

13.1.9 TSX Notice of Approval – Amendments to Part VI of the TSX Company Manual

**TORONTO STOCK EXCHANGE
NOTICE OF APPROVAL**

**AMENDMENTS TO PART VI OF THE
TORONTO STOCK EXCHANGE COMPANY MANUAL**

In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals (the “Protocol”) between the Ontario Securities Commission (the “OSC”) and Toronto Stock Exchange (“TSX”), TSX has adopted and the OSC has approved various amendments (the “Amendments”) to Part VI of the TSX Company Manual (the “Manual”). The Amendments were published for public comment in a request for comments on January 26, 2007 (“Request for Comments”).

Reasons for the Amendments

Various changes to Part VI of the Manual went into effect on January 1, 2005. Since that time, TSX experience with the application of the rules has indicated that certain provisions in Part VI could either be clarified or improved, due to both the benefit of time and practice, and in response to the changing needs of our stakeholders. The objective of the Amendments is for TSX to continue to provide listed issuers with a complete and transparent set of TSX standards and practices allowing issuers and investors, and their respective advisors, to have certainty when planning and completing transactions.

Summary of the Amendments

TSX received four comment letters in response to the Request for Comments. A summary of the comments together with TSX’s responses is attached as **Appendix B**. TSX has made non-material changes since the Request for Comments, based on both the public comments and the OSC’s comments. A blacklined version of the Amendments showing the changes since the Request for Comments is attached as **Appendix C**.

Part I – Introduction

Interpretation

A definition of “insider participation limit” has been added to Part I to simplify the drafting in Part VI. The definition arises in Subsections 613(a) and 613(i).

Part VI – Changes in Capital Structure of Listed Issuers

Unlisted Warrants – Section 608

TSX requested feedback from the public as to whether to introduce a proposed valuation requirement and mechanism for unlisted warrants because of concerns that had previously been raised by market participants regarding the potential inconsistency of having pricing requirements (i.e. allowable discounts) for securities distributed by private placements without factoring in a value for warrants. Only one commenter responded to this question, and did not support making such changes. Accordingly, TSX is not proposing to change the current regime for unlisted warrants.

Security Based Compensation Arrangements & Insiders – Subsections 613(a), (d), (h) and (i)

Requirement for Security Holder Approval - Subsection 613(a)

Some minor technical drafting amendments have been made to Subsection 613(a) since the Request for Comments, mainly to incorporate the new definition of “insider participation limit” and to correct section references.

Disclosure Required when Seeking Security Holder Approval & Annually – Subsection 613(d)

Drafting amendments have been made to clarify the calculations required to satisfy the disclosure requirements under Subsection 613(d)(ii) and to correct a section reference.

Prohibited Provisions Notwithstanding Security Holder Approval - Subsection 613(h)

The final provision has been slightly revised from the Request for Comments to clarify that it applies regardless of whether or not the arrangement has been approved by security holders and to remove redundant language at the end of the paragraph. Comments received supported this clarification.

Amendments Requiring Specific Security Holder Approval - Subsection 613(i)

Based on the comments received, additional minor drafting amendments have been made to Subsection 613(i) since the Request for Comments.

Changing the exercise price or term of options held by insiders – Subsections 613(i)(i) and (ii)

A change to the exercise price or term of options held by insiders continues to require security holder approval.

In addition, language has been added to the end of Subsection 613(i) to clarify that the votes of insiders benefiting directly or indirectly from an amendment described in Subsections 613(i) and (ii) must be excluded for the purposes of security holder approval of the amendment.

Changing the insider participation limit in a plan – Subsection 613(i)(iii)

Based on comments received, Subsection 613(i)(iii) has been revised from the Request for Comments to include a requirement for security holder approval to remove or exceed the insider participation limit. To clarify the drafting, the new definition of “insider participation limit” has also been added to Part I.

In addition, language has been added to the end of Subsection 613(i) to require that the votes of insiders benefiting directly or indirectly from an amendment described in Subsection 613(i)(iii) must be excluded for the purposes of security holder approval of the amendment.

Changing the fixed maximum of a plan – Subsections 613(i)(iv)

Language has been added to the end of Subsection 613(i) to clarify that the votes of insiders benefiting directly or indirectly from an amendment described in Subsection 613(i)(iv) do not have to be excluded from the security holder approval when the plan has an insider participation limit. The insider participation limit adequately deals with concerns about disproportionate insider benefits in such circumstances. The disinterested security holder approval requirement was inadvertently captured in the drafting of the proposed amendments to this subsection in the Request for Comments.

