13.1.3 TSX – Notice of Approval – Amendments to the TSX Company Manual to add Part X – Special Purpose Acquisition Corporations

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO THE
TORONTO STOCK EXCHANGE ("TSX") COMPANY MANUAL
TO ADD PART X – SPECIAL PURPOSE ACQUISITION CORPORATIONS

Introduction

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 amendments (the "Amendments") to add Part X – Special Purpose Acquisition Corporations to the TSX Company Manual (the "Manual") and to make ancillary amendments to Parts I and III and to Appendix C Escrow Policy Statement. The addition of Part X is a public interest amendment to the Manual, while the ancillary amendments are non-public interest. The Amendments were published for public comment in a request for comments on August 15, 2008 ("Request for Comments").

Reasons for the Amendments

Currently, TSX only approves for listing issuers with an operating business which meet certain financial requirements, as provided in Part III of the Manual. However, TSX has recently observed, in the United States, a growing number of issuers going public with the intention to later complete a qualifying acquisition by merging with or acquiring an operating company with the proceeds of such offering. Such financial vehicles are generally known as special purpose acquisition corporations or "SPACs", and such transactions are similar to reverse mergers or reverse takeovers. However, unlike reverse takeovers, SPACs generally offer: i) a clean public company shell; ii) more experienced management teams; iii) greater certainty of financing; and iv) a readily available retail and institutional securityholder base.

Recent SPAC offerings have included a wide range of investor protections that mitigate TSX's previous concerns about listing SPACs. SPACs bear some similarity to capital pool companies ("CPCs") in that both involve the creation of publicly-traded shell companies which later acquire an operating business using the initial proceeds raised. However, SPACs are much larger than CPCs and therefore involve more stringent investor protections. Part X takes into account SPAC rules recently adopted by the New York Stock Exchange and by NASDAQ, while also incorporating best commercial practices observed in the SPAC market in the United States.

As a result of the growing market acceptance of SPACs in the United States, and building on the CPC concept, TSX is adopting Part X to provide a framework for the listing of SPACs on TSX.

Summary of the Amendments

TSX received twelve comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix B**. TSX has made non-material changes to Part X and the ancillary amendments 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 publication of the Request for Comments is available at tsx.com/issuer resources.

Part X – Special Purpose Acquisition Corporations

Section 1002 – Exercise of Discretion

TSX has amended Section 1002 to clarify that discretion may be exercised in favour of granting or denying a SPAC application. However TSX must be satisfied in exercising its discretion that the fundamental investor protections provided in Part X are met, and in some cases must first have discussions with, and the concurrence of, the OSC.

Subsection 1002(c) and Section 1004 – Exercise of Discretion and Founding Securityholders' Interest

TSX has amended Sections 1002(c) and 1004 to provide guidance as to the appropriate level of the founding securityholders' equity interest in the SPAC rather than as a specific requirement. The founders' equity interest in the SPAC cannot properly be reviewed without reference to the price paid for the founding securities, as both are intrinsically linked. The founders' level of interest in the SPAC should be reflective of the quality of the founders as well as their financial contribution to the SPAC. TSX therefore agrees that there should be more flexibility with respect to considering the adequacy of the founding securityholders'

interest. TSX expects that founders' interest will be in the range of 10% to 20% of the outstanding equity of the SPAC. However, lower or higher levels may be acceptable depending on the financial and other contributions by the founders.

Comments received on the appropriate level of founding securityholder interest in a SPAC and the rules in connection therewith were varied. Please see Questions 2 and 3 in Appendix B for details.

Section 1006 – No Operating Business

Comments were received expressing concern with the prohibition against having entered into a "non-binding agreement with respect to a potential qualifying acquisition". Comments noted that SPACs could enter into confidentiality agreements or other non-binding expressions of interest which have numerous contingencies, consistent with a SPAC not having identified a qualifying acquisition, but perhaps being in the process of reviewing potential qualifying acquisitions.

The prohibition against having identified a qualifying acquisition target is to ensure that the IPO process is not subverted. TSX agrees that allowing a SPAC to enter into non-binding agreements, including confidentiality agreements and non-binding letters of intent, does not contravene this principle. TSX has amended Section 1006 accordingly. Please see comments to Question 4 in Appendix B.

