

POLICY 6

DISTRIBUTIONS & CORPORATE FINANCE

6.1 General

- (1) Listed Issuers must comply with this Policy for any distribution of listed securities or any distribution of a security that is exchangeable, exercisable or convertible into a listed security. The specific requirements that apply depend on the nature of the agreement giving rise to the distribution.
- (2) Policy 5 recognizes that certain circumstances exist where a Listed Issuer may keep Material Information confidential for a limited period of time if general disclosure would be unduly detrimental to the company.

Listed Issuers must not set option exercise prices or prices at which shares may be issued that do not reflect information known to management that has not been disclosed. Exceptions are where the share option or issuance relates directly to the undisclosed event and the grantee or recipient of the shares is not an employee or insider of the Listed Issuer at the time of grant or issue (e.g., an issuance of shares in payment for an acquisition, or a grant of options to an employee of the company to be acquired as an incentive to continue employment with the Listed Issuer).

- (3) Requirements for stock splits and consolidations are detailed in Policy 9. Distributions that result in or could result in a Change of Business or a Change of Control may be subject to Policy 8. Non-arm's length distributions may also 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.
- (4) Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) for exempt distributions including rights offerings and National Instrument 45-102 *Resale of Securities* (45-102) for restrictions on resale of securities.
 - (a) In addition to any resale restrictions imposed pursuant to applicable securities laws, where listed securities are issued by an Issuer other than an NV Issuer pursuant to a prospectus exemption, the listed securities are subject to an

Exchange Hold commencing on the date of issuance of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.

(b) Paragraph (a) does not apply if:

i. the listed securities are issued:

- (1) as consideration for an acquisition or in connection with a business combination, only if prospectus level disclosure about the assets or target company is available in the form of an Information Circular, Listing Statement, or Take-Over Bid Circular;
- (2) in a financing or debt settlement, only if the price of the securities is equal to or greater than the closing price or alternative price established in accordance with 6.2(2); or
- (3) pursuant to a prospectus exemption applicable to circumstances other than those described in (1) and (2) above for which disclosure is made in the form of an offering document or circular as prescribed under securities laws; or

ii. the Issuer posts a disclosure document prepared by the Issuer and acceptable to the Exchange

(c) Notwithstanding paragraph (b), after considering relevant factors in the particular circumstances of the Listed Issuer, including the relationship between the Listed Issuer and the Person receiving securities, the price per security, number of securities to be issued, the value of the transaction, the Exchange may require a Hold on the securities.

- (d) If a transaction is subject to the additional disclosure required by 8.3(b) or if the Exchange is of the view that an Extended Hold is appropriate in the circumstances, the listed securities issued are subject to an Extended Hold and may only be freely tradeable after a minimum of 10 days after such disclosure is Posted or any such longer period as may be appropriate.
- (e) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, Hold, or lack thereof, on the securities to be issued.
- (5) As an issuance or potential issuance of securities constitutes Material Information, the Listed Issuer must comply with Policy 5 in addition to the requirements of this Policy.
- (6) All treasury and reservation orders must contain the information set out in Policy 2 s. 2.12, and copies must be provided to the Exchange within 5 business days of each issuance of shares.

6.2 Private Placements

- (1) The Exchange defines “private placement” as a prospectus-exempt distribution of securities for cash or in consideration for forgiveness of *bona fide* debt. Private placements are subject to:
 - (a) the securityholder approval requirements in Policy 4; and
 - (b) the application of a Hold pursuant to 6.1(4) for listed securities issued in connection with the private placement.
- (2) Price
 - (a) Listed Issuers may not make a private placement at a price per security lower than the greater of \$0.05, and the closing market price of the security on the Exchange on the Trading Day prior to the earlier of: (i) the dissemination of a news release disclosing the private placement and Posting of a notice of the proposed private placement, or (ii) a request for confidential price protection pursuant to 6.2(4), less a discount which shall not exceed the Maximum Permitted Discount set forth below:

Closing Price	Maximum Permitted Discount
Up to \$0.50	25% (subject to a minimum price of \$0.05)
\$0.51 to \$2.00	20%
Above \$2.00	15%

