



BULLETIN TYPE: Notice to Issuers
BULLETIN DATE: June 23, 2022

Re: Changes to \$0.05 Minimum Pricing Requirement

TSX Venture Exchange (the “**Exchange**”) is pleased to announce changes to its minimum pricing requirement. On April 8, 2020, the Exchange published a Bulletin/Notice to Issuers providing temporary relief (the “**Temporary Relief**”) that revised the minimum price at which Listed Shares may be issued from \$0.05 to \$0.01 in certain circumstances. In summary, the Temporary Relief effectively provided that:

- (i) if the Market Price of an Issuer’s Listed Shares is not greater than \$0.05, the minimum price at which that Issuer may issue its Listed Shares is equal to that Market Price, subject to a minimum price of \$0.01; and
- (ii) if the Market Price of an Issuer’s Listed Shares is greater than \$0.05, the minimum price at which that Issuer may issue its Listed Shares remains equal to the Market Price less the existing allowable maximum discounts based on closing price, subject to a minimum price of \$0.05.

The Temporary Relief currently applies to Listed Shares that are issued on or before June 30, 2022 and will not be extended. However, the following Policies in the Exchange’s Corporate Finance Manual (the “**Manual**”) have now been formally amended:

- Policy 1.1 – *Interpretation* (“**Policy 1.1**”);
- Policy 4.2 – *Prospectus Offerings* (“**Policy 4.2**”);
- Policy 4.6 – *Public Offering by Short Form Offering Document* (“**Policy 4.6**”); and
- NEX Policy (“**NEX Policy**”);

(collectively, the “**Amended Policies**”).

The Amended Policies are effective today, June 23, 2022 (the “**Effective Date**”), and clean and blacklined versions of each of the Amended Policies are available for viewing on the Exchange’s website at this link: <https://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-venture-exchange-issuer-resources?lang=en>

The purpose of this Bulletin is to provide an overview of the amendments. In particular, the attached Schedule “A” provides a summary of the Policy amendments relating specifically to the minimum pricing requirement. Certain other minor changes have been made to the Amended Policies, and the Exchange encourages Issuers to review the blacklined versions in detail. Of particular note, Policy 4.2 now includes specific guidance and requirements relating to at-the-market distributions.

This Bulletin is not a substitute for Exchange policy. For that reason, with respect to the substantive requirements of the amendments referred to in this Bulletin, market participants are reminded that they will need to rely on the actual Amended Policies, which will prevail in the case of any discrepancy or conflict with this Bulletin.

Capitalized terms not specifically defined in this Bulletin have the meanings ascribed to them in the Manual, including the Amended Policies.

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, TSXV Listings (Calgary)	403-218-2851	kyle.araki@tmx.com
Tim Babcock	Vice President and Head of TSX Venture Exchange	416-625-6371	tim.babcock@tmx.com
Andrew Creech	Director, TSXV Listings (Vancouver)	604-602-6936	andrew.creech@tmx.com
Sylvain Martel	Director, TSXV Listings (Montréal and Toronto)	514-788-2408	sylvain.martel@tmx.com

Schedule "A"

Overview of the Minimum Pricing Amendments

"Market Price" Definition

In the amended Policy 1.1, the definition of the phrase "Market Price" has been revised to read as follows:

"Market Price" means the last closing price of the Issuer's Listed Shares before either the issuance of the news release or the filing of the Form 4A – *Price Reservation Form* required to fix the price at which the securities are to be issued or deemed to be issued (the **"Notice of the Transaction"**), except under the following circumstances, where applicable:

- (a) **"Consolidation/Split Exception"** The Market Price is to be adjusted for any concurrent or recent share consolidation or split;
- (b) **"Material Information Exception"** If the Issuer announces Material Information regarding the affairs of the Issuer after providing Notice of the Transaction, then the Market Price will be at least equal to the closing price of the Listed Shares on the Trading Day after the day on which that Material Information was announced;
- (c) **"Price Interference Exception"** If the Exchange determines that the closing price is not a fair reflection of the market for the Listed Shares and the Listed Shares appear to have been high-closed or low-closed, then the Exchange will determine the Market Price to be used;
- (d) **"Suspension Exception"** If the Issuer is suspended from trading or has for any reason not traded for an extended period of time, the Exchange may determine the deemed Market Price to be used or may require that the Issuer be reinstated to trading for a period of time before an acceptable Market Price can be established; and
- (e) **"Minimum Price Exception"** Except for special warrants and subscription receipts, the Exchange will not permit any securities convertible, exercisable or exchangeable into Listed Shares, including Security Based Compensation issued pursuant to a Security Based Compensation Plan, Warrants, Agent's Options and Commission Warrants, to be issued with an effective issue, conversion, exercise or exchange price of less than \$0.05 per Listed Share. Further, the Exchange generally will not permit Listed Shares to be issued from treasury at a price less than \$0.05, provided, however, that other than securities issued in connection with a New Listing (including a CPC IPO, Bridge Financing, Concurrent Financing and other concurrent transaction), the Exchange may permit Listed Shares to be issued from treasury at a price that is less than \$0.05 and not less than \$0.01 where all of the following applicable criteria are satisfied:
 - (i) the proposed price is protected/reserved by way of a news release and not by way of a Form 4A – *Price Reservation Form* and the last closing price of the Issuer's Listed Shares at that time is not greater than \$0.05;
 - (ii) the aggregate number of Listed Shares of an Issuer that are issued at a price or deemed price that is less than \$0.05 in any 12 month period does not exceed 100% of the number of Listed Shares of the Issuer which were issued and outstanding, on a non-diluted basis, at the beginning of that 12 month period;
 - (iii) not more than 10% of the proceeds of any financing will be used for Investor Relations Activities;
 - (iv) the Issuer fully discloses to the public at the time of announcement of any financing and at the time of closing of any financing the proposed use of proceeds of the financing, including a breakdown by amount or percentage of:

- (A) any proposed payments to Non-Arm's Length Parties of the Issuer; and
- (B) any proposed payments to Persons conducting Investor Relations Activities; and
- (C) any specific use representing 10% or more of gross proceeds; and
- (v) in addition to any applicable Resale Restrictions under Securities Laws, all securities issued at a price or deemed price that is less than \$0.05, except in the case of securities whose Distribution was qualified by a Prospectus or securities issued pursuant to Policy 4.5 – *Rights Offerings*, are subject to the Exchange Hold Period and legended accordingly.

“Discounted Market Price” Definition

In the amended Policy 1.1, the definition of the phrase “Discounted Market Price” has been revised to read as follows:

“Discounted Market Price” means:

- (a) if the Market Price is not greater than \$0.05, the Market Price (subject to a minimum price per security of \$0.01); or
- (b) if the Market Price is greater than \$0.05, the Market Price less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per security of \$0.05):

Closing Price	Discount
up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

provided however that except for special warrants and subscription receipts, the Exchange will not permit any securities convertible, exercisable or exchangeable into Listed Shares, including Security Based Compensation issued pursuant to a Security Based Compensation Plan, Warrants, Agent's Options and Commission Warrants, to be issued with an effective issue, conversion, exercise or exchange price of less than \$0.05 per Listed Share.

Consequential Changes

1. **Private Placement Financings** – Under Policy 4.1 – *Private Placements* of the Manual, the offering price for a financing involving the issuance of Listed Shares must not be less than the applicable Discounted Market Price, which previously included a minimum price of \$0.05. As a consequence of the Amended Policies, the minimum price is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer's Listed Shares is not greater than \$0.05, as set out in the new definition of “Market Price”.
2. **Prospectus Offerings (including at-the-market distributions)** – Under the amended Policy 4.2, the minimum price for a Prospectus offering, other than an at-the-market distribution, has been changed to the Discounted Market Price [the former minimum price was the Market Price at the date of the final receipt for the Prospectus, and while the offering price would not normally exceed a 20% discount to the Market Price, it could in no case be less than \$0.05]. Accordingly, as a consequence of the Amended Policies, the minimum price is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer's Listed Shares is not greater than \$0.05, as set out in the new definition of “Market Price”. Further, Policy 4.2 now includes a section that specifically covers at-the-market distributions.

3. **Short Form Offering Documents** – Under the amended Policy 4.6, the minimum price for the securities offered under a Short Form Offering Document (“**Short Form**”) has been changed to the Discounted Market Price [the former minimum price was the greater of: (a) the closing price of the Listed Shares on the trading day before the news release disclosing the Short Form offering is disseminated, less a discount of 10%; and (b) \$0.05 per share or unit]. Accordingly, as a consequence of the Amended Policies, the minimum price is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05, as set out in the new definition of “Market Price”.
4. **Shares for Debt** – Under Policy 4.3 – *Shares for Debt* of the Manual, the minimum deemed price at which debt may be converted into Listed Shares must not be less than the applicable Discounted Market Price, which previously included a minimum price of \$0.05. As a consequence of the Amended Policies, the minimum deemed price at which debt may be converted into Listed Shares is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05, as set out in the new definition of “Market Price”.
5. **Bonus Shares and Warrants** – Under Policy 5.1 – *Loans, Loan Bonuses, Finder’s Fees and Commissions* of the Manual, the calculation of the number of Listed Shares and Warrants that may be issued as a bonus for a loan or guarantee is calculated using the Market Price, which previously included a minimum of \$0.05. As a consequence of the Amended Policies, that minimum is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05, as set out in the new definition of “Market Price”.
6. **NEX Policy** – Under the NEX Policy, all share issuances are subject to the same price protection mechanisms and pricing policies as would apply to such transactions on the Exchange, including the previous minimum issuance price of \$0.05 for shares. As a consequence of the Amended Policies, that minimum issuance price for any financings and shares for debt transactions is revised from \$0.05 to \$0.01 in certain circumstances where the Market Price of an Issuer’s Listed Shares is not greater than \$0.05, as set out in the new definition of “Market Price”.

NOTE: The Exchange wishes to draw specific attention to some of the restrictions included in the above definitions of “Market Price” and “Discounted Market Price”, notably that: (i) Warrants, Stock Options and other convertible securities cannot be issued with an exercise price that is less than \$0.05; and (ii) securities to be issued in connection with a New Listing cannot be issued at a price that is less than \$0.05.