Section 1014 – Use of SPAC proceeds and interest from permitted investments

TSX has added a reference to the use of SPAC IPO proceeds not required to be placed in escrow and the interest earned on permitted investments in payment of general working capital expenses. Comments were received requesting clarification about the permitted use of such funds. Please see comments to Question 10 in Appendix B.

Section 1016 – Pricing

TSX has revised the minimum price per security to $2.00 in order to afford more flexibility for the SPAC's capital structure while preserving an orderly market for such securities. Comments were received concerning the minimum price, primarily because TSX does not have a minimum price in its other original listing requirements. However, given the unique nature of SPACs, TSX supports setting a minimum price because an issuer without an operating business may be prone to more price volatility or price manipulation with an excessively low security price. However, TSX agrees that the minimum price need not be as high as $5.00 in order to achieve this objective and has amended the requirement accordingly. Please see comments to Question 25 in Appendix B.

Section 1024 – Securityholder and other approvals

Section 1024 has been amended to include a requirement that the qualifying acquisition must be approved by a majority of the SPAC's directors who are unrelated to the qualifying acquisition. TSX has added this requirement to ensure that directors related to the qualifying acquisition are not permitted to vote to approve the acquisition regardless of the jurisdiction of incorporation or the corporate form of the SPAC.

Sections 1027 and 1031– Payments for conversion rights and liquidation distributions

The time period for the payment to securityholders on exercise of conversion rights has been added to Section 1027, as well as clarification that such converted securities are to be cancelled. The time period for payment is 30 days after completion of the qualifying acquisition, which is consistent with the time period for payment on a liquidation distribution. We have further added provision for the potential impact of other applicable laws on the payment timeline for both conversion rights and liquidation distributions in Sections 1027 and 1031 respectively. Comments were received concerning the timeline for payments and the potential interaction with bankruptcy and insolvency laws that could impact the timing of such payments. Please see comments to Questions 16 and 23 in Appendix B.

Section 1032 – Liquidation distribution

TSX has revised Section 1032 to clarify that the proceeds from the founding securityholders' founding securities will not be part of the escrowed funds. Typically such proceeds are not part of the SPAC IPO proceeds and the proceeds, unlike the securities, are not governed by SPAC rules. This is consistent with the SPAC rules in the US. Part X does not prohibit an agreement with the founding securityholders to place proceeds from the founding securities into escrow. While Section 1032 referred to the escrowed funds required to be placed in escrow pursuant to Section 1010, Section 1032 was not consistent with Section 1010. The amendment corrects that inconsistency. Please see this comment under the "General" heading in Appendix B.

General

TSX has revised references to trust arrangements for the SPAC IPO proceeds and other applicable funds to refer instead to escrow. Comments were received on the trust terminology and the risk of confusion with trusts that are separate legal entities, with which TSX agrees. Please see these comments under the "General" heading in Appendix B.

TSX has made other minor technical amendments in the drafting of Part X.

Interpretation – Part I "permitted investments"

The definition has been revised to refer to the definitions of approved credit ratings and approved credit rating organizations in securities legislation in order to be consistent with securities legislation and the use of credit ratings thereunder. Please see this comment to Question 9 in Appendix B.

TSX Escrow Policy Statement

The TSX Escrow Policy Statement has been revised. Where escrow is applicable to an issuer listing on TSX by completing a qualifying acquisition with a SPAC, 10% (rather than 25%) of the founding securities will be released at the date of closing of the qualifying acquisition. The remainder of the founding securities will be released over the following 18 months. Securities other than the founding securities will be subject to the regular escrow requirements and release schedule, where applicable.

Comments were received suggesting an escrow requirement for founding securities to further align the interests of founding securityholders with SPAC securityholders upon completion of a qualifying acquisition. Please see Question 2 in Appendix B for details.

Other Matters

There are a number of requirements in Part X that impact prospectus disclosure. TSX intends to publish a Staff Notice summarizing the key disclosure requirements and other operational issues that may arise for SPACs. In addition to those set forth in the final version of Part X at Appendix A, TSX advises applicants of the following disclosure expectations:

1. In the SPAC IPO prospectus, issuers should disclose the valuation methods they intend to use in valuing the qualifying acquisition, particularly if the IPO prospectus discloses that a qualifying acquisition will be in a certain sector such that the method of valuation may be known in advance.

