the OSC concerning any "material change" as soon as practicable and in any event within ten days of the date on which the change occurs. The Exchange considers that "material information" is a broader term than "material change" since it encompasses material facts that may not entail a "material change" as defined in the Act. It has long been the practice of most listed issuers to disclose a broader range of information to the public pursuant to the Exchange's Timely Disclosure Policy than a strict interpretation of the Act might require. Issuers subject to securities legislation outside of Ontario should be aware of their disclosure obligations in other jurisdictions.

It is the responsibility of each listed issuer to determine what information is material according to the above definition in the context of the issuer's own affairs. The materiality of information varies from one issuer to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is "significant" or "major" in the context of a smaller issuer's business and affairs is often not material to a large issuer. The issuer itself is in the best position to apply the definition of material information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments, and encourages issuers to consult Market Surveillance when in doubt as to whether disclosure should be made.

Rule: Immediate Disclosure**Sec. 408.**

A listed issuer is required to disclose material information concerning its business and affairs forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk of persons with access to the information acting upon undisclosed information. Unusual trading marked by significant changes in the price or trading volumes of any of an issuer's securities prior to the announcement of material information is embarrassing to issuer management and damaging to the reputation of the securities market, since the investing public may assume that certain persons benefited from access to material information which was not generally disclosed.

In restricted circumstances disclosure of material information may be delayed for reasons of corporate confidentiality. In this regard, see Sections 423.1 to 423.3.

Developments to be Disclosed**Sec. 409.**

Issuers are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, issuers are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most issuers in a particular industry does not require an announcement, but if it affects only one or a few issuers in a material way, an announcement should be made.

The market price of an issuer's securities may be affected by factors directly relating to the securities themselves as well as by information concerning the issuer's business and affairs. For example, changes in an issuer's issued capital, stock splits, redemptions and dividend decisions may all impact upon the market price of a security.

Sec. 410.

Other actual or proposed developments that are likely to give rise to material information and thus to require prompt disclosure include, but are not limited to, those listed below. Of course, any development must be material according to the definition of material information before disclosure is required.

Many developments must be disclosed at the proposal stage, or before an event actually occurs, if the proposal gives rise to material information at that stage. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the board of directors of the issuer, or by senior management with the expectation of concurrence from the board of directors. Subsequently, updates should be announced at least every 30 days, unless the original announcement indicates that an update will be disclosed on another indicated date. In addition, prompt disclosure is required of any material change to the proposed transaction, or to the previously disclosed information.

Examples of developments likely to require prompt disclosure as referred to above include the following:

- (a) Changes in share ownership that may affect control of the issuer.
- (b) Changes in corporate structure, such as reorganizations, amalgamations, etc.
- (c) Take-over bids or issuer bids.
- (d) Major corporate acquisitions or dispositions.
- (e) Changes in capital structure.
- (f) Borrowing of a significant amount of funds.
- (g) Public or private sale of additional securities.
- (h) Development of new products and developments affecting the issuer's resources, technology, products or market.
- (i) Significant discoveries by resource issuers.
- (j) Entering into or loss of significant contracts.
- (k) Firm evidence of significant increases or decreases in near-term earnings prospects.
- (l) Changes in capital investment plans or corporate objectives.
- (m) Significant changes in management.
- (n) Significant litigation.
- (o) Major labour disputes or disputes with major contractors or suppliers.
- (p) Events of default under financing or other agreements.
- (q) Any other developments relating to the business and affairs of the issuer that would reasonably be expected to significantly affect the market price or value of any of the issuer's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Sec. 411.

Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the issuer. If disclosed, they should be generally disclosed. Reference should be made to National Instrument 51-102 *Continuous Disclosure Obligations* (FOFI and Financial Outlooks).

Market Surveillance**Monitoring Trading****Sec. 412.**

Market Surveillance maintains a continuous stock watch program which is designed to highlight unusual market activity, such as unusual price and volume changes in a stock relative to its historical pattern of trading. Where unusual trading activity takes place in a listed security, Market Surveillance attempts to determine the specific cause of such activity. If the specific cause cannot be determined immediately, issuer management will be contacted. Should this contact result in Market Surveillance staff becoming aware of a situation which requires a news release, the issuer will be asked to make an immediate announcement. Should the issuer be unaware of any undisclosed developments, Market Surveillance staff will continue to monitor trading and, if concerns continue, may ask the issuer to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern.