Adding a cashless exercise provision – Formerly Subsection 613(i)(v)

TSX has determined that a requirement for security holder approval for the addition of a cashless exercise provision to an evergreen plan is not necessary or useful and Subsection 613(i)(v) as proposed in the Request for Comments is therefore being withdrawn. One comment was received on this point, which supports this position.

In plans with a fixed maximum number of securities issuable (a “fixed plan”), if there is no full deduction of the underlying securities for a cashless exercise provision, the plan is prolonged since it will take longer to reach the maximum fixed number of securities issuable under the plan. Consequently, a cashless exercise feature in a fixed plan in such circumstances extends the life of the plan and delays when a listed issuer must seek security holder approval to increase the number of securities issuable under the plan. In a fixed plan, security holder approval will be required for a cashless exercise feature if there is no full deduction of the underlying securities.

An evergreen plan is fundamentally different than a fixed plan, since whether an award is exercised or cancelled, the underlying securities become available for future grant. In a fixed plan, only cancelled awards become available for future grant. A cashless exercise feature in an evergreen plan does not extend the plan nor impact the number of securities available for issuance under the plan. Further, security holder approval is required every three years in order for a listed issuer to continue granting awards. Therefore, in an evergreen plan, security holder approval of a cashless exercise feature is not necessary or useful.

Amending an Amendment Provision – Subsection 613(j)(v)

Language has been added to the end of Subsection 613(i) to clarify that the votes of insiders benefiting directly or indirectly from an amendment described in Subsection 613(i)(v) do not have to be excluded from the security holder approval when the plan has an insider participation limit. The insider participation limit adequately deals with concerns about disproportionate insider benefits in such circumstances. However, language has also been added to the end of Subsection 613(i) to clarify that if the amendment will disproportionately benefit one or more insiders over other plan participants, the votes of such insiders must be excluded.

General

Additional minor drafting amendments have been made for clarification purposes, as indicated in the blackline at Appendix C.

Text of the Amendments

The Amendments are attached at **Appendix A**.

Effective Date

The Amendments will become effective on September 18, 2009.

APPENDIX A

The TSX Company Manual (the "Manual") is proposed to be amended as follows:

1. Part I will be amended to add the following definition:

Interpretation

"insider participation limit" means the number of the listed issuer's securities:

- i) issued to insiders of the listed issuer, within any one year period, and
- ii) issuable to insiders of the listed issuer, at any time,

under the arrangement, or when combined with all of the listed issuer's other security based compensation arrangements, which can not exceed 10% of the listed issuer's total issued and outstanding securities, respectively.

2. Subsection 602(g) will be amended as follows:

General

- (g) TSX will not apply its standards with respect to security holder approval (Section 604), private placements (Section 607), unlisted warrants (Section 608), acquisitions (Section 611) and security based compensation arrangements (Section 613) to issuers listed on another exchange where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on that other exchange. These issuers must still comply with Section 602, at which time TSX will notify the issuer of their eligibility under this Subsection 602(g) and the documents and fees required for TSX acceptance of the notified transaction.

3. Section 613 will be amended as follows:

Requirement for Security Holder Approval

- (a) When instituted, and when required for amendment, all security based compensation arrangements must be approved by:
 - i) a majority of the listed issuer's directors; and
 - ii) subject to Subsection 613(c), by the listed issuer's security holders.

Every three years after institution, all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable, must be approved by:

- i) a majority of the listed issuer's directors; and
- ii) subject to Subsection 613(c), the listed issuer's security holders.

Insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approvals required by this Subsection 613(a) unless the arrangement contains the insider participation limit.

If any security holder approval is required for a security based compensation arrangement and insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approval required by this Subsection 613(a), holders of Restricted Securities, as defined in Part I, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the listed issuer.

Security holder approval required for a security based compensation arrangement must be by way of a duly called meeting. The exemption from security holder approval contained in Subsection 604(e) is not available in respect of security based compensation arrangements.

Types of Security Based Compensation Arrangements

- (b) For the purposes of this Section 613, security based compensation arrangements include;
- i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;
 - ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the listed issuer's security holders;
 - iii) stock purchase plans where the listed issuer provides financial assistance or where the listed issuer matches the whole or a portion of the securities being purchased;
 - iv) stock appreciation rights involving issuances of securities from treasury;
 - v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the listed issuer; and
 - vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the listed issuer by any means whatsoever.

For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the listed issuer are not security based compensation arrangements for the purposes of this Section 613.

For the purposes of Section 613, a "service provider" is a person or company engaged by the listed issuer to provide services for an initial, renewable or extended period of twelve months or more.

