

## **POLICY 7**

### **INVESTOR RELATIONS, PROMOTIONAL ACTIVITY, AND OTHER SIGNIFICANT TRANSACTIONS**

#### **7.1 Significant Transactions and Developments**

- (1) Listed Issuers must disseminate a news release pursuant to Policy 5 regarding any Significant Transactions.
- (2) Listed Issuers must include updated information relating to Significant Transactions and Developments in their Monthly Progress Report and Quarterly Listing Statement.
- (3) Significant Transactions that result in a Change of Business may be subject to the requirements of Policy 8. Non-arm's length Significant Transactions may be subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* in addition to the requirements of this Policy. In the case of an acquisition, management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request.
- (4) Listed Issuers involved in a Significant Transaction or Development must immediately Post notice of the proposed Significant Transaction or Development (Notice of Proposed Transaction) concurrently or as soon as practicable following the issuance of a news release announcing the Significant Transaction or Development (if the Significant Transaction constitutes Material Information concerning the Listed Issuer) or upon the Listed Issuer agreeing to the Significant Transaction (in all other cases).
- (5) At least one full Business Day prior to the closing of a proposed Significant Transaction the Listed Issuer must Post an initial or amended Notice of Proposed Transaction, if applicable.
- (6) Forthwith upon closing of a Significant Transaction, the Listed Issuer must Post
  - (a) a letter from the Listed Issuer confirming receipt of proceeds or payment of consideration provided for in the agreement(s) relating to the Significant Transaction (or describing the receipt or payment schedule); and
  - (b) an executed Certificate of Compliance from the Listed Issuer that it has complied and is in compliance with applicable securities law.

#### **7.2 Restrictions on Contracts for Investor Relations or Promotional Activities**

- (1) Compensation to any Person providing Promotional Activities, including Investor Relations Activities, for a Listed Issuer must be reasonable and in proportion to the financial resources and level of operations of the Listed Issuer and should be based

on the value of the services provided and not on the Listed Issuer's market performance. In particular, compensation to Persons providing Investor Relations Activities may not be determined in whole or in part by the Listed Issuer's securities attaining certain price or trading volume thresholds. Except as provided in section 7.2(2) below, compensation in the form of shares or options is not acceptable and payment for services should be on a cash basis.

- (2) If permitted by securities laws, options may be granted for persons undertaking Investor Relations activities provided that the total number of listed securities issuable on exercise of options provided as compensation to all Persons providing Investor Relations Activities cannot exceed 2% of the outstanding number of listed securities in any 12-month period.
- (3) An Inactive Issuer may not enter into an agreement or otherwise engage any Person to conduct Promotional Activity.
- (4) A Listed Issuer that arranged for a Person to perform Promotional Activity must take steps to ensure that the Person does not retain or engage another Person to conduct market making activity for the Listed Issuer.

### **7.3 Disclosure**

- (1) In addition to the Notice of Proposed Transaction, a Listed Issuer that arranges for a Person to conduct Promotional Activity, including Investor Relations activity, in respect of the Listed Issuer or a security of the Listed Issuer must promptly disseminate a news release disclosing the following:
  - (a) that the Listed Issuer has arranged for the Person to conduct the Promotional Activity;
  - (b) the name, business address, email and telephone number of each person or company that will be involved in conducting the Promotional Activity, and a description of the Person's relationship with the issuer, if any;
  - (c) the date on which the Promotional Activity will start and the date on which the promotional activity will end or is expected to end;
  - (d) the nature of the Promotional Activity;
  - (e) any platform or other medium on or through which the Promotional Activity will occur; and
  - (f) a description of the compensation that the Person has received or may receive for the Promotional Activity including, the total amount of the compensation and whether the compensation includes options to purchase securities of the Listed Issuer.

### **(2) Application**

The disclosure requirements in subsection (1) apply whether or not the Person conducting the Promotional Activity has received or may receive compensation for the

Promotional Activity.

(3) **Exception**

The disclosure requirements of subsection (1) do not apply if the Person conducting the Promotional Activity is an officer, director or employee of the Listed Issuer acting in that capacity and is identified as such at the time the Promotional Activity is conducted.

