regulatory pulse
monthly newsletter

TMX Equicom

May 2010

1 hot issues

TSX-V — Changes to Minimum Listing, Tier Maintenance Requirements, Capital Pool Companies, effective June 14, 2010.

TSX-V, the Venture Exchange (the "Exchange") has announced changes to its minimum listing and continued listing requirements, and the Capital Pool Companies ("CPC") policy along with various other minor policy amendments on April 12, 2010. This is a summary and more information can be found in the amended policies.

New Minimum (Initial) and Maintenance (Continued) Listing Requirements:

The amendments announced in the TSX-V's bulletin include new minimum listing requirements and tier maintenance requirements.

After **June 14 2010**, new minimum listing requirements will be referred to as Initial Listing Requirements ("ILR"), and new tier maintenance requirements will be referred to as Continued Listing Requirements ("CLR").

The Exchange believes that the implementation of ILR and CLR will result in the simplification of listing requirements for both issuers seeking a new listing and for listed issuers wishing to maintain their listings. ILR and CLR are also more relevant measures of our existing market composition and environment.

The following is a brief summary of ILR and CLR which will apply to Tier 1 and Tier 2 issuers.

Here is a guideline only for listing requirements

	Net tangible assets	Pre-tax earnings
Toronto Stock Exchange TSX	CDN $7.5 million	CDN $200,000
TSX - V Tier 1	CDN $1 million	CDN $100,000
TSX - V Tier 2	CDN $500,000	CDN $50,000

Initial Listing Requirements – Tier 1

New listing requirements for Tier 1 issuers have been generally structured to provide a bridge between the Tier 2 issuer listing requirements of the Exchange and those of the TSX. All Tier 2 industry segments have been carried over to Tier 1 with the exception of the oil & gas sub segments. Tier 1 oil & gas issuers will either fall into the exploration sub-segment or the producing sub-segment (as opposed to the exploration or reserves sub-segment).

For the working capital metric, a Tier 1 issuer will be required to have (i) adequate working capital or financial resources to carry out a work program or execute its business plan, as applicable, for the 18 month period (versus the 12 month period for Tier 2 issuers) following listing as well as (ii) $200,000 in unallocated funds.

Public distribution requirements will be as follows: (i) public float of one million shares, (ii) 250 public shareholders (versus 200 for Tier 2 issuers) each holding a board lot and having no resale restrictions on their shares and (iii) 20 % of all issued and outstanding shares in the hands of public shareholders.

Non-Resource Issuers

Non-resource issuers in the industrial, technology or life sciences industry segments will have the ability to select from one of (i) a net tangible asset test ($5 million) or (ii) a revenue test ($5 million) to meet what were formerly net tangible asset tests and earnings tests. Tier 1 real estate and investment industry issuers will need to meet net tangible asset metrics of $5 million and $10 million, respectively.

Resource Issuers

For the property and reserves metric, an oil & gas issuer's ability to satisfy Tier 1 requirements will depend on whether it falls within the exploration or producing sub-segment. If the former, $3 million in reserves (of which $1 million must consist of proved developed reserves) will need to be demonstrated. If the latter, $2 million in proved developed reserves must be demonstrated. Mining issuer property requirements remain substantially unchanged.

Continued Listing Requirements – Tier 1

Tier 1 issuer CLR has been dramatically simplified. A Tier 1 issuer from any industry segment will be able to meet CLR if it will continue to meet the Tier 1 ILR applicable to its industry segment.

Initial Listing Requirements – Tier 2

General

The working capital metrics for Tier 2 issuers have been made consistent for all Tier 2 industry segments. For working capital, a Tier 2 issuer will need to have adequate working capital or financial resources (i) to carry out a work program or execute its business plan, as applicable, for the 12 month period following listing as well as (ii) $100,000 in unallocated funds.

Public distribution requirements will be as follows: (i) public float of 500,000 shares, (ii) 200 public shareholders each holding a board lot and having no resale restrictions on their shares and (iii) 20 % of all issued and outstanding shares in the hands of public shareholders.

Non-Resource Issuers

For non-resource issuers, there will be five industry segments: industrial, technology, life sciences, real estate and investment. In addition, non-resource issuers in the industrial, technology or life sciences industry segments will have the ability to select from one of (i) a net tangible asset test ($ 750,000), (ii) a revenue test ($500,000) or (iii) an arm's length financing test ($2 million) in order to meet what were formerly net tangible asset tests and revenue tests. The real estate and investment industry issuers will be able to choose from a $2,000,000 net tangible asset or $3,000,000 arm's length financing test in order to meet ILR.

Resource Issuers

Initial listing requirements for Tier 2 resource issuers will remain largely unchanged though certain changes have been made. The oil & gas industry segments will have two sub-segments under which an issuer can be categorized: exploration or reserves.

An oil & gas issuer's ability to meet property metrics will depend upon whether it falls within the exploration or reserves sub segment. The latter requires either $500,000 in proved developed producing reserves or $750,000 in proved plus probable reserves.

Continued Listing Requirements – Tier 2

Generally, Tier 2 CLR has been simplified and except for activity tests, are consistent for all industry segments.

A Tier 2 issuer, regardless of industry segment, will be able to satisfy the public distribution and market capitalization tests (which have been rolled into one category) if i) no less than 500,000 listed shares are in the public float, ii) 10 % of listed shares are in the public float, iii) the listed shares within the public float have a minimum market capitalization of $100,000 and iv) at least 150 public shareholders hold at least one board lot each, free of any resale restrictions.

Capital Pool Companies – Policy 2.4

(a) Maximum Aggregate Gross Proceeds to the Treasury of a CPC

The maximum aggregate gross proceeds to the treasury of a CPC from the issuance of IPO shares and all seed shares and shares issued pursuant to a private placement is increased from **$2 million to $5 million**.

(b) Minimum Total Amount of Seed Capital Raised by the CPC

The minimum total amount of seed capital raised by the CPC through the issuance of seed shares must be equal to or greater than the greater of **(i) $100,000 and (ii) 5% of the aggregate of all proceeds received by the CPC** on the date of its final prospectus resulting from the issuance of treasury securities, including proceeds from the issuance of seed shares, from any private placement securities and from IPO shares.

The minimum seed capital contribution must be contributed by directors and officers of the CPC.

The additional seed shares investment requirement will only impact CPCs that are raising **more than $2 million**.

(c) Validity Period of Form 2A Personal Information Form ("PIF")

Until now, a director or officer of a CPC could potentially file a duly completed Form 2C1 Declaration, in substitution for a Personal Information Form, as long as the director or officer had previously submitted a PIF within the last 18 months. The period is now being extended from 18 to 36 months.

This is just a summary and more information can be found in the amended policies. Blackline versions of the amended policies are now available for viewing on the Exchange's website. However, the changes and amendments will only become effective June 14, 2010.

If you have questions about these changes, please contact the TSX-V.

securities lingo brain teaser

What does CPC stand for?

Answer is in this bulletin.

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