Exception to the Requirement for Security Holder Approval – Employment Inducements

- (c) Security holder approval is not required for security based compensation arrangements used as an inducement to a person or company not previously employed by and not previously an insider of the listed issuer, to enter into a contract of full time employment as an officer of the listed issuer, provided that the securities issuable to such person or company do not exceed 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the arrangement.

Disclosure Required when Seeking Security Holder Approval & Annually

- (d) Materials provided to security holders in respect of a meeting at which the approval of security based compensation arrangements will be requested must be pre-cleared with TSX. Such materials must provide disclosure, as of the date of the materials, in respect of:
- i) the eligible participants under the arrangement;
 - ii) each of the following, as applicable:
 - i. for plans with a fixed maximum number of securities issuable (A) the total number of securities issued and securities issuable under each arrangement and (B) this total as a percentage of the number of the listed issuer's securities currently outstanding,
 - ii. for plans with a fixed maximum percentage of securities issuable, the total number of securities issued and securities issuable under each arrangement as a percentage of the number of the listed issuer's securities currently outstanding, and
 - iii. the total number of securities issuable under actual grants or awards made and this total as a percentage of the number of the listed issuer's securities currently outstanding;
 - iii) the maximum percentage, if any, of securities under each arrangement available to insiders of the listed issuer;
 - iv) the maximum number of securities, if any, any one person or company is entitled to receive under each arrangement and the percentage of the listed issuer's currently outstanding capital represented by these securities;

- v) subject to Section 613(h)(i), the method of determining the exercise price for securities under each arrangement;
- vi) the method of determining the purchase price for securities under security purchase arrangements, with specific disclosure as to whether the purchase price could be below the market price of the securities;
- vii) the formula for calculating market appreciation of stock appreciation rights;
- viii) the ability for the listed issuer to transform a stock option into a stock appreciation right involving an issuance of securities from treasury;
- ix) the vesting of stock options;
- x) the term of stock options;
- xi) the causes of cessation of entitlement under each arrangement, including the effect of an employee's termination for or without cause;
- xii) the assignability of security based compensation arrangements benefits and the conditions for such assignability;
- xiii) the procedure for amending each arrangement, including specific disclosure as to whether security holder approval is required for amendments;
- xiv) any financial assistance provided by the listed issuer to participants under each arrangement to facilitate the purchase of securities under the arrangement, including the terms of such assistance;
- xv) entitlements under each arrangement previously granted but subject to ratification by security holders; and
- xvi) such other material information as may be reasonably required by a security holder to approve the arrangements.

Should a security based compensation arrangement not provide for the procedure for amending the arrangement, security holder approval will be required for such amendments, as provided for in Subsections 613(a) and (i). In addition, the votes attaching to any securities held by insiders who hold securities subject to the amendment will be excluded. Please see Subsection 613 (l) for more information.

Granting Entitlements Prior to Seeking Security Holder Approval

- (e) A listed issuer may grant options or rights under a security based compensation arrangement that has not been approved by security holders provided that no exercise of such option or right may occur until security holder approval is obtained.

Filing Security Based Compensation Arrangements with TSX

- (f) All security based compensation plans, and any amendments thereto, must be filed with TSX, along with evidence of security holder approval where required. Listed securities issuable under the arrangements will not be listed on TSX until such documentation is received.

Annual Disclosure Requirements

- (g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements, including, in both instances, those assumed by the listed issuer through an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as of the date of the circular, as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

Prohibited Provisions Notwithstanding Security Holder Approval

- (h) Notwithstanding that a security based compensation arrangement contains provisions: (1) contrary to or inconsistent with the following items, or (2) allowing amendments to the following items without security holder approval, and notwithstanding that such provisions may have been approved by the listed issuer's security holders:
 - i) the exercise price for any stock options granted under a security based compensation arrangement or otherwise must not be lower than the market price of the securities at the time the option is granted; and
 - ii) the arrangement must have a maximum number of securities issuable, either as a fixed number or a fixed percentage of the listed issuer's outstanding capital represented by such securities.

Amendments Requiring Specific Security Holder Approval

- (i) Notwithstanding that a security based compensation arrangement contains a provision allowing amendments to the following items without security holder approval, specific security holder approval is required for:
 - i) a reduction in the exercise price or purchase price under a security based compensation arrangement benefiting an insider of the issuer;
 - ii) an extension of the term, under a security based compensation arrangement benefiting an insider of the issuer;
 - iii) any amendment to remove or to exceed the insider participation limit;
 - iv) an increase to the maximum number of securities issuable, either as a fixed number or a fixed percentage of the listed issuer's outstanding capital represented by such securities; and
 - v) amendments to an amending provision within a security based compensation arrangement.