- (b) The closing price is to be adjusted to reflect stock splits or consolidations and may not be influenced by the Listed Issuer, any officer or director of the issuer or any Person with knowledge of the private placement.
- (c) Notwithstanding s. 6.2(2)(a), a Listed Issuer may complete a private placement at a price lower than \$0.05 provided that:
- (i) The price must not be lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange, which for the purposes of shareholder approval in 4.6(2)(a)(ii) will be considered to be the Market Price less the Maximum Permitted Discount); and
 - (ii) The proceeds are to be used for working capital or *bona fide* debt settlement, excluding accrued salaries to officers or directors of the Listed Issuer and payment for Investor Relations Activities; and

- (iii) The information required by 6.2(4) is provided to the Exchange and the price is approved by the Exchange in advance of closing.
 - (d) The Exchange, at its discretion, may accept or require an alternate price such as a multi-day volume-weighted-average-price in place of a closing price.
 - (e) An Issuer relying on a closing price established pursuant to 6.2(2)(a) may rely on that price for a period of no longer than 45 days.
- (3) If debt is to be exchanged for shares, the purchase price is to be determined by the face amount of the debt divided by the number of shares to be issued. If the private placement consists of special warrants, the price per share is to be determined based on the total number of shares that may be issued under the private placement assuming any penalty provisions are triggered. If the private placement involves securities exercisable or convertible into a listed security, also refer to section 7 in addition to this section.
- (4) Other than an Inactive Issuer, a Listed Issuer with a *bona fide* intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange unless securityholder or Exchange approval is required, or the Exchange has otherwise consented to an extension. An Inactive Issuer may not close a financing without prior Exchange approval. The request must be submitted via email to PriceProtection@thecse.com and must include the following:
 - (a) Listed Issuer name and trading symbol;
 - (b) the level of intended or anticipated insider participation, including whether the proposed issuance will result in a new insider or control position, or Materially Affect Control, and the basis of the issuer's determination including the information upon which it is based;
 - (c) any undisclosed Material Information about the Listed Issuer, other than the transaction or transactions for which price protection has been requested
 - (d) the intended total value and use of proceeds;
 - (e) the structure of the financing, including type and issue price of securities and the exercise price of any securities convertible into listed securities.
 - (f) any significant information not included above that may be relevant, including but not limited to, any upcoming shareholders meeting for which a Record Date has been or is shortly expected to be determined, any pending mergers, acquisitions, Take-Over Bids, changes to capital structure or other significant transactions, and any details regarding potential dissident shareholders and/or proxy contests.
- (5) Subject to the Timely Disclosure requirements of Policy 5, a Listed Issuer, including a Listed Issuer that has requested price protection pursuant to section 6.2(4), must announce an intention to complete a private placement at least 5 Business Days prior

to closing, and immediately following the announcement Post notice of the proposed private placement (Notice of Proposed Issuance of Listed Securities).

- (6) Upon closing of the proposed private placement the Listed Issuer must Post:
 - (a) an amended Notice of Proposed Issuance of Listed Securities, if applicable, and
 - (b) a signed Certificate of Compliance.
- (7) Forthwith upon closing, the Listed Issuer must submit:
 - (a) a letter from the Listed Issuer confirming receipt of proceeds;
 - (b) an opinion of counsel that the securities issued in connection with the private placement (including any underlying securities, if applicable) have been duly issued and are outstanding as fully paid and non-assessable (as applicable); and
 - (c) a copy of final Notice of Proposed Issuance of Listed Securities, with an appendix containing the information set out in Table 1B of the Notice of Proposed Issuance of Listed Securities for all placees in the financing.
 - (d) Written confirmation that a resale restriction including a Hold has been imposed.

6.3 Acquisitions

- (1) Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately Post notice of the proposed acquisition (Notice of Proposed Issuance of Listed Securities). 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. Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.

- (a) Shares must be issued at a price that does not exceed the Maximum Permitted Discount under section 6.2(1).
- (b) Where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply.
- (c) Acquisitions are subject to
 - (i) the security holder approval requirements in Policy 4.1;
 - (ii) additional disclosure as determined by the Exchange in accordance with 8.3, if applicable; and
 - (iii) the application of a Hold pursuant to 6.1(4) for listed securities issued in connection with the acquisition.
- (d) A Listed Issuer must, at least 5 Business Days prior to closing, (i) announce the intention to complete the acquisition.
 - (ii) provide notice to the Exchange and Post a Notice of Proposed Issuance of Listed Securities.
- (e) If the Exchange has not objected to the acquisition within the five business day period, the Listed Issuer may proceed to close the acquisition.