Timing of Announcements**Sec. 413.**

Market Surveillance has the responsibility of receiving all timely disclosure news releases from issuers detailing material information concerning their affairs. The overriding rule is that material announcements are required to be released immediately.

Release of certain announcements may be delayed until the close of trading, subject to the approval of Market Surveillance. Issuer officials are encouraged to seek assistance and direction from Market Surveillance as to when an announcement should be released and whether trading in the issuer's securities should be halted for dissemination of an announcement.

Rumours

Sec. 414.

Unusual market activity is often caused by the presence of rumours. The Exchange recognizes that it is impractical to expect management to be aware of, and comment on, all rumours, but when market activity indicates that trading is being unduly influenced by rumours Market Surveillance will request that a clarifying statement be made by the issuer. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying such a situation. A trading halt may be instituted pending a "no corporate developments" statement from the issuer. If a rumour is correct in whole or in part, immediate disclosure of the relevant material information must be made by the issuer and a trading halt will be instituted pending release and dissemination of the information. OSC Cease Trading Order Sec. 415.

In certain circumstances trading in a listed security may be stopped by Market Surveillance as a result of a cease trading order being issued by the OSC. Such an order may be issued by the OSC where it is of the opinion that a cease of trading is in the public interest. However, Market Surveillance generally handles halts for the dissemination of announcements of material information. Additional information with respect to trading halts is included in Sections 420 to 423.

Announcements of Material Information

Pre-Notification to Market Surveillance

Sec. 416.

The Exchange's policy requires immediate release of material information except in unusual circumstances. While Market Surveillance may permit certain news releases to be issued after the close of trading, the policy of immediate disclosure frequently requires that news releases be issued during trading hours, especially when an important corporate development has occurred. If this is the case, it is absolutely essential that issuer officials notify Market Surveillance prior to the issuance of a news release. Market Surveillance staff will then be in a position to determine whether trading in any of the issuer's securities should be temporarily halted. Also, if the Exchange is not advised of news releases in advance, any subsequent unusual trading activity will generate enquiries and perhaps a halt in trading.

Regardless of when an announcement involving material information is released, Market Surveillance must be advised of its content and supplied with a copy in advance of its release. Market Surveillance must also be advised of the proposed method of dissemination. Where an announcement is ready to be made during trading hours, an issuer must file a copy of the announcement with Market Surveillance via the PR Portal or email, followed by a telephone call to Market Surveillance. Where an announcement is to be released after the Exchange has closed, Market Surveillance staff should be advised before trading opens on the next trading day. Copies of the announcement may be filed through TMX LINX, the PR Portal or email.

Market Surveillance coordinates trading halts with other exchanges and markets where an issuer's securities are listed or traded elsewhere. A convention exists that trading in a security traded in more than one market shall be halted and resumed at the same time in each market. Failing to pre-notify the Exchange of an imminent material announcement could disrupt this system.

Dissemination

Sec. 417.

After notifying Market Surveillance, a news release must be transmitted to the media by the quickest possible method, and by one that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service or combination of services must be used which provides national and simultaneous coverage.

The Exchange accepts the use of any news services that meet the following criteria:

- dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
- dissemination to all Participating Organizations; and
- dissemination to all relevant regulatory bodies.

Issuers are also expected to use services that provide wide dissemination.

Issuers should be aware that certain services do not carry all releases and may substantially edit releases they do carry. Issuers are required to use news services that guarantee that the full text of the release will be carried.

Dissemination of news is essential to ensure that all investors trade on equal information. The onus is on the listed issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension of trading or delisting of the issuer's securities. In particular, the Exchange will not consider relieving an issuer from its obligation to disseminate news properly because of cost factors.

Content of Announcements

Sec. 418.