2. In the prospectus assuming completion of a qualifying acquisition, issuers should disclose whether there was a valuation. If there was, disclose whether it was independent and the method used to value the qualifying acquisition. If there was no valuation, disclose how the consideration paid for the qualifying acquisition was determined.

In addition, TSX advises applicants that it expects that information circulars prepared for qualifying acquisitions will wrap around the prospectus assuming completion of the qualifying acquisition, thus reducing duplicative or unnecessary work by issuers and their advisers, and ensuring the quality and consistency of the disclosure in the information circular.

"Know Your Client" and Suitability Obligations

Comments were received regarding investment product suitability. Please see Question 25 in Appendix B for details. At the request of the OSC, dealers are therefore reminded of their "know your client" and suitability obligations in connection with the sale of investment products including SPACs, and the dealers' obligation to identify risks and to communicate those risks when recommending investments to clients. Dealers are also referred to the draft Guidance Notice on Best Practices for Product Due Diligence issued for comment in October 2008 as part of the study by the Investment Industry Regulatory Organization of Canada (IIROC) on the manufacture and distribution by IIROC member firms of third party asset backed commercial paper in Canada (as may be updated and finalized), which is available at iiroc.ca.

Text of the Amendments

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

Effective Date

The Amendments will become effective on December 19, 2008.

APPENDIX A

PART X
SPECIAL PURPOSE ACQUISITION CORPORATIONS (SPACS)

Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

A. General Listing Matters

B. Original Listing Requirements

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

D. Completion of a Qualifying Acquisition

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

A. General Listing Matters

Securities to be Listed

Sec. 1001. To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections 1003 to 1018. The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

Exercise of Discretion

Sec. 1002. The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

(a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

B. Original listing Requirements

IPO

Sec. 1003. A SPAC must, concurrently with listing on the Exchange, raise a minimum of $30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

Sec. 1004. Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

Sec. 1005. The shares, warrants and/or units to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

No Operating Business

Sec. 1006. A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

Jurisdiction of Incorporation

Sec. 1007. The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

Capital Structure

Sec. 1008. A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a conversion feature, pursuant to which securityholders (other than founding securityholders) who voted against a proposed qualifying acquisition at a duly called meeting of securityholders may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect that each security held be converted into an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the exercise of the conversion right), divided by (2) the aggregate number of securities then outstanding; and

(ii) a liquidation distribution feature, pursuant to which securityholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in Section 1022, be entitled to receive, for each security held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of securities then outstanding less the founding securities;

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be exerciseable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a fixed date specified in the IPO prospectus, and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022; and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

Prohibition of Debt Financing

Sec. 1009. The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

Use of Proceeds Raised in the IPO and Escrow Requirements

Sec. 1010. Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent unrelated to the transaction and acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

Sec. 1011. The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest earned on the escrowed funds from the permitted investments.

Sec. 1012. The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to securityholders who exercise their conversion rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to securityholders in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

Sec. 1013. The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the securities as part of the liquidation distribution. Securityholders exercising their conversion rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

Sec. 1014. The proceeds from the IPO that are not placed in escrow and interest earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

Public Distribution

Sec. 1015. A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) at least 1,000,000 freely tradeable securities are held by public holders;

(b) the aggregate market value of the securities held by public holders is at least $30,000,000; and

(c) at least 300 public holders of securities, holding at least one board lot each.

Pricing

Sec. 1016. A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of $2.00 per share or unit.

Other Requirements

Sec. 1017. In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

(a) Section 325 – Management

(b) Section 327 – Escrow Requirements

(c) Section 328 – Restricted Shares

(d) Sections 338-351 – The Listing Application Procedure

(e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections 358-359 – Public Availability of Documents

(g) Section 360 – Provincial Securities Laws

Sec. 1018. A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

Additional Funds by way of Rights Offering Only

Sec. 1019. Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance of securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections 1010 to 1014. Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with Part VI of this Manual.

Sec. 1020. The Exchange will only permit additional funds to be raised by a listed SPAC pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

Other Requirements

Sec. 1021. Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V;

(b) Part VI, provided that, until completion of a qualifying acquisition, a listed SPAC may only issue and make securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition, for which securityholder approval will be required in accordance with Section 613;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

D. Completion of a Qualifying Acquisition

Permitted Time for Completion of a Qualifying Acquisition

Sec. 1022. A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 1023.

