

**BULLETIN TYPE: Notice to Issuers**

**BULLETIN DATE: January 19, 2015**

**Re: Advance Notice of Policy Amendments: Policy 5.1 – Loans, Loan Bonuses, Finder’s Fees and Commissions**

Effective **January 26, 2015**, TSX Venture Exchange (the “**Exchange**”) will be implementing amendments to Policy 5.1 – *Loans, Loan Bonuses, Finder’s Fees and Commissions* (“**Policy 5.1**”). This Notice to Issuers provides an overview of the pending amendments to Policy 5.1 and applicable transitional matters.

**Full Text of Amended Policy 5.1:**

The full text of the amended Policy 5.1 along with a blackline to the current version of Policy 5.1 (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>

**Overview of Policy 5.1 Amendments:**

The amendments involve a major redrafting of the current version of Policy 5.1. 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; and (4) formalizing into the written policy existing working practices and considerations that fall within the scope and intent of existing written policy requirements.

The amendments that are substantive in nature principally involve: (1) formalizing into the written policy new or existing working practices and considerations that, to a degree, may vary existing written policy requirements; and (2) creating new requirements and limitations to address specific circumstances involving loan bonuses, finder’s fees and commissions that are not currently addressed within the existing Policy 5.1. A summary description of these amendments to Policy 5.1 is as follows:

1. **Revised Loan Bonus Requirements and Limitations (section 2.2):** The following key changes are being made to the existing requirements and limitations on loan bonuses:
  - (a) The limits for both bonus shares and bonus warrants will now be calculated using the applicable Market Price instead of the Discounted Market Price.
  - (b) The limit on bonus warrants is being increased from 40% to 100% of the value of the loan (i.e. 100% warrant coverage). This, combined with the change in (a) above, addresses an existing discrepancy between the Exchange’s limit on detachable warrants issued in connection with a convertible debenture (as set forth in Policy 4.1 – *Private Placements*) and the current limit on bonus warrants issued in connection with a non-convertible loan.
  - (c) In general, bonus shares will no longer be permitted on loans having a term of less than one year.
  - (d) Provisions related to the acceptability of a loan bonus for loan renewals or extensions are being formalized (section 2.2(d)).
2. **Restrictions on Finding Oneself (sections 3.2(c) and (d)):** The Exchange is formalizing restrictions on the ability of an issuer to pay either: (a) a commission to an investor in respect of such person’s own investment in the issuer; or (b) a finder’s fee to a vendor or purchaser in

respect of such person's sale or purchase of assets or services to or from the issuer. Specified exceptions to this general rule are set out in section 3.2(d) of Policy 5.1.

3. **Commission Limitations (section 3.4):** Section 3.4 is being amended to specifically clarify that if a commission (or other form of compensation) payable by an issuer in respect of a financing transaction includes shares or warrants, the aggregate value of the shares and warrants cannot exceed 12.5% of the gross proceeds of the financing. For these purposes, one warrant will be valued as one-half of a share (i.e. the existing 25% limit on warrants under section 3.4 remains unchanged).

It should be noted that the foregoing is a summary only. The full text of the amended Policy 5.1 should be reviewed to ascertain the full extent of the amendments to Policy 5.1.

**Transitional Matters:**

Any transactions that are filed with the Exchange on or after **January 26, 2015** will be subject to the new Policy 5.1, as applicable. That being said, those amendments to Policy 5.1 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 addition, the more liberal limitation on bonus warrants for loans may be relied upon by issuers immediately.

If you have any questions about this bulletin and the amendments to Policy 5.1, please contact: Zafar Khan – Policy Counsel, 604-602-6982, [zafar.khan@tsx.com](mailto:zafar.khan@tsx.com)