For Subsection 613(i)(i)-(iii), the votes of securities held directly or indirectly by insiders benefiting directly or indirectly from the amendment must be excluded. For Subsection 613(i)(iv)-(v), the votes of securities held directly or indirectly by insiders entitled to receive a benefit directly or indirectly under the arrangement must be excluded unless the arrangement contains the insider participation limit.

In addition to the above exclusions, for Subsection 613(i)(v), where the amendment will disproportionately benefit one or more insiders over other participants under the arrangement, the votes of securities held directly or indirectly by those insiders receiving the disproportionate benefit must be excluded.

Reporting Requirements to TSX

- (j) The granting of stock options under a plan and the issuance of securities under a stock option plan or other plan do not require the prior consent of TSX if the plan has been precleared with TSX and the securities that are subject to issuance have been listed. However, stock options granted, exercised or cancelled under a plan must be reported to TSX on a monthly basis in the form of a duly completed Form I - Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms). If no listed securities are issued, no options have expired or been cancelled in any particular month, a nil report is required to be filed on a quarterly basis.

Material Undisclosed Information

- (k) TSX's policy on timely disclosure requires immediate disclosure by its listed issuers of all "material information" as defined in the policy. The policy also recognizes that there are restricted circumstances where confidentiality may be justified on a temporary basis. Listed issuers may not set option exercise prices, or prices at which securities may otherwise be issued, on the basis of market prices which do not reflect material information of which management is aware but which has not been disclosed to the public. Exceptions are:
 - i) where employees, at a previous time when such employees did not have knowledge of the undisclosed event, committed themselves to acquire the securities on specified terms through participation in a security purchase plan, or

- ii) where, in relation to an undisclosed event (such as the acquisition by a listed issuer of another issuer), a person or company who is neither an employee nor an insider of the listed issuer, is granted, or given the right to be granted at a set price, a stock option in the listed issuer, while the event is still undisclosed.

Amendment Procedures

- (l) Security based compensation arrangements cannot be amended without obtaining security holder approval unless the arrangement contains a provision empowering the listed issuer's board of directors (who may delegate this to a committee of the board) to make the specific amendment. Security holder approval is required for the introduction of and subsequent amendments to, such amending provisions. Disclosure provided to security holders voting on amending provisions, and annually, must state that security holder approval will not be required for amendments permitted by the provision.

APPENDIX B

SUMMARY OF COMMENTS – AMENDMENTS TO PART VI

List of Commenters:

C. Steven Cohen (S. Cohen)
 Canada Pension Plan Investment Board (CPPIB)
 Institutional Shareholder Services Canada Corp. (ISS)
 Osler, Hoskin & Harcourt LLP (Osler)

	Reference	Summarized Comment	TSX Response
Interlisted Issuer Exemption – Subsection 602(g)			
Question 1: Is relief from the acquisition requirements contained in Section 611 appropriate for interlisted issuers where at least 75% of the trading value and volume occurs on another exchange? If not, why?			
1.1	s.602(g)	One commenter agreed that is appropriate for interlisted issuers with at least 75% of trading value and volume on another exchange to be granted relief from the acquisition requirements in s.611. (Osler)	The amendment to s.602(g) has been made, as described in the Request for Comments.
Unlisted Warrants – Section 608			
Question 2: Should TSX establish a standard valuation calculation for warrants and factor such valuation into allowable discounts for private placements? Should the Black-Scholes model be used or an alternative methodology? Under the Black-Scholes model, what should be the appropriate period for the volatility (or beta) calculation?			
2.1	s.608	One commenter did not believe TSX should establish a standard valuation calculation for warrants as there are inherent problems with any calculation model adopted. Consequently, no one particular model should be adopted as the standard. (Osler)	At this time, TSX is not proposing to introduce a requirement for warrants to be valued. As a result, a standard valuation calculation will not be established. TSX did not receive comments highlighting problems with the current regime for unlisted warrants. Based on this, there does not appear to be sufficient rationale for changing the current regime. Any issues arising from the pricing of private placements involving unlisted warrants will continue to be reviewed in accordance with the current regime.
Question 3: If yes to Question 2 above, what impact if any should there be to other “sweeteners” such as flow-through tax credits?			
3.1	s.608	No comments received.	See TSX response to item 2.1.
Security Based Compensation Arrangements & Insiders – Subsections 613(a), (h) and (i)			
Question 4: Consider whether it is appropriate to require specific security holder approval for each of the instances described above.			
4.1	s.613(h)(ii)	One commenter suggested removing the added language “...which may not be increased without specific security holder approval.” at the end of s.613(h)(ii). They suggested that s.613(h) should be limited to mandatory provisions affecting all plans, and that s.613(i) should address changes that require security holder approval. (Osler)	TSX agrees and has amended s.613(h)(ii) as suggested by removing the language “...which may not be increased without specific security holder approval” at the end of the paragraph. Subsections 613(h) and (i) have been amended as suggested.