- (2) Forthwith upon closing, a Listed Issuer must Post the following documents:
 - (a) an amended Notice of Proposed Issuance of Listed Securities, if applicable. (b) a signed Certificate of Compliance
- (3) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with:
 - (a) a letter from the Listed Issuer confirming closing of the acquisition and receipt of the assets, transfer of title to the assets or other evidence of receipt of consideration for the issuance of the securities, and
 - (b) an opinion of counsel that the securities issued in connection with the acquisition (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.
 - (c) a copy of final Notice of Proposed Issuance of Listed Securities, with an appendix containing the information set out in Table 1B of the Notice of Proposed Issuance of Listed Securities.
 - (d) Written confirmation that a resale restriction including a Hold has been imposed.

6.4 Prospectus Offerings

- (1) A Listed Issuer proposing to issue securities pursuant to a prospectus must disseminate a press release and file Notice of Prospectus Offering forthwith upon filing the preliminary prospectus or earlier for a bought deal.
- (2) The Listed Issuer must Post the following documents concurrently with their filing on SEDAR:
 - (a) a copy of the preliminary prospectus;
 - (b) a copy of the receipt for the preliminary prospectus issued by the applicable Securities Regulatory Authority;
 - (c) a copy of the final prospectus; and
 - (d) a copy of the receipt for the final prospectus issued by the Securities Regulatory Authority.

The Listed Issuer may Post any other information or documentation relating to the proposed prospectus offering that the Listed Issuer considers relevant or of interest to investors.

- (3) Prior to closing of the prospectus offering and the issuance of any securities pursuant thereto the Listed Issuer must Post the following documents:
 - (a) an amended Notice of Prospectus Offering, if applicable;
 - (b) a copy of the final prospectus (if not already Posted);
 - (c) a copy of the receipt for the final prospectus issued by the applicable Securities Regulatory Authority (if not already Posted); and
 - (d) a signed Certificate of Compliance

- (4) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the offering (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

6.5 Security Based Compensation Arrangements

- (1) This section sets out the Exchange Requirements respecting Security Based Compensation Arrangements, including Stock Options (other than overallotment options to an underwriter in a prospectus offering or options to increase the size of the distribution prior to closing) which are used as incentives or compensation mechanisms for employees, directors, officers, consultants and other Persons who provide services for Listed Issuers.
- (2) A Security Based Compensation Arrangement must state a maximum number of securities issuable as a fixed number or percentage of the issued and outstanding shares of the same class of securities.
- (3) A Listed Issuer must not grant Stock Options or Awards with an exercise price lower than the greater of \$0.05, and the closing market prices of the underlying securities on
 - (a) the Trading Day prior to the date of grant of the Stock Options; and (b)the date of grant of the Stock Options.
- (4) Within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards. Evergreen plans contain provisions so that the Awards replenish upon the exercise of options or other entitlements, and such provisions must be properly disclosed and approved by security holders. Security holders must pass a resolution specifically approving unallocated entitlements under the evergreen plan. Security holder approval relating to other types of amendments to an evergreen plan must not be accepted as implicit approval to continue granting Awards under an evergreen plan. In addition, the resolution should include the next date by which the Listed Issuer must seek security holder approval, such date being no later than three years from the date such resolution was approved. If security holder approval is not obtained within three years of either the institution of an evergreen plan or subsequent approval, as the case may be, all unallocated entitlements must be cancelled and the Listed Issuer must not be permitted to grant further entitlements under the evergreen plan, until such time as security holder approval is obtained. However, all allocated Awards under an evergreen plan, such as options that have been granted but not yet exercised, can continue unaffected. If security holders fail to approve the resolution for the renewal of a plan, the Listed Issuer must forthwith stop granting Awards under such plan, even if such renewal approval was sought prior to the end of the three-year period.