## **7.4 Suitability Considerations**

- (1) A Listed Issuer that arranges for a Person to conduct Promotional Activity, including Investor Relations activity, in respect of the Listed Issuer or a security of the Listed Issuer, must provide the Exchange with a duly executed PIF for that Person, unless otherwise indicated by the Exchange.
- (2) Further to s. 2.18 of Policy 2, the Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if that Person has:
  - (a) made or accepted excessive payments for Promotional Activity or Investor Relations activities, or
  - (b) been associated with or failed to prevent the production, approval or distribution of overly promotional materials on behalf of, or with respect to the securities of, any reporting issuer

## **7.5 Market Making Activities on Behalf of a Listed Issuer**

- (1) Listed Issuers may enter into an agreement with a Person to provide market making activity. In this context, market making activity includes the entry of orders to facilitate liquidity in the Listed Issuer's securities. It is a different role than the Market Maker referred to in Part 4 of the Rules that is appointed by the Exchange, subject to obligations as outlined in the Rules and receiving of benefits (for example, fee reductions).
- (2) Market making activity must facilitate a fair and orderly market and Persons performing market making activity should create stability in the market. Trading by Persons providing market making activity is subject to regulatory requirements around insider trading and manipulation and abusive trading, among others. Dealers facilitating trading by a Person conducting market making activity are subject to gatekeeping obligations under the applicable rules of the Market Regulator.

## **7.6 Restrictions on Market Making Activity**

- (1) This section applies to any agreement with a Listed Issuer to conduct market making activity.
- (2) A Listed Issuer must not engage a Person to conduct market making activities on behalf of the Listed Issuer unless a written agreement between the Listed Issuer and the Person is executed and that the agreement provides:
  - (a) that the Person does not conduct Promotional Activity for the Listed Issuer and will not engage anyone to conduct Promotional Activity for the Listed Issuer and has not been engaged to conduct market making activity by anyone conducting Promotional Activity for the Listed Issuer;
  - (b) for termination of the agreement should the Exchange inform the Listed Issuer of non-compliance with its requirements around market making activities in Part 7 of these Policies; and

- (c) an acknowledgement by the Person that other than the direct compensation for the services, the Listed Issuer has not provided, directly or indirectly, funds to facilitate market making activity.

(3) When a Listed Issuer provides compensation to a Person performing market making activity, the compensation paid must:

- (a) be reasonable and in proportion to the financial resources of the Listed Issuer;
- (b) be in proportion to the value of the services provided;
- (c) not be based on, in whole or in part, maintaining a minimum price or trading volume for the listed securities;
- (d) not be in the form of shares or options of the Listed Issuer; and
- (e) be paid directly to the Person conducting market making activity.

(4) A Listed Issuer must not retain the same Person to perform Promotional Activity and market making activity for the Listed Issuer.

(5) A Listed Issuer may not engage a Related Person of that Listed Issuer to conduct market making activity.

## **7.7 Disclosure of Market Making Activity**

(1) In addition to posting the Notice of Proposed Transaction, a Listed Issuer that engages a Person to conduct market making activity must promptly disseminate a news release disclosing the following:

- (a) that the Listed Issuer has arranged for the Person to conduct market making activity;
- (b) the name, business address, email and telephone number of each Person;
- (c) the date on which the market making activity will start and the date on which the market making activity will end or is expected to end; and
- (d) if the Person is not a Dealer, a description of any compensation that the Person will be paid by the Listed Issuer for the market making activity.

(2) Upon termination of a written arrangement for market making activities, a Listed Issuer must:

- (a) disseminate a news release identifying the Person and the date of the termination, and
- (b) post an amended Notice of Proposed Transaction confirming the termination date.

(3) If a Listed Issuer arranges for a Person to conduct market making activity and that Person is not a Dealer, the Listed Issuer must provide to the Exchange:

- (a) A Personal Information Form for the Person, unless the Exchange confirms that the form is not required;
- (b) A copy of the executed agreement(s) for the provision of market making activity;
- (c) The identity of each Dealer through which the market making activity will take place, and written confirmation that the Dealer is aware of the market making arrangement;
- (d) Confirmation that other than the direct compensation for the services, the Listed Issuer has not provided, directly or indirectly, funds to facilitate market making activity.

### **7.8 Compliance with Requirements Relating to Market Making Activity**

- (1) Market making activities must not commence until the agreement referred to in 7.6(2) is executed and the disclosure requirements of 7.7 have been met.
- (2) If market making activities are not conducted by a Person in compliance with these Policies or if the Exchange suspects that the Person conducting market making activity is not complying with the written agreement, the Exchange has the authority to:
  - (a) impose terms and conditions on the Listed Issuer regarding the Persons permitted to conduct market making activities;
  - (b) impose terms and conditions on the market making activities that can be conducted on the securities of the Listed Issuer;
  - (c) require the Listed Issuer to cancel the contract between the Listed Issuer and the Person based on non-compliance; or
  - (d) prohibit the Listed Issuer from retaining that Person to conduct market making activities.