

**BULLETIN TYPE: Notice to Issuers**

**BULLETIN DATE: August 7, 2013**

- Re:**
- 1. Private Placements - Lapsing of Temporary Relief from Certain Pricing Requirements**
  - 2. Advance Notice of Policy Amendments:**
    - (a) Amendment of Minimum Pricing Rules for Convertible Securities**
    - (b) Amendment of Minimum Pricing Rules for Initial Public Offerings**
    - (c) Amendment of Shareholder Approval Requirement for Share Consolidations**
  - 3. Rescission of Deal Structure and Founder Shares Guidelines**

TSX Venture Exchange (“**TSXV**” or the “**Exchange**”) is providing notice of the following policy matters principally related to facilitating both financing and listing transactions. As set out in this Notice to Issuers, the Exchange will allow the previously instituted temporary relief to certain private placement pricing requirements to lapse on August 31, 2013, but intends to formally implement specific policy amendments that will have the effect of liberalizing certain existing policy requirements and restrictions pertaining to the Exchange’s minimum pricing rules and capital structure matters.

## **I. Private Placements - Lapsing of Temporary Relief from Certain Pricing Requirements**

By way of Bulletin/Notice to Issuers dated August 17, 2012, the Exchange implemented, on a temporary basis, relief from certain existing pricing requirements related to Private Placement financings. The three temporary measures (the “**Relief Measures**”) are as follows:

1. Allowing a share/unit offering with an offering price below \$0.05 (the “**Offering Price Relief Measure**”).
2. Allowing a debenture offering with a debenture conversion price below \$0.10 (the “**Conversion Price Relief Measure**”).
3. Allowing offerings involving a warrant with an exercise price below \$0.10 (the “**Exercise Price Relief Measure**”).

The Relief Measures are set to expire on August 31, 2013. **The Exchange hereby notifies Issuers that the Relief Measures will not be extended and will therefore lapse on August 31, 2013.**

Per the April 12, 2013 Bulletin/Notice to Issuers related to the Relief Measures, any Private Placement conducted in reliance upon the Relief Measures must be completed on or before August 31, 2013. The Exchange, however, will permit any such Private Placement that has been conditionally accepted by the Exchange on or before August 31, 2013 to be completed within 30 days following the date of conditional acceptance.

## **II. Advance Notice of Policy Amendments**

The Exchange has received regulatory approval for policy amendments that will have the following effect:

1. **Minimum Price for Warrants and Options:** The minimum allowable exercise price for share purchase warrants and incentive stock options will be reduced from \$0.10 to \$0.05 per share. This will apply to the full term of the warrant or option.
2. **Minimum Price for Convertible Debentures:** The minimum allowable conversion price for debentures will be reduced from \$0.10 to \$0.05 per share for the first year of the term of the debenture. It will remain at \$0.10 per share for the balance of the term of the debenture.
3. **Minimum Price for Initial Public Offerings:** The minimum allowable offering price for a non-Capital Pool Company initial public offering will be reduced from \$0.15 to \$0.10 per security.

4. **Shareholder Approval for Share Consolidations:** The Exchange will only require shareholder approval for a share consolidation which, when combined with any other share consolidation conducted by the Issuer within the previous 24 months that was not approved by the Issuer's shareholders, would result in a cumulative consolidation of greater than 10 to 1 over such 24 month period. It should be noted that an Issuer may still be subject to shareholder approval requirements under applicable corporate laws.

The foregoing is a summary only and should not be construed as the formal implementation of the applicable policy amendments. The Exchange intends to formally publish and implement the policy amendments that will give effect to the foregoing by mid-August 2013. The Exchange will issue a separate Bulletin/Notice to Issuers confirming the formal implementation of the policy amendments and setting out applicable transitional provisions, if any. The full specifics of the policy amendments will not be available until such time.

Although these policy amendments are not currently in force and will not be until such time as the specific policy amendments are formally implemented, the Exchange will, in the interim, consider allowing Issuers to rely upon the intended changes to the existing policy requirements.

It should be noted that the Exchange **will not**, contemporaneous with the lapsing of the Offering Price Relief Measure, be implementing any policy amendments that would continue to permit shares/units to be offered at a price below \$0.05 per share or unit.

### **III. Rescission of Deal Structure and Founder Shares Guidelines**

Effective immediately, the Exchange is rescinding its Bulletins/Notices to Issuers dated December 11, 2007 and October 20, 2008 related to Deal Structure and Founder Shares Guidelines (collectively, the "**Capital Structure Guidelines**"). Rescinding the Capital Structure Guidelines will have the principal effect of removing the existing 15% limit on "Founder Shares" prescribed by the Capital Structure Guidelines in respect of any New Listing.

It should be noted that although the Exchange is rescinding the Capital Structure Guidelines, it **is not** rescinding or otherwise amending section 4.7 of Policy 2.1 – *Initial Listing Requirements*. The Exchange will retain its general discretion under section 4.7 of Policy 2.1 to refuse a listing on the basis that an Issuer's capital structure is excessively dilutive or otherwise imbalanced. The Exchange will apply this discretion on a case by case basis with a view to the facts specific to each listing. If, over time, the Exchange establishes new general guidelines for the exercise of this discretion, the Exchange will consider publishing a new Bulletin/Notice to Issuers setting out applicable guidance in respect of any such general guidelines.

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

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