- (5) A Listed Issuer must Post the notice of a Grant or Award in a Notice of Proposed Stock Options, amended to reflect the type of Grant or Award, immediately following each Grant or Award by the Listed Issuer.
- (6) Upon the first Grant under a Security Based Compensation Arrangement, or following an amendment to a Security Based Compensation Arrangement, the Listed Issuer must provide the Exchange with:
 - (a) an opinion of counsel that all the securities issuable under the Security Based Compensation Arrangement will be duly issued and be outstanding as fully paid and non- assessable shares ("Opinion"). For Grants outside of a plan, the Opinion must be provided with each Grant;
 - (b) a copy of the Security Based Compensation Arrangement; and
 - (c) evidence of shareholder approval of the Security Based Compensation Arrangement and confirmation that it was adopted by the majority of shareholders other than those excluded by law, Exchange Requirements, or the Listed Issuer constating documents if the Security Based Compensation Arrangement provides for:
 - (i) the issuance of greater than 5% of the issued and outstanding shares at the time of adoption as applying to an individual, or
 - (ii) 10% in total in the next 12 months.
- (7) The terms of a Stock Option or Award may not be amended once issued. If a Stock Option or Award is cancelled prior to its expiry date, the Listed Issuer shall not grant new Stock Options or Awards to the same Person until 30 days have elapsed from the date of cancellation.
- (8) The Listed Issuer must include notice of exercise or cancellation during any month in the Monthly Progress Report.

6.6 Rights Offerings

(1) General Requirements

A Listed Issuer intending to complete a rights offering must inform the Exchange in advance and provide the following documents (in addition to any other documents that may be required by applicable securities law):

- (a) a copy of the final version of the rights offering circular in Form 45-106F15 *Rights Offering Circular for Reporting Issuers*; and,
 - (b) a written statement as to the intended mailing date for the rights offering notice and rights certificates to the shareholders. The mailing date should be as soon as possible after the Record Date.
- (2) Prior to the Record Date, the Listed Issuer must provide the Exchange with:
- (a) written confirmation of the Record Date; and

- (b) an opinion of counsel that the securities issued in connection with the rights offering (including any underlying securities, if applicable) will be duly issued and outstanding as fully paid and non-assessable shares.

(3) Listing of Rights

- (a) Rights may be qualified for Listing if the rights entitle the holders to purchase securities that are qualified for Listing. Rights which do not fall into this category will normally not be listed unless such other issuer and its securities are qualified for Listing on the Exchange.
- (b) Rights are listed on the Record Date. At the same time, the shares of the Listed Issuer commence trading on an ex-rights basis, which means that purchasers of the Listed Issuer's securities are not entitled to receive the rights.
- (c) Quotation and trading in rights for normal settlement ceases prior to the opening on the second Trading Day preceding the expiry date. Quotation and trading of rights ceases at 12:00 noon on the expiry date.

(4) Other Requirements Respecting Rights

- (a) Rights must be transferable.
- (b) Once the rights have been listed on the Exchange, the essential terms of the rights offering, such as the exercise price or the expiry date, may not be amended.
- (c) Shareholders must receive at least one right for each share held.
- (d) The rights offering must be unconditional.

(5) Report of Results of Rights Offering

As soon as possible after the expiry of the rights offering, the Listed Issuer must do the following:

- (a) Post a letter stating the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement; and
- (b) disseminate a news release setting out the results of the rights offering and confirming the closing of the offering.

6.7 Options, Warrants and Convertible Securities Other Than Incentive Options or Rights

(1) Issue Price and Exercise Price

- (a) Subject to a minimum of \$0.05, listed securities issuable on conversion of an option, warrant or other convertible security other than an incentive option or right (collectively, "convertible securities") may not be issued at a price (including the purchase price of the convertible) lower than the closing market price of the listed

- security on the Exchange on the Trading Day prior to the earlier of dissemination of a news release disclosing the issuance of the convertible security or the Posting of notice of the proposed issuance of the convertible security. For example, if the closing price of the Common Shares of a Listed Issuer was \$0.50 and a warrant was sold at \$0.05, the exercise price of the warrant could not be less than \$0.45. If a convertible preferred share were issued at \$1.00, it could not be convertible into more than 2 Common Shares.
- (b) Warrants may be attached to or issued concurrently with other securities as a bonus or additional incentive. Warrants may not otherwise be issued for nil. For warrants issued with a purchase price less than \$0.05, that warrant purchase price plus the exercise price:
 - (i) must be no lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange; and (ii)be paid in cash.
 - (c) The conversion price for convertible debentures may be established at the time of issuance as a fixed price in accordance with s6.7(1)(a), or at the market price at the time of conversion, determined by the most recent closing price of the underlying security on the day of conversion.

