

BULLETIN TYPE: Notice to Issuers
BULLETIN DATE: January 19, 2015

Re: Advance Notice of Policy Amendments:
(a) Policy 4.1 – Private Placements
(b) Form 4B – Notice of Private Placement

Effective **January 26, 2015**, TSX Venture Exchange (the “**Exchange**”) will be implementing amendments to Policy 4.1 – *Private Placements* (“**Policy 4.1**”) and corresponding amendments to Form 4B – *Notice of Private Placement* (“**Form 4B**”). This Notice to Issuers provides an overview of the pending amendments to Policy 4.1 and applicable transitional matters.

Full Text of Amended Policy 4.1 and Form 4B:

The full text of the amended Policy 4.1 along with a blackline to the current version of Policy 4.1 (dated August 14, 2013) are now available on the Exchange’s website at the following page:

<http://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-venture-issuer-resources/tsx-venture-exchange-corporate-finance-manual/tsxv-corporate-finance-manual-policies?lang=en>

The full text of the amended Form 4B is available on the Exchange’s website at the following page:

<http://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-venture-issuer-resources/tsx-venture-exchange-corporate-finance-manual/tsxv-corporate-finance-manual-forms?lang=en>

Overview of Policy 4.1 Amendments:

The amendments involve a major redrafting of the current version of Policy 4.1. The bulk of the amendments are, however, non-substantive in nature and principally involve: (1) redrafting existing policy requirements to improve clarity, but without changing their scope, nature or intent; (2) reorganizing the existing contents into a more logical format; (3) including new guidance that helps facilitate an understanding of existing policy requirements; (4) formalizing into the written policy existing working practices and considerations that fall within the scope and intent of existing written policy requirements; and (5) removing redundant or irrelevant sections of the policy.

The amendments that are substantive in nature principally involve: (1) correcting oversights in Policy 4.1 related to certain procedural matters; and (2) formalizing into the written policy existing working practices related to certain transactions or considerations that Policy 4.1 is currently silent on. A summary description of these amendments to Policy 4.1 is as follows:

1. **Expanded Guidance on Notice and Acceptance Procedures (section 1.2):** The “Summary of Procedures” section is being expanded to provide more detailed guidance on each of the steps involved in the notice and acceptance process for a private placement, from price reservation through to the publication of the Exchange’s bulletin. This includes more clearly mapping out the different steps involved when the issuer intends to close the financing on receipt of the Exchange’s conditional acceptance of the private placement as compared to on receipt of the Exchange’s final acceptance of the private placement.
2. **Part and Parcel Pricing Exception (section 1.7):** In addition to redrafting this section to facilitate an understanding of the existing pricing rules, it is being clarified that the warrant exercise price premium component of the part and parcel pricing rules does not apply if the private placement is the concurrent financing to a Qualifying Transaction, Reverse Takeover or Change of Business. In other words, the exercise price of warrants issued as part of a concurrent financing to a Qualifying Transaction, Reverse Takeover or Change of Business need not be set at a premium to the applicable Market Price.

3. **News Releases (section 1.9):** Applicable news release requirements are being clarified with expanded guidance being provided. This relates to initial, closing and other news releases that may be applicable to a particular private placement.
4. **Filing Requirements (section 1.10):** Expanded and more detailed guidance in respect of the different filing requirements applicable to an application for conditional acceptance and an application for final acceptance is being added.
5. **Closing of the Private Placement (section 1.11):** Expanded and more detailed guidance in respect of the Exchange's conditions to closing, timeframes for closing and final filing requirements is being added. Of particular note is that it is being clarified that if a private placement involves the creation of a new Insider or a new Control Person, the issuer may not close on subscriptions from those persons until the Exchange has provided its final acceptance to the private placement.
6. **Amending Convertible Securities (Part 4):** A new Part 4 is being added which sets out requirements applicable to obtaining Exchange acceptance for an amendment to the terms of a previously issued Convertible Security (as defined in Policy 4.1), something that Policy 4.1 is currently silent on. The new Part 4 addresses this oversight and is reflective of existing working practices.
7. **Implementation of V-File and Discontinuation of Expedited Filing System:** The Exchange has recently introduced a system that allows for the electronic filing of the information that is currently included in a Form 4B and which also automates certain components of the Exchange's review and acceptance process for private placements. The system, named "V-File", is currently functional and available for use by issuers. V-File is intended to create efficiencies in the review and acceptance process as the transfer of information between the issuer and the Exchange will be quicker and certain aspects of the filing, review and acceptance process will be automated.

With the implementation of V-File, the Exchange is discontinuing the Expedited Private Placement System (by removing Part 5 of the August 14, 2013 version of Policy 4.1) as the ability to file by way of V-File effectively makes the Expedited Private Placement System redundant.

It should be noted that the foregoing is a summary only. The full text of the amended Policy 4.1 should be reviewed to ascertain the full extent of the amendments to Policy 4.1.

Transitional Matters:

Any private placement filings made on or after **January 26, 2015** will be subject to the new Policy 4.1. That being said, those amendments to Policy 4.1 that involve a clarification of existing policy requirements (or that are otherwise reflective of existing Exchange working practices) may be relied upon by issuers and applied by the Exchange immediately.

In order to ensure the timely processing of private placement applications, issuers will be required to make use of the new Form 4B effective January 26, 2015. **Filings made on or after January 26, 2015 using the old Form 4B may experience delayed processing times and may necessitate the issuer re-filing with the new Form 4B.**

If you have any questions about this bulletin and the amendments to Policy 4.1 and Form 4B, please contact: Zafar Khan – Policy Counsel, 604-602-6982, zafar.khan@tsx.com