Announcements of material information should be factual and balanced, neither overemphasizing favourable news nor underemphasizing unfavourable news. Unfavourable news must be disclosed just as promptly and completely as favourable news. It is appreciated that news releases may not be able to contain all the details that would be included in a prospectus or similar document. However, news releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or another. The issuer must be prepared to supply further information when appropriate, and the Exchange recommends that the name and telephone number of the issuer official to contact be provided in the release.

Misleading Announcements

Sec. 419.

While the policy of the Exchange is that all material information must be released immediately, judgment must be exercised by issuer officials as to the timing and propriety of any news releases concerning corporate developments, since misleading disclosure activity designed to influence the price of a security is considered by the Exchange to be improper. Misleading news releases send signals to the investment community which are not justified by an objective examination of the facts, and may detract from the credibility of the issuer. Announcements of an intention to proceed with a transaction or activity should not be made unless the issuer has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the issuer, or by senior management with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by issuer officials as to the timing of an announcement of material information, since either premature or late disclosure may result in damage to the reputation of the securities markets.

Trading Halts

When Trading May Be Halted Sec. 420.

The Exchange's objective is to provide a continuous auction market in listed securities. The guiding principle is therefore to reduce the frequency and length of trading halts as much as possible.

Trading may be halted in the securities of a listed issuer upon the occurrence of a material change during normal trading hours, which requires immediate public disclosure. The determination that trading should be halted is made by Market Surveillance. Market Surveillance determines the amount of time necessary for dissemination in any particular case, which determination is dependent upon the significance and complexity of the announcement.

It is neither the intention nor practice of Market Surveillance to halt trading for all news releases from listed issuers. A news release is discussed by Market Surveillance and the listed issuer prior to its release and a determination is made as to whether a trading halt is justified based upon the impact which the particular announcement is expected to have on the market for the issuer's securities.

A halt in trading does not reflect upon the reputation of management of an issuer nor upon the quality of its securities. Indeed, trading halts for material information announcements are usually made at the request of the listed issuer involved. Market Surveillance normally attempts to contact an issuer before imposing a halt in trading.

Requests for Trading Halts

Sec. 421.

It is not appropriate for a listed issuer to request a trading halt in a security if a material announcement is not going to be made forthwith.

When a listed issuer (or its advisors) requests a trading halt for an announcement, the issuer must provide assurance to Market Surveillance that an announcement is imminent. The nature of this announcement and the current status of events shall be disclosed to Market Surveillance, so that Market Surveillance staff can assess the need for, and the appropriate duration of, a trading halt.

Length of Trading Halts

Sec. 422.

When a halt in trading is necessary, trading is normally interrupted for a period of less than two hours. In the normal course, the announcement should be made immediately after the halt is imposed and trading will resume within approximately one hour of the dissemination of the announcement through major news wires.

A trading halt in a security shall not normally extend for a period longer than 24 hours from the time the halt was imposed. This is a maximum time period intended to address unusual situations. The only exception to the 24-hour time limit is where Market Surveillance determines that resumption of trading would have a significant negative impact on the integrity of the market.

Failure to Make an Announcement Immediately

Sec. 423.

If trading is halted but an announcement is not immediately forthcoming as expected, Market Surveillance will establish a reopening time, which shall not be later than 24 hours after the time that the halt was imposed (excluding non-business days). If the issuer fails to make an announcement, Market Surveillance will issue a notice stating that trading was halted for dissemination of news or for clarification of abnormal trading activity, that an announcement was not immediately forthcoming, and that trading will therefore resume at a specific time.

When Market Surveillance advises an issuer in applying this Section 423 that it will announce the reopening of trading the issuer should reconsider, in light of its responsibility to make timely disclosure of all material information, whether it should issue a statement prior to the reopening becoming effective to clarify why it requested a trading halt (if this is the case) and why it is not able to make an announcement prior to the reopening of trading.

Confidentiality

When Information May Be Kept Confidential

Sec. 423.1.

In restricted circumstances disclosure of material information concerning the business and affairs of a listed issuer may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the issuer.