Fair Market Value of a Qualifying Acquisition

Sec. 1023. The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in Section 1022.

Securityholder and Other Approvals

Sec. 1024. The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition, and (ii) a majority of the votes cast by securityholders of the SPAC at a meeting duly called for that purpose. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved. The founding securityholders shall not be entitled to vote any of their securities with respect to the approval of the qualifying acquisition.

Sec. 1025. The SPAC may impose additional conditions on the approval of a qualifying acquisition, provided that the conditions are described in the information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public holders of securities vote against the proposed qualifying acquisition and exercise their conversion rights.

Sec. 1026. In connection with the securityholder meeting at which there will be a vote on a qualifying acquisition, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

Sec. 1027. In accordance with Section 1008, holders of securities who vote against the qualifying acquisition, must be entitled to convert their securities for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, securityholders who exercise their conversion rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such converted securities shall be cancelled.

Prospectus Requirement for Qualifying Acquisition

Sec. 1028. The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. The SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in Section 1026. If a receipt for the final prospectus is not obtained, completion of the qualifying acquisition will result in the delisting of the SPAC.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

Exchange Approval

Sec. 1029. The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC.

Escrow Requirements

Sec. 1030. Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

Sec. 1031. If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of securities on a pro rata basis, and in accordance with Section 1032.

Sec. 1032. In accordance with Section 1004, the founding securityholders may not participate in any liquidation distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation distribution. A liquidation distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest earned through permitted investments that remains in escrow shall also be part of the liquidation distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

Sec. 1033. If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

Sec. 1034. Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.

ANCILLARY PROPOSED AMENDMENTS TO PART I – DEFINITIONS

Definitions to be added to Part I:

"**escrowed funds**" means the funds placed in trust or escrow as required under Section 1010;

"**founding securities**" means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, on the secondary market or under a rights offering by the SPAC;

"**founding securityholders**" means insiders and equity securityholders of a SPAC prior to the completion of the IPO who continue to be insiders or equity securityholders, as the case may be, immediately after the IPO;

"**IPO prospectus**" means the final prospectus for the initial public offering of the SPAC;

"**listing application**" means an application for the original listing on the Exchange in the form found in Appendix A of the Manual;

"**permitted investments**" means investments in the following: cash or in book based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America; (ii) demand deposits, term deposits or certificates of deposit of banks listed Schedule I or Schedule III of the Bank Act (Canada), which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 – Prospectus and Registration Exemptions); (iii) commercial paper directly issued by Schedule I or Schedule III Banks which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - Prospectus and Registration Exemptions); or (iv) call loans to and notes or bankers' acceptances issued or accepted by any depository institution described in (ii) above;

"**principal regulator**" means the issuer's principal regulator determined in accordance with Multilateral Instrument 11-102 - Passport System;

"**qualifying acquisition**" means the acquisition of assets or one or more businesses by a SPAC which result in the issuer meeting the Exchange's original listing requirements set out in Part III of the Manual;

"**SPAC**" means a special purpose acquisition corporation;

ANCILLARY PROPOSED AMENDMENTS TO PART III – ORIGINAL LISTING REQUIREMENTS

Sec. 307. Companies applying for a listing on the Exchange are placed in one of three categories: Industrial(General), Mining or Oil and Gas. All special purpose issuers such as exchange traded funds, split share corporations, income trusts, investment funds and limited partnerships are listed under the Industrial (General) category. All SPACs are listed under the Industrial (General) category. If the primary nature of a business cannot be distinctly categorized, the Exchange will designate the company to a listing category after a review of the company's financial statements and other documentation.

Sec. 308. There are specific minimum listing requirements for each of the three categories of companies. These requirements are set out in the following sections:

Industrial (excluding SPACs)	Sections 309 to 313
Mining	Sections 314 to 318
Oil and Gas	Sections 319 to 323

For SPACs, the minimum listing requirements, as well as other requirements, are set out in Part X.

The minimum listing requirements should be read in conjunction with the Exchange policy on quality of management, as set out in Section 325.