(2) Restrictions

- (a) If warrants are issued in connection with a private placement of the listed securities, the total number of listed securities issuable under the terms of the warrants cannot be greater than the number of listed securities initially purchased in the private placement.
- (b) In all other respects, the provisions of this Policy apply to the issuance of convertibles. Please refer to section 6.2 for further requirements for private placements of convertibles, section 3 for issuances of convertibles in connection with an acquisition and section 4 for prospectus offerings.
- (c) The maximum term permitted for warrants and convertible securities is 5 years from the date of issuance.

(3) Amendments

Except as provided for in this section 6.7(3), Listed Issuers must not change, modify or amend the characteristics of outstanding warrants or other convertible securities other than pursuant to standard anti-dilution terms. For greater certainty, the fact that a convertible security will expire out of the money is not an “exceptional circumstance.” A Listed Issuer may amend the terms of private placement warrants (not including warrants issued to an agent as compensation) if:

- (a) the warrants are not listed for trading;

- (b) the exercise price is higher than the current market price of the underlying security;
 - (c) no warrants have been exercised in the last six months; and
 - (d) at least 10 Trading Days remain before the expiry date.
- (4) The amendment of warrant terms must be disclosed in a press release no later than one day prior to the effective date of the amendment, and a notice Posted to the Exchange website immediately thereafter (Amendment to Warrant Terms). For any amendment, the press release must disclose the old warrant term and the new warrant term so that investors can fully understand the change.
- (5) **Warrant Extension**

The term of a warrant may not be extended more than 5 years from the date of issuance.
- (6) **Warrant Repricing**

A Listed Issuer may amend the exercise price of warrants if:

 - (a) the warrants were priced above the market price of the underlying security at the time of issuance and the amended price is also at or above that price;
 - (b) the amended price is at or above the average closing price, or the midpoint between the closing bid and ask on days with no trades, of the underlying shares for the most recent 20 Trading Days;
 - (c) the price has not previously been amended; and,
 - (d) the amended exercise price is higher than the exercise price at the time of issuance and all Warrant holders consent to the amended price.

- (7) A Listed Issuer may amend the exercise price to a price below the market price of the underlying security at the time of issuance provided that:
- (a) if, following the amendment, for any 10 consecutive Trading Days the closing price of the listed shares exceeds the amended exercise price by the applicable private placement discount, the term of the warrants must also be amended to 30 days. The amended term must be announced by press release and Amendment to Warrant Terms and the 30-day period will commence 7 days from the end of the 10-day period;
 - (b) consent is obtained from all holders of the warrants; and
 - (c) the price has not previously been amended.
- (8) For any repricing of warrants permitted by section 6.7, a maximum of 10% of the total number of warrants being repriced may be repriced for insiders holding warrants. If insiders hold more than 10%, then the 10% allowed will be allocated *pro rata* among those insiders.
- (9) Listed Issuers must obtain appropriate corporate approvals prior to any change, modification or amendment of outstanding warrants or other convertible securities (including non-listed securities). The amendment of the terms of a warrant (or other security) may be considered to be the distribution of a new security under securities laws and required exemptions from legislative requirements. Furthermore, the amendment of the terms of a security held by an insider or a related party may be considered to be a related party transaction under MI 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and require exemptions from provisions of that rule. Issuers should consult legal counsel before amending the terms of a security.

6.8 Control Block Distributions (Sale from a Control Position)

- (1) A Control Block Holder (in this section, "Seller") wishing to distribute securities of a Listed Issuer through a Dealer and the Exchange shall Post a copy of the Form 45102F1 *Notice of Intention to Distribute Securities* at least seven days prior to the first trade of the distribution.
- (2) The Listed Issuer and the Dealer acting on behalf of the Seller shall be responsible for ensuring the Control Block Holder complies with the provisions of this Policy, failing

which the Exchange or the Market Regulator may halt for trading, or the Exchange may suspend or Disqualify, the securities of the Listed Issuer. The Dealer and Seller should review the requirements in Part 2 of National Instrument 45-102 *Resale of Securities*.