	<i>Reference</i>	<i>Summarized Comment</i>	<i>TSX Response</i>
4.2	s.613(i)	<p>One commenter recommended redrafting the opening language to s.613(i) to replace "Notwithstanding that" with "Whether or not". (Osler)</p> <p>The commenter also recommended the deletion of the words "... (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment)...", because the exclusion of the votes of insiders should apply only to s.613(i) and (ii), and not to (iii)-(vi). (Osler)</p>	<p>TSX has maintained the language as proposed in the Request for Comments in order to remain consistent with language used elsewhere in s.613. The current language is clear and self explanatory.</p> <p>TSX has amended s.613(i) to clarify which amendments require disinterested security holder approval.</p>
4.3	s.613(i)(ii)	<p>One commenter suggested it would be helpful to explain that "extension of the term" is only in respect of an extension of the original maximum term when the grant is first made, and does not apply, for example, to a change to provisions of a plan providing for accelerated expiry of options in certain circumstances, such as termination. (Osler)</p>	<p>TSX has maintained the language in its original form. TSX believes the language in its current form is appropriate and permits "term" to continue to be interpreted in the manner noted in the comment.</p>
4.4	s.613(i)(iii)	<p>One commenter suggested that it would be helpful to clarify that an amendment to increase the maximum limit for insiders can be achieved by either specifically increasing the number specified as the maximum limit or by deleting a number which has been previously stated to be the maximum limit, with the effect that there is no longer a maximum limit. (Osler)</p> <p>The commenter also submitted that s.613(i)(iii) should only apply when limits on insider participation have been included in the plan and the proposal is to increase them beyond 10% or remove them. (Osler)</p>	<p>TSX agrees and has amended s.613(i)(iii).</p> <p>TSX agrees and has amended 613(i)(iii) accordingly.</p>
4.5	s.613(i)(iv)	<p>One commenter suggested s.613(i)(iv) should include carve outs for fixed plans, to account for adjustments due to capital reorganizations, i.e. stock split. (Osler)</p>	<p>TSX has determined that such a carve out is not necessary. Notices provided under s.602(e) provide TSX with the information required to make the proper adjustments for normal anti-dilution events for all convertible securities, including those issued pursuant to security based compensation arrangements, so approval under s. 613(i)(iv) will not be required if only due to such adjustments.</p>
4.6	s.613(i)(v)	<p>One commenter believes that security holder approval should not be required for the addition of a cashless exercise feature for a rolling or evergreen plan. The commenter believes that a rolling or evergreen plan allows options to be granted up to a percentage of the outstanding common shares, and whether or not the options are</p>	<p>TSX has determined that such a requirement is not necessary or useful and has deleted proposed subparagraph (v). As a result, TSX will not be requiring specific security holder approval when a cashless exercise feature is being added to an evergreen plan provided that the issuer's board of directors has the ability to make</p>

	Reference	Summarized Comment	TSX Response
		<p>exercised on a cashless exercise basis is not relevant given the rolling nature of the plan. An evergreen plan will take this into account automatically as the increase in the number of shares available for grant in the future will be limited to the number of shares actually issued on a cashless exercise basis.</p> <p>As a result, the commenter believes there is not an economic impact to the issuer, and therefore no basis for requiring security holder approval for the addition of a cashless exercise feature for a rolling or evergreen plan. (S. Cohen)</p>	<p>such an amendment under its amending provision.</p> <p>TSX agrees with the commenter's analysis that such a provision is economically neutral to the issuer and therefore should be permitted if the board has the ability to make such amendment under its amending provision.</p>
4.7	s.613(i)(vi)	<p>One commenter suggested s.613(i)(vi) be clarified to state that security holder approval is not required for an amendment that adds items which require security holder approval. (Osler)</p>	<p>Generally, any amendment to an amendment provision in a plan will require specific security holder approval. All types of amendments to a plan must be approved by security holders unless the plan provides otherwise and is not otherwise required under TSX rules.</p>
Other Comments:			
4.8	s.613(l)	<p>It was suggested that the word "certain" be added in the penultimate sentence between "for the introduction of and" and "subsequent amendments". (Osler)</p>	<p>TSX will not be making this change at this time. TSX's intention was for security holders to approve which types of amendments should be within the discretion of the board. To permit "certain" amendments, even those such as housekeeping or those which are more restrictive, would run contrary to this premise. Please also see TSX response to item 4.7.</p>
4.9	s.613	<p>One commenter noted that when TSX makes changes to its security based compensation arrangement rules, the changes often require that matters be considered or approved by security holders. Given the frequency of such changes by TSX, it creates a burden on issuers requiring them to amend their plans and submit the same to security holders for approval. While matters come to light as policies and rules are considered and thus refinement is necessary, the impact of this on issuers and the need to go back to security holders continuously should be considered. (S. Cohen)</p>	<p>TSX agrees with this comment in that continuous changes could present a burden to issuers. However, the changes introduced by TSX in the Request for Comments which require security holder approval are generally consistent with its current practice. In addition, the changes which are being introduced do not necessitate any amendments to plans in order to be in compliance with TSX requirements.</p>
4.10	General	<p>Two commenters advised that they support security holder approval for certain amendments which go beyond current and proposed TSX regulatory requirements, particularly those that only apply when insiders are affected. They believe that that the key consideration should be the reasonableness of any possible amendment</p>	<p>At this time TSX is satisfied that its requirements provide security holders with sufficient protections and appropriate approval rights, accompanied by thorough disclosure, which are aimed at addressing the key considerations raised by the comments.</p>