ANCILLARY PROPOSED AMENDMENTS TO
APPENDIX C
TORONTO STOCK EXCHANGE'S ESCROW POLICY STATEMENT

I. Introduction

Effective June 30, 2002, the Canadian Securities Administrators ("CSA") introduced National Policy 46-201, *Escrow for Initial Public Offerings* (the "National Policy"), and a standard form of escrow agreement, Form 46-201F1, *Escrow Agreement* (the "Escrow Form"), in connection with the National Policy.

As determined by the CSA, the fundamental objective of escrow is to encourage continued interest and involvement in an issuer, for a reasonable period after its initial Public Offering ("IPO"), by those principals whose continuing role would be reasonably considered relevant to an investor's decision to subscribe to the issuer's IPO.

All terms contained in the TSX Escrow Policy are as defined in the National Policy.

II. Application of the National Policy

Under the National Policy, escrow is not required for an issuer listing on TSX that, immediately after completion of its IPO, is:

i) classified by TSX under sections 309.1, 314.1, or 319.1 of this Manual, as applicable, as an exempt issuer; or

ii) a non-exempt issuer with a market capitalization of at least $100 million.

All other issuers completing initial public offerings and listing on TSX will be subject to the National Policy. Principals of such issuers will be required to place their securities in escrow under an escrow agreement in accordance with the terms of the National Policy, to be administered by the relevant CSA jurisdiction and not by TSX.

III. Application of the TSX Escrow Policy

The TSX Escrow Policy applies to issuers not otherwise subject to the National Policy that have:

i) listed on TSX by completing reverse takeovers of TSX listed issuers ("backdoor listings");

ii) listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X; or

iii) conducted their IPOs in markets outside of a CSA jurisdiction within the 12 months preceding the date of the TSX listing application.

In deciding whether escrow is appropriate for such issuers, TSX will apply the principles of the National Policy. The provisions of the National Policy will be applied by TSX, including the use of the Escrow Form. TSX will administer escrow agreements entered into under the TSX Escrow Policy.

Subject to such terms and conditions as it may impose, TSX may:

i) exempt a person or issuer from the provisions of the TSX Escrow Policy otherwise applicable; or

ii) impose restrictions on a person or issuer beyond, or in addition to, those contained in the National Policy as applied to the TSX Escrow Policy where, in TSX's opinion, it would be in the public interest to do so.

Exchange discretion with respect to the escrow requirements applicable to founding securities may only be exercised after discussions with, and the concurrence of, the OSC.

For issuers where escrow is required, other than the founding securities held by founding securityholders of issuers listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X, a principal's escrow securities are to be released as follows:

On the date issuer's securities are listed on TSX (the listing date)	$^1/_4$ of the escrow securities
6 months after the listing date	$^1/_3$ of the remaining escrow securities
12 months after the listing date	$^1/_2$ of the remaining escrow securities
18 months after the listing date	the remaining escrow securities

For issuers where escrow is required, for founding securities held by founding securityholders of issuers listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X, the founding securityholders' founding securities are to be released as follows:

On the date issuer's securities are listed on TSX (the listing date)	$^1/_{10}$ of the founding securities
6 months after the listing date	$^1/_3$ of the remaining founding securities
12 months after the listing date	$^1/_2$ of the remaining founding securities
18 months after the listing date	the remaining founding securities

For issuers listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X, the listing date for purposes of this Escrow Policy is the date of closing of the qualifying acquisition by the SPAC.

IV. Administration of Existing Escrow Agreements

Issuers may apply to TSX to amend the terms of existing TSX escrow agreement and to request the transfer of securities within escrow or the early release of securities from escrow to reflect the release terms of the National Policy. For non-TSX escrow agreements, issuers must apply to the relevant exchange or relevant CSA jurisdiction under which the escrow agreement was originally entered into for any specific request to approve the transfer of securities within escrow or for the early release of securities from escrow.

The National Policy and the Escrow Form may be found on the web sites of CSA members including, but not limited to, the Ontario Securities Commission (www.osc.gov.on.ca).

APPENDIX B

SUMMARY OF COMMENTS
PART X – SPECIAL PURPOSE ACQUISITION CORPORATIONS (SPACS)

List of Commenters:

Borden Ladner Gervais LLP, Securities and Capital Markets Practice Group (BLG)

Canadian Foundation for Advancement of Investor Rights (FAIR)

Farris, Vaughan, Wills & Murphy LLP (Farris)

Kenmar Associates (Kenmar)

Lang Michener LLP (Lang)

Ogilvy Renault LLP (Ogilvy)

Osler, Hoskin & Harcourt LLP (Osler)

Scotia Capital Inc. (Scotia)

Stikeman Elliott LLP (Stikeman)

William Mackenzie (Mackenzie)

Two Commenters requested confidentiality (Confidential commenter)

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments for public interest amendments to add Part X – Special Purpose Acquisition Corporations to the TSX Company Manual, published in the OSC Bulletin on August 15, 2008.