- (3) The Seller must notify the Exchange of the Dealer that will act on their behalf, and the Dealer must confirm its appointment to the Exchange prior to the first trade of the distribution.
- (4) The Seller must file with the Exchange a report of each sale within three days of the trade and such report shall contain substantially the same information as an insider report to be filed in accordance with securities law. The Dealer must file with the Exchange, within 5 Trading Days following the end of each month, a summary of the number of shares sold during the month and a confirmation when all shares have been sold.
- (5) **Restriction on Control Block Sales**
 - (a) **Private Agreements** – A Dealer is not permitted to participate in sales from control by private agreement transactions.
 - (b) **Normal Course Issuer Bids** -- If securities are the subject of a sale from a control position and a Normal Course Issuer Bid in accordance with s. 6.10(3), the sale from control and the NCIB will be permitted on the condition that:
 - (i) The Dealer acting for the Listed Issuer confirms to the Exchange it will not bid for securities on behalf of the Listed Issuer at a time when the securities are being offered by the Seller;
 - (ii) the Dealer acting for the Seller confirms in writing to the Exchange that it will not offer securities on behalf of the Seller at a time when securities are being bid for under the NCIB; and
 - (iii) transaction in which the Listed Issuer is on one side and the Seller on the other are not permitted.
 - (c) **Price Guarantee** – The price at which sales are to be made cannot be established or guaranteed prior to the seventh day after Posting the Form 45-102F1.
 - (d) **Crosses** – A Dealer may distribute the whole of a control block sale to a client by way of a cross, subject to UMIR.

6.9 Shareholder Rights Plans

This section applies to any shareholder rights plan, commonly referred to as a “poison pill”, that is adopted by a Listed Issuer. Such plans are subject to review by the applicable Securities Regulatory Authorities pursuant to National Policy 62-202 *TakeOver Bids – Defensive Tactics*.

- (1) A Listed Issuer must Post the following documentation as soon as practicable after issuing a news release announcing the plan:

- (a) a Notice of Shareholder Rights Plan; and
 - (b) a copy of the shareholder rights plan, unless already filed on SEDAR.
- (2) A shareholder rights plan may not exempt any securityholders from the operation of the plan, except that, where minority shareholder approval is obtained, a shareholder rights plan may provide exemptions to grandfather existing securityholders.
- (3) A plan may not have a triggering threshold of less than 20% unless shareholder approval is obtained.
- (4) Securityholders must ratify the plan no later than six months following the adoption of any material amendment to the plan. If securityholder ratification is not obtained within this time period, the plan must be cancelled.
- (5) The Listed Issuer must issue a news release immediately upon the occurrence of any event causing the rights to separate from the Listed Security.

6.10 Take-Over Bids and Issuer Bids

- (1) Take-Over Bids
 - (a) A Listed Issuer undertaking a Take-Over Bid must provide documentation in the manner described below:
 - (i) Post Notice of Take-Over Bid within one Trading Day following announcement of the bid;
 - (ii) Post a copy of the Take-Over Bid Circular, unless already filed on SEDAR; and
 - (iii) as soon as practicable, provide an opinion of counsel that any securities to be issued (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
 - (b) If the Listed Issuer is offering a new class of securities as payment under the bid and wants to list those securities, the provisions of section 2A.3 (Restricted Securities) may apply.
 - (c) As an acquisition, a Take-Over Bid may be subject to the approval requirements as set out in section 4.6(3).
 - (d) Within five days of end of the month in which the Take-Over Bid closed, the Listed Issuer will file a final Notice of Take-Over Bid.
- (2) Issuer Bids
 - A Listed Issuer undertaking a formal issuer bid for a class of listed securities must:
 - (a) Post a Notice of Formal Issuer Bid within one Trading Day following announcement of the bid; and
 - (b) Post a copy of the issuer bid circular required by applicable Canadian securities law as soon as practicable.