Examples of instances in which disclosure might be unduly detrimental to the issuer's interests are as follows:

- (a) Release of the information would prejudice the ability of the issuer to pursue specific and limited objectives or to complete a transaction or series of transactions that are under way. For example, premature disclosure of the fact that an issuer intends to purchase a significant asset may increase the cost of making the acquisition.
- (b) Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the issuer is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.
- (c) Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalization of the terms of the transaction.

Sec. 423.2.

The withholding of material information on the basis that disclosure would be unduly detrimental to the issuer's interests must be infrequent and can only be justified where the potential harm to the issuer or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the considerations that have given rise to the Exchange's immediate disclosure policy. While recognizing that there must be a trade-

off between the legitimate interests of an issuer in maintaining secrecy and the right of the investing public to disclosure of corporate information, the Exchange discourages delaying disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.

Maintaining Confidentiality

Sec. 423.3.

If disclosure of material information is delayed, complete confidentiality must be maintained. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the necessary course of business), the issuer is required to make an immediate announcement on the matter, and Market Surveillance must be notified of the announcement in advance in the usual manner. During the period before material information is disclosed, market activity in the issuer's securities should be closely monitored. Any unusual market activity may indicate that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, Market Surveillance must be advised immediately, and a halt in trading will be imposed until the issuer has made disclosure on the matter.

At any time when material information is being withheld from the public, the issuer is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any officers or employees of the issuer, or to the issuer's advisors, except in the necessary course of business. The directors, officers and employees of a listed issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed. It is contrary to law under the OSA for any person in a "special relationship" with an issuer to make use of undisclosed material information. This point is discussed in [Section 423.4](#).

Listed issuers must comply with the provisions of section 75 of the OSA requiring confidential disclosure to the OSC of any "material change" that is not immediately being disclosed to the public.

Insider Trading

Sec. 423.4.

Every listed issuer should have a firm rule prohibiting those who have access to confidential information from making use of such information in trading in the issuer's securities before the information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed.

In the event that Market Surveillance is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Exchange requires an immediate announcement to be made disclosing the material information of which use is being made.

Sec. 423.5.

Issuers listed on the Exchange must comply with two sets of rules:

- securities law governing corporate disclosure, confidentiality and employee trading; and
- the Exchange's Timely Disclosure Policy (Sections [406](#) to [423.4](#)), which expands on the requirements of securities law.

Collectively, these rules are referred to as the Disclosure Rules. Compliance with them is essential to maintaining investor confidence in the integrity of the Exchanges market and its listed issuers.

Disclosing Material Information

Sec. 423.6.

[Intentionally deleted]

Maintaining the Confidentiality of Information

Sec. 423.7.

[Intentionally deleted]

Restrictions on Employee Trading

Sec. 423.8.

The Disclosure Rules require that employees with access to material information be prohibited from trading until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. This period may vary, depending on how closely the issuer is followed by analysts and institutional investors.

This prohibition applies not only to trading in issuer securities, but also to trading in other securities whose value might be affected by changes in the price of the issuer's securities. For example, trading in listed options or securities of other companies that can be exchanged for the issuer's securities is also prohibited.

In addition, if employees become aware of undisclosed material information about another public issuer such as a subsidiary, they may not trade in the securities of that other issuer.

In the case of pending transactions, the circumstances of each case should be considered in determining when to prohibit trading. In some cases, prohibition may be appropriate as soon as discussions about the transaction begin. The definition of materiality helps determine when trading should be prohibited in the case of pending transactions. Trading must be prohibited once the negotiations have progressed to a point where it reasonably could be expected that the market price of the issuer's securities would materially change if the status of the transaction were publicly disclosed. As the transaction becomes more concrete, it is more likely that the market will react. This prohibition on trading will often come into effect before the point in time when it must be disclosed publicly. In all situations, it is a judgment call as to when employee trading should be restricted.

[...]

M. Corporate Governance Sec. 472.

Each listed issuer subject to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, or any replacement of that instrument, is required to disclose its corporate governance practices in accordance with that instrument, or any replacement of that instrument.

Listed issuers who evidence a blatant and consistent disregard of the Exchange's disclosure requirement will be referred to the OSC and may be subject to other legal proceedings.

[...]

Part IX [Intentionally deleted]

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