	<i>Reference</i>	<i>Summarized Comment</i>	<i>TSX Response</i>
		<p>and its potential to contribute to self-dealing or over-compensation without the input of security holders. (ISS, CPPIB)</p> <p>Specifically, both of these commenters proposed that security holder approval should be required for (a) any reduction in the exercise price or cancellation and reissue of options, (b) amendments to eligible participants that may permit non-employee director participation on a discretionary basis or amendments that increase limits on non-employee director participation and (c) any amendment that would permit awards to be transferable or assignable other than for estate planning purposes</p> <p>In addition, one commenter submitted that security holder approval should also be required for any amendment that extends the term of an award beyond the original expiry (ISS)</p>	<p>The “insider participation limit” deals with concerns about self-dealing and over-compensation of insiders for certain plan features. To the extent such commenters have proposed additional security holder approval requirements which are not covered by the final amendments, TSX considers these to be amendments to non fundamental plan features, for which there is limited opportunity for self-dealing by non insiders.</p> <p>At the time the current security based compensation rules were introduced, pursuant to a public comment process, it was determined that while security holders need to approve the content of such arrangements, it is not appropriate for TSX to determine non fundamental terms of such arrangements.</p>

APPENDIX C

BLACKLINED VERSION OF THE AMENDMENTS SHOWING CHANGES SINCE
THE REQUEST FOR COMMENTS PUBLISHED ON JANUARY 26, 2007

APPENDIX A
~~REQUEST FOR COMMENTS FOR AMENDMENTS TO PART VI~~

The TSX Company Manual (the "Manual") is proposed to be amended as follows:

1. Part I will be amended to add the following definition:

Interpretation

"insider participation limit" means the number of the listed issuer's securities:

- i) issued to insiders of the listed issuer, within any one year period, and
- ii) issuable to insiders of the listed issuer, at any time,

under the arrangement, or when combined with all of the listed issuer's other security based compensation arrangements, which can not exceed 10% of the listed issuer's total issued and outstanding securities, respectively.

2. ~~4-~~Subsection 602(g) will be amended as follows:

General

- (g) TSX will not apply its standards with respect to security holder approval (Section 604), private placements (Section 607), unlisted warrants (Section 608), acquisitions (Section 611) and security based compensation arrangements (Section 613) to issuers listed on another exchange where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on that other exchange. These issuers must still comply with Section 602, at which time TSX will notify the issuer of their eligibility under this Subsection 602(g) and the documents and fees required for TSX acceptance of the notified transaction.

3. ~~2-~~Section 613 will be amended as follows:

Requirement for Security Holder Approval

- (a) ~~(a)~~—When instituted, and when required for amendment, all security based compensation arrangements must be approved by:
 - i) a majority of the listed issuer's directors; and
 - ii) subject to ~~Subsections~~Subsection 613(b), (c), (g) and (j), by the listed issuer's security holders.

Every three years after institution, all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable, must be approved by:

- ~~i)-i)~~ a majority of the listed issuer's directors; and
- ~~ii)-ii)~~ subject to ~~Subsections~~Subsection 613(b), (c), (g) and (j), the listed issuer's security holders.

Insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approvals required by this Subsection 613(a) unless the ~~number of the listed issuer's securities:~~arrangement contains the insider participation limit.