- (c) For a Listed Issuer undertaking a formal issuer bid for a class of Listed Securities, include the Cancellation of Securities in the Monthly Progress Report.
- (3) Normal Course Issuer Bids
 - (a) Sections 6.10(3)(c) through 6.10(5)(e) apply to:
 - (i) all Normal Course Issuer Bids by Listed Issuers; and
 - (ii) all purchases of Listed Securities by a trustee or other agent for a pension, stock purchase, Stock Option, dividend reinvestment or other plan in which employees or securities holders of a Listed Issuer may participate if:
 - (A) the trustee or agent is an employee, director, associate or affiliate of the Listed Issuer, or
 - (B) the Listed Issuer directly or indirectly controls the time, price, amount or manner of purchases or directly or indirectly influences the choice of the Dealer through which purchases are made.
 - (b) A Listed Issuer must not announce a Normal Course Issuer Bid or file any documentation in connection with a Normal Course Issuer Bid, if it does not have a present intention to purchase securities.
 - (c) The maximum number of securities to be purchased under a Normal Course Issuer Bid cannot be a number that would make that class of securities ineligible for continued Listing on the Exchange, assuming all the securities are purchased.
 - (d) A Listed Issuer intending to make a Normal Course Issuer Bid for a class of Listed Securities must file a draft Notice of Normal Course Issuer Bid, which states the number of securities that the listed issuer's board of directors has determined may be acquired under the bid, seven Trading Days prior to issuing a news release announcing the details of the bid and of any bid in the previous 12 month period (including the maximum number of securities that the Listed Issuer sought and obtained approval to purchase and the number purchased and the manner in which they were purchased); the final Notice of Normal Course Issuer Bid must be filed when the news release is disseminated.
 - (e) A Normal Course Issuer Bid expires on the earlier of:
 - (i) one year from the date purchases are permitted pursuant to section 6.10(5)(a);
 - (ii) any earlier date specified in the Notice of Normal Course Issuer Bid; and
 - (iii) if the Listed Issuer is an NV Issuer, the date on which the Listed Issuer ceases to be an NV Issuer.
 - (f) The maximum number of securities that can be purchased under the bid must be adjusted for stock splits, stock dividends and stock consolidations. The Listed Issuer must file an amended Notice of Normal Course Issuer Bid reflecting the adjustment at the same time as it files the documentation required for the subdivision or consolidation.

- (g) If:
- (i) the original Notice of Normal Course Issuer Bid specified purchases of less than the maximum number permitted under the definition of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the initial Notice of Normal Course Issuer Bid; and
 - (ii) the number of securities outstanding of the class that is the subject of the Normal Course Issuer Bid has increased by more than 25% from the date of Posting of the initial Notice of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the amended Notice of Normal Course Issuer Bid.
- (h) A Listed Issuer must Post an amended Notice of Normal Course Issuer Bid in the event of any material change in the information in the current Notice of Normal Course Issuer Bid, as soon as practicable, following the material change.
- (i) A Listed Issuer must issue a news release prior to or concurrently with the Posting of an amended Notice of Normal Course Issuer Bid containing full details of the amendment.
- (j) Within 10 days of the end of each calendar month, the Listed Issuer, trustee or agent must deliver to the Exchange a completed Report of Purchase Normal Course Issuer Bid indicating the number of securities purchased in the previous month (on the Exchange or otherwise), including the volume weighted average price paid.

(4) Normal Course Issuer Bids – Restrictions on Purchases

- (a) A Listed Issuer, trustee or agent must appoint one (and only one) Dealer at any one time to make purchases under the bid. The Listed Issuer must notify the Market Regulator and the Exchange of the name of the Dealer and the registered representative responsible for the bid. To assist the Exchange in its surveillance function, the Listed Issuer is required to provide written notice to the Exchange before it intends to change its purchasing Dealer. The purchasing Dealer shall be provided with a copy of Notice of Normal Course Issuer Bid and be instructed to make purchases in accordance with the provisions herein and the terms of such notice.
- (b) Normal Course Issuer Bid purchases may not be made by intentional crosses, prearranged trades or private agreements, except for purchases under the block purchase exemption in subsection 6.10(5)(f).
- (c) If a Normal Course Issuer Bid is outstanding at the time a sale from a Control Person (as referred to in Part 2 of National Instrument 45-102 *Resale of*

Securities) is underway, the Dealer making purchases under the bid must ensure that it is not bidding for securities at the same time securities are offered under the sale from control.

