

BULLETIN TYPE: Notice to Issuers
BULLETIN DATE: June 21, 2018

**Re: Facilitating the Listing Process for Industrial, Technology and Life Sciences Issuers:
Interpretative Guidance for “History of Operations/Validation of Business” Listing Requirement**

Overview

This Notice to Issuers provides an update to and supersedes the Notice to Issuers dated January 29, 2014, which provides certain guidance intended to facilitate the listing process for Issuers seeking listing on TSX Venture Exchange (“**TSXV**” or the “**Exchange**”) under the “Industrial, Technology and Life Sciences Issuer” category (“**Non-Resource Issuers**”). This guidance is being provided with the intent of improving efficiencies in the listing process for Non-Resource Issuers under the Exchange’s existing policies and review framework applicable to the listing of Non-Resource Issuers. Ideally, this will help reduce the timeframe and certain of the costs involved with the listing process.

The guidance is focused on clarifying TSXV’s interpretation and application of the “history of operations/validation of business” initial listing requirement (“**ILR**”) applicable to Non-Resource Issuers pursuant to sections 2.5 and 2.6 of Policy 2.1 – *Initial Listing Requirements*.

The “history of operations/validation of business” listing requirement is the key business-specific ILR that a Non-Resource Issuer must satisfy in order to list on the Exchange. At present, there is limited guidance on what criteria must be met in order for an Issuer to satisfy this listing requirement. By providing additional guidance and clarity in this regard, the Exchange believes that Non-Resource Issuers will, from the outset of the listing process, have a better understanding of the Exchange’s expectations and relevant considerations applicable to this listing requirement. Correspondingly, efficiencies should be created in the listing process as the Issuer will be better positioned to address the Exchange’s expectations and considerations from the outset as opposed to after the application process has already been initiated.

Interpretative Guidance for “History of Operations/Validation of Business” ILR

With respect to the guidance provided below, it must be noted that:

- A. Notwithstanding the fact that an Issuer may satisfy the “history of operations/validation of business” ILR by meeting the criteria set out below, the Issuer must still satisfy all other applicable listing requirements in order to be listed on TSXV.
- B. The following is not meant to be a definitive list of criteria for what is necessary in order to satisfy the “history of operations/validation of business” ILR as the stated criteria may not be adequately reflective of or applicable to all industry types and situations. As such, the fact that an applicant Issuer does not meet the criteria set out below will not automatically mean that the Issuer can’t otherwise satisfy the ILR based upon its merits. Such situations will be assessed by the Exchange on a case by case basis.

Revenue Generating / Commercialization Stage:

An Issuer¹ satisfying all of the following criteria will generally be considered by the Exchange as satisfying the “history of operations/validation of business” ILR for either a Tier 1 or a Tier 2 Non-Resource Issuer:

1. The Issuer’s product/service is at the commercialization stage and has been so for at least 12 months. This specifically means that, at the time of listing, the Issuer will have:
 - (a) a developed product or service that it is able to offer for sale;
 - (b) the means of producing/providing such product or service; and
 - (c) a history of revenues from the sale of the product/service of at least 12 months.
2. Aggregate revenues from the sale of the product/service since commercialization of not less than \$500,000 (with no time limit on when these revenues were generated).
3. Reasonable evidence (such as the existence of sales/service contracts) that the level of revenues from the sale of the product/service over the 12 months pre-listing will be maintained or increased in the 12 months post-listing.

Non-Revenue Generating / Development Stage / Early Commercialization Stage:

An Issuer¹ satisfying any three (3) of the following criteria will generally be considered by the Exchange as satisfying the “history of operations/validation of business” for a Tier 2 Non-Resource Issuer:

1. Either: (a) development of the Issuer’s product/service has been ongoing for at least 12 months; or (b) not less than an aggregate of \$250,000 has been expended on the development of the Issuer’s product/service (excluding general and administrative expenses).
2. The Issuer will expend not less than \$500,000 on the development or commercialization of the product/service over the 12 months post-listing.
3. A working prototype or beta version of the Issuer’s product (or, where applicable, the Issuer’s service) has been created which reasonably demonstrates that development of the final product (or delivery of the final service) with expected functionality is possible.
4. Based upon the stage of development of the product/service at the time of listing along with the Issuer’s intended activities and use of available funds following listing, there is a reasonable expectation that: (a) within 12 months of listing the Issuer will have a product/service at the commercialization stage (i.e. the Issuer will have a developed product or service that it is able to offer for sale and the means of producing/providing such product or service); and (b) within 24 months of listing the Issuer will be generating revenues from the sale of such product/service.
5. The Issuer has a joint venture or collaborating arrangement with a credible third party in respect of the development of its product or service. For a research and development issuer (Life Sciences), this may include having its research programs sponsored or supported by a credible third party institute such as a university.²

¹ In this context, “Issuer” includes the Issuer, Target Company or Resulting Issuer, as the case may be.

² In this context, the collaboration or sponsorship will generally mean that the third party is directly or indirectly supporting the development or R&D activities whether financially or through the provision of services or facilities. An Issuer contracting a third party to provide certain development or R&D related services does not constitute collaboration or sponsorship in this context.

6. The Issuer has principals/founders who have a successful track record in developing products or services within the same or similar industry as may be evidenced by, without limitation:
- the commercial sale of such products or services;
 - positive cash flow being generated from the sale of such products or services; and
 - where applicable, technical expertise in the industry sector.
7. The Issuer is concurrently conducting an equity Arm's Length Financing (as defined in section 2.3 of Policy 2.1 – *Initial Listing Requirements*) and the aggregate gross proceeds raised by the Arm's Length Financing is at least \$2,000,000. A concurrent Arm's Length Financing may include a financing, on terms that are acceptable to the Exchange, completed after the Issuer has filed its related disclosure document on SEDAR (e.g. Filing Statement/Information Circular/Prospectus) and/or disseminated a comprehensive press release detailing the related transaction.

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

Charlotte Bell	Senior Policy Counsel	604-643-6577	charlotte.bell@tmx.com
Kyle Araki	Director, Capital Formation (Calgary)	403-218-2851	kyle.araki@tmx.com
Tim Babcock	Director, Capital Formation (Toronto)	416-365-2202	tim.babcock@tmx.com
Andrew Creech	Director, Capital Formation (Vancouver)	604-602-6936	andrew.creech@tmx.com
Sylvain Martel	Director, Capital Formation (Montréal)	514-788-2408	sylvain.martel@tmx.com