- ~~i)~~ ~~issued to insiders of the listed issuer, within any one year period, and~~
- ~~ii)~~ ~~issuable to insiders of the listed issuer, at any time,~~

~~under the arrangement, or when combined with all of the listed issuer's other security based compensation arrangements, could not exceed 10% of the listed issuer's total issued and outstanding securities, respectively.~~

If any security holder approval is required for a security based compensation arrangement and insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approval required by this Subsection 613(a), holders of Restricted Securities, as defined in ~~Section 624, Part I~~, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the listed issuer.

Security holder approval required for a security based compensation arrangement must be by way of a duly called meeting. The exemption from security holder approval contained in Subsection 604(e) is not available in respect of security based compensation arrangements.

Types of Security Based Compensation Arrangements

- (b) For the purposes of this Section 613, security based compensation arrangements include;
- i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;
 - ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the listed issuer's security holders;
 - iii) stock purchase plans where the listed issuer provides financial assistance or where the listed issuer matches the whole or a portion of the securities being purchased;
 - iv) stock appreciation rights involving issuances of securities from treasury;
 - v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the listed issuer; and
 - vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the listed issuer by any means whatsoever.

For greater certainty, arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the listed issuer are not security based compensation arrangements for the purposes of this Section 613.

For the purposes of Section 613, a "service provider" is a person or company engaged by the listed issuer to provide services for an initial, renewable or extended period of twelve months or more.

Exception to the Requirement for Security Holder Approval – Employment Inducements

- (c) Security holder approval is not required for security based compensation arrangements used as an inducement to a person or company not previously employed by and not previously an insider of the listed issuer, to enter into a contract of full time employment as an officer of the listed issuer, provided that the securities issuable to such person or company do not exceed 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the arrangement.

Disclosure Required when Seeking Security Holder Approval & Annually

- (d) Materials provided to security holders in respect of a meeting at which the approval of security based compensation arrangements will be requested must be pre-cleared with TSX. Such materials must provide disclosure, as of the date of the materials, in respect of:
- i) the eligible participants under the arrangement;
 - ii) each of the following, as applicable:
 - i. ~~for plans with a fixed maximum number of securities issuable (A) the total number of securities issued and securities issuable under each arrangement and the (B) this total as a~~

- percentage of the number of the listed issuer's securities currently outstanding—~~capital represented by such securities~~,
- ii for plans with a fixed maximum percentage of securities issuable, the total number of securities issued and securities issuable under each arrangement, as a percentage of the number of the listed issuer's securities currently outstanding—~~capital~~, and
 - iii. the total number of securities issuable under actual grants or awards made and ~~the~~ this total as a percentage of the number of the listed issuer's securities currently outstanding—~~capital represented by such securities~~;
- iii) the maximum percentage, if any, of securities under each arrangement available to insiders of the listed issuer;
 - iv) the maximum number of securities, if any, any one person or company is entitled to receive under each arrangement and the percentage of the listed issuer's currently outstanding capital represented by these securities;
 - v. subject to Section 613(h)(i), the method of determining the exercise price for securities under each arrangement;
 - vi) the method of determining the purchase price for securities under security purchase arrangements, with specific disclosure as to whether the purchase price could be below the market price of the securities;
 - vii) the formula for calculating market appreciation of stock appreciation rights;
 - viii) the ability for the listed issuer to transform a stock option into a stock appreciation right involving an issuance of securities from treasury;
 - ix) the vesting of stock options;
 - x) the term of stock options;
 - xi) the causes of cessation of entitlement under each arrangement, including the effect of an employee's termination for or without cause;
 - xii) the assignability of security based compensation arrangements benefits and the conditions for such assignability;
 - xiii) the procedure for amending each arrangement, including specific disclosure as to whether security holder approval is required for amendments;
 - xiv) any financial assistance provided by the listed issuer to participants under each arrangement to facilitate the purchase of securities under the arrangement, including the terms of such assistance;
 - xv) entitlements under each arrangement previously granted but subject to ratification by security holders; and
 - xvi) such other material information as may be reasonably required by a security holder to approve the arrangements.

Should a security based compensation arrangement not provide for the procedure for amending the arrangement, security holder approval will be required for such amendments, as provided for in ~~Subsection~~ Subsections 613(a) and (i). In addition, the votes attaching to any securities held by insiders who hold securities subject to the amendment will be excluded. Please see Subsection 613 (l) for more information.

Granting Entitlements Prior to Seeking Security Holder Approval

- (e) A listed issuer may grant options or rights under a security based compensation arrangement that has not been approved by security holders provided that no exercise of such option or right may occur until security holder approval is obtained.

Filing Security Based Compensation Arrangements with TSX

- (f) All security based compensation plans, and any amendments thereto, must be filed with TSX, along with evidence of security holder approval where required. Listed securities issuable under the arrangements will not be listed on TSX until such documentation is received.