- (d) A Listed Issuer must not purchase securities under a Normal Course Issuer Bid while a non-exempt issuer bid for the same securities is outstanding. This restriction does not apply to a trustee or agent making purchases for a plan in which employees, or security holders, participate.
- (e) If a Listed Issuer has a securities exchange Take-Over Bid outstanding at the same time as a Normal Course Issuer Bid is outstanding for the offered securities, the Listed Issuer may only make purchases under the Normal Course Issuer Bid permitted by OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions*.
- (f) A Listed Issuer, trustee or agent may not make any purchases under a Normal Course Issuer Bid while in possession of any Material Information that has not been generally disclosed.
- (g) Failure of a Dealer making purchases pursuant to a Normal Course Issuer Bid to comply with any requirement herein may result in the suspension of the bid.

(5) Normal Course Issuer Bids – Limits on Price and Volume

- (a) Normal Course Issuer Bid purchases may not begin until two Trading Days after the later of:
 - (i) the Posting of a final Notice of Normal Course Issuer Bid or final amended Notice of Normal Course Issuer Bid in connection with the bid; and
 - (ii) the issuance of a news release containing details of the final Notice of Normal Course Issuer Bid or final amended Notice of Normal Course Issuer Bid.
- (b) It is inappropriate for a Listed Issuer making a Normal Course Issuer Bid to abnormally influence the market price of its securities. Normal Course Issuer Bid purchases must be made at or below the price of the last independent trade of the security (on any marketplace) at the time of purchase.

The following are not "independent trades":

- (i) trades directly or indirectly for the account of (or an account under the direction of) an insider;
 - (ii) trades for the account of (or an account under the direction of) the Dealer making purchases for the bid;
 - (iii) trades solicited by the Dealer making purchases for the bid; and
 - (iv) trades directly or indirectly by the Dealer making purchases for the bid which are made in order to facilitate a subsequent block purchase by the issuer at a certain price.
- (c) Notwithstanding the foregoing, a violation to the preceding rule will not occur where:

- (i) the independent trade occurred no more than one second before the Normal Course Issuer Bid purchase that created the uptick,
 - (ii) the independent trade is a down tick to the previous trade and the Normal Course Issuer Bid purchase would not have created an uptick to the trade prior to the last independent trade, and
 - (iii) the price difference between the independent trade and the Normal Course Issuer Bid purchase was not more than \$0.02.
- (d) Normal Course Issuer Bid purchases may not be made at the opening of trading or during the 30 minutes prior to the scheduled closing of the continuous trading session. Orders may be entered in a closing call or single price trading session notwithstanding the price restriction in subsection (b).
- (e) Except as provided in subsection (f), a Listed Issuer that is not an investment fund must not make a purchase that:
 - (i) for an NV Issuer, when aggregated with all other purchases during the same Trading Day, exceeds the greater of 25% of the Average Daily Trading Volume of the security; and 1,000 of such securities, or
 - (ii) for a Listed Issuer that is not an NV Issuer, when aggregated with all other purchases during the most recent 30 Trading Days, exceeds 2% of the total issued and outstanding shares of that class on the day purchases are made.
- (f) Notwithstanding the restriction in subsection (e), an NV Issuer may make a purchase of a block of securities that:
 - (i) has a purchase price of at least \$200,000;
 - (ii) is at least 5,000 securities with an aggregate purchase price of at least \$50,000; or
 - (iii) is at least 20 Board Lots and is greater than 150% of the Average Daily Trading Volume of the security, provided that:
 - 1) the block is naturally occurring, and does not consist of a combination of orders for the purpose of artificially creating a block to rely on this section;
 - 2) the block is not beneficially owned by, or is not under the control or direction of, a Related Person of a Listed Issuer;
 - 3) the Listed Issuer makes no more than one purchase under this subsection in a calendar week; and
 - 4) after making a block purchase, the Listed Issuer makes no further purchases during that Trading Day.
- (g) A Listed Issuer that is an investment fund must not make a purchase that, when aggregated with all other purchases during the preceding 30 days, exceeds 2% of the securities of that class outstanding as of the date of filing of the initial Notice of Normal Course Issuer Bid in connection with the bid.

6.11 Exchange Traded Fund Unit Creation and Redemption

An ETF must file Notice of ETF Creation or Redemption, including a nil report as applicable, within 10 days of the end of each month or more frequently in a format acceptable to the Exchange.