

BULLETIN TYPE: Notice to Issuers
BULLETIN DATE: December 15, 2016

Re: Notice of Policy Amendments: Policy 5.2 – *Changes of Business and Reverse Takeovers*

On March 30, 2015, the TSX Venture Exchange (the “**Exchange**”) published a Notice to Issuers (the “**March 2015 Bulletin**”) providing guidance with respect to Policy 5.2 – *Changes of Business and Reverse Takeovers* (“**Policy 5.2**”) of the Exchange’s Corporate Finance Manual.

Effective immediately, the Exchange will be implementing amendments to Policy 5.2 which, in addition to certain other changes summarized below, incorporate the guidance from the March 2015 Bulletin.

Full Text of Amended Policy 5.2

The full text of the amended Policy 5.2 along with a blackline to the previously existing version of Policy 5.2 (dated June 14, 2010) are now available on the Exchange’s website at the following page:

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

Overview of Policy 5.2 Amendments

The amendments involve a major redrafting of the current version of Policy 5.2. 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 5.2 related to certain procedural matters; and (2) formalizing into the written policy existing working practices related to certain transactions or considerations that Policy 5.2 is currently silent on. A summary description of these substantive amendments to Policy 5.2 follows.

Capitalized terms not specifically defined in this Bulletin have the meanings ascribed to them in Policy 1.1 – *Interpretation* or Policy 5.2.

1. **Shareholder Approval:** Policy 5.2 has been amended to reflect the contents of the March 2015 Bulletin which provides Issuers with guidance on the specific circumstances in which the Exchange will not require shareholder approval of a particular COB or RTO, effectively for a transaction that is not a Related Party Transaction where the Issuer is without active operations but in good standing (not subject to a cease trade order and not suspended from trading). Please see section 4 of the amended Policy 5.2 for further details.
2. **Bridge Financing to the Issuer:** In the case of COB and RTO transactions, an Issuer may need to complete a Private Placement, after it has entered into a COB Agreement or RTO Agreement, in order to raise funds to pay for the costs associated with proceeding to completion of the proposed COB or RTO (a “**Bridge Financing**”). In practice, the Exchange has been applying certain policies to Bridge Financings for several years and the amended Policy 5.2 incorporates those previously unpublished policies. Please see the new section 5 of the amended Policy 5.2 for further details.

3. **Deposits and Loans to Target Companies:** Due to the time required to complete COB and RTO transactions, an Issuer may need to advance funds to the Target Company prior to the completion of the transaction by way of a refundable or non-refundable deposit and/or a secured or unsecured loan. Please see the new section 6 of the amended Policy 5.2 for further details.
4. **Internal Policy Consistency:** The documentation required to be filed in relation to a COB or RTO is similar, although not identical, to that required to be filed in relation to an Initial Listing application as set out in Policy 2.3 - *Listing Procedures* or a Qualifying Transaction as set out in Policy 2.4 – *Capital Pool Companies*. However, the filing requirements set out in Policy 5.2, Policy 2.3 and Policy 2.4 were not consistent. The amendments to Policy 5.2 also attempt to minimize those inconsistencies to the extent appropriate. Please see sections 2.3, 2.5, 7.2, 7.6 and 7.10 of the amended Policy 5.2 for further details.
5. **Sponsorship:** The Exchange has indicated its intention to eliminate the general requirement for sponsorship. However, as the policy change regarding sponsorship has not yet been formally implemented, the amended Policy 5.2 still includes references to sponsorship. Where sponsorship of a COB or RTO would be required under Policy 2.2 – *Sponsorship and Sponsorship Requirements*, the Exchange will be amenable to applications to waive the sponsorship requirement in appropriate circumstances.

It should be noted that the foregoing is a summary only. The full text of the amended Policy 5.2 should be reviewed to ascertain the full extent of the amendments to Policy 5.2.

If you have any questions about this Bulletin or Policy 5.2, please contact:

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