Annual Disclosure Requirements

- (g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements, including, in both instances, those assumed by the listed issuer through an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as of the date of the circular, as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

Prohibited Provisions Notwithstanding Security Holder Approval

- (h) Notwithstanding that a security based compensation arrangement contains provisions: (1) contrary to or inconsistent with the following items, or (2) allowing amendments to the following items without security holder approval, and notwithstanding that such provisions may have been approved by the listed issuer's security holders:
 - i) the exercise price for any stock options granted under a security based compensation arrangement or otherwise must not be lower than the market price of the securities at the time the option is granted; and
 - ii) the arrangement must have a maximum number of securities issuable, either as a fixed number or a fixed percentage of the listed issuer's outstanding capital represented by such securities, ~~which may not be increased without specific security holder approval.~~

Amendments Requiring Specific Security Holder Approval ~~in all Circumstances~~

- (i) Notwithstanding that a security based compensation arrangement contains a provision allowing amendments to the following items without security holder approval, specific security holder approval ~~(excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment)~~ is required for:
 - i) a reduction in the exercise price or purchase price under a security based compensation arrangement benefiting an insider of the issuer;
 - ii) an extension of the term, under a security based compensation arrangement benefiting an insider of the issuer;
 - iii) any amendment to ~~increase the maximum limit of the number of securities that may be:~~ remove or to exceed the insider participation limit:
 - a. ~~issued to insiders of the listed issuer within any one year period, or~~
 - b. ~~issuable to insiders of the listed issuer, at any time;~~

~~under the arrangement, or when combined with all of the listed issuer's other security based compensation arrangements, which could exceed 10% of the listed issuer's total issued and outstanding securities, respectively;~~
 - iv) an increase to the maximum number of securities issuable, either as a fixed number or a fixed percentage of the listed issuer's outstanding capital represented by such securities;

~~v) for security based compensation arrangements that do not have a fixed maximum number of securities issuable, the addition of any provision that allows for the exercise of options without cash consideration, whether the option holder receives the intrinsic value in the form of securities from treasury or the intrinsic value in cash, and where a deduction may not be made for the number of securities originally underlying the options; and~~

v) vi) amendments to an amending provision within a security based compensation arrangement.

For Subsection 613(i)(i)-(iii), the votes of securities held directly or indirectly by insiders benefiting directly or indirectly from the amendment must be excluded. For Subsection 613(i)(iv)-(v), the votes of securities held directly or indirectly by insiders entitled to receive a benefit directly or indirectly under the arrangement must be excluded unless the arrangement contains the insider participation limit.

In addition to the above exclusions, for Subsection 613(i)(v), where the amendment will disproportionately benefit one or more insiders over other participants under the arrangement, the votes of securities held directly or indirectly by those insiders receiving the disproportionate benefit must be excluded.

Reporting Requirements to TSX

- (j) The granting of stock options under a plan and the issuance of securities under a stock option plan or other plan do not require the prior consent of TSX if the plan has been precleared with TSX and the securities that are subject to issuance have been listed. However, stock options granted, exercised or cancelled under a plan must be reported to TSX on a monthly basis in the form of a duly completed Form I - Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms). If no listed securities are issued, no options have expired or been cancelled in any particular month, a nil report is required to be filed on a quarterly basis.

Material Undisclosed Information

- (k) TSX's policy on timely disclosure requires immediate disclosure by its listed issuers of all "material information" as defined in the policy. The policy also recognizes that there are restricted circumstances where confidentiality may be justified on a temporary basis. Listed issuers may not set option exercise prices, or prices at which securities may otherwise be issued, on the basis of market prices which do not reflect material information of which management is aware but which has not been disclosed to the public. Exceptions are:
 - i) where employees, at a previous time when such employees did not have knowledge of the undisclosed event, committed themselves to acquire the securities on specified terms through participation in a security purchase plan, or
 - ii) where, in relation to an undisclosed event (such as the acquisition by a listed issuer of another issuer), a person or company who is neither an employee nor an insider of the listed issuer, is granted, or given the right to be granted at a set price, a stock option in the listed issuer, while the event is still undisclosed.

Amendment Procedures

- (l) Security based compensation arrangements cannot be amended without obtaining security holder approval unless the arrangement contains a provision empowering the listed issuer's board of directors (who may delegate this to a committee of the board) to make the specific amendment. Security holder approval is required for the introduction of and subsequent amendments to, such amending provisions. Disclosure provided to security holders voting on amending provisions, and annually, must state that security holder approval will not be required for amendments permitted by the provision.