Summarized Comments Received	*TSX Response*
Question 1: Is $30,000,000 minimum raised on the IPO appropriate? If not, why, and what would be an appropriate amount?	
Commenters were divided on this question. A number felt $30 million was high for the Canadian marketplace (Stikeman, BLG, Lang, Farris) and that a lower number would provide more flexibility and accessibility. Comparisons were made to the CPC program. It was suggested that the minimum should coincide with the maximum amount that can be raised under the CPC program (BLG), or more closely align with the CPC maximum (Lang). One commenter suggested the minimum should be higher, at $50 million, because of illiquidity concerns in the secondary market (Scotia), although another felt a lower minimum made sense based on the same illiquidity concerns (BLG).	SPACs are not merely larger CPCs, as they are intended to provide a listed vehicle for experienced management that have the credibility to raise sufficient funds for a qualifying acquisition that will meet the original listing requirements of TSX. While a lower minimum would arguably make SPACs more accessible, it is necessary to balance accessibility with credibility. The minimum size is also relevant to the structure of the SPAC. SPACs raising less than $30 million will likely encounter difficulty with the fundamental features of the vehicle, including having sufficient working capital in light of the escrow requirements, and completing a qualifying acquisition which meets TSX original listing requirements. No change is therefore proposed.
Other commenters agreed that $30 million was generally appropriate for the Canadian market (two confidential commenters). One commenter suggested specifying the minimum can also be the equivalent in US dollars, to accommodate US investors and dual listings (Osler).	SPACs raising an amount equivalent to at least C$30 million in US dollars (or another currency) will meet this requirement.

Summarized Comments Received	*TSX Response*
Question 2: Is it appropriate to require the founders to hold securities equal to at least 10% of the proceeds raised in the IPO? Is it appropriate that the founders be permitted to purchase securities at less than the IPO price taking into account the limitations on transfers, voting and liquidation prior to completion of a qualifying acquisition?	
Comments on this question were varied. Two commenters supported the proposed 10% minimum founder's interest in the SPAC as an incentive (BLG) and because it is consistent with market practice (confidential commenter). Another commenter proposed removing the percentage minimum and leaving it to TSX discretion suggesting that guidance could instead be provided, and noting that neither NYSE nor NASDAQ has this requirement (Osler). One commenter suggested that an equity position is appropriate for founders, but at the IPO price (Scotia) to a minimum of 10% and a maximum of 15%. Scotia also submitted that if founders pay the IPO price for securities, it mitigates against management supporting an acquisition that is worth less than the IPO price. Another commenter proposed that founders' participation in excess of 10%, should be at a minimum price taking into account the IPO price (i.e., not less than 50% of the IPO price) subject to a maximum participation of 20% (BLG).	The founder's equity interest post-IPO cannot properly be reviewed without reference to the price paid for the founder securities, as both are intrinsically linked. The founders' level of interest should be reflective of the quality of the founders as well as their financial contribution to the SPAC. TSX therefore agrees that there should be more flexibility with respect to considering the adequacy of the founders' interest. Accordingly, TSX has amended Sections 1004 and 1002(c) to provide guidance as to the appropriate level for the founders' equity interest rather than as a specific requirement. TSX expects that founders' interest will be in the range of 10% to 20% of the outstanding equity of the SPAC. However, lower or higher levels may be acceptable depending on the financial and other contributions by the founders. TSX believes that founders are critical to the success of a SPAC and that unduly restricting their interests could negate the marketability and viability of SPACs as investment vehicles. TSX also believes that founder participation will be subject to negotiation between the underwriters and the founders and will take account relevant factors such as the experience and the track record of the founders as well as the sector (if specified) of the potential qualifying acquisition.
Some commenters considered founder securities as pay for performance, suggesting that securities received by founders vest only after the successful completion of a qualifying acquisition, with the share price at or above the IPO price immediately after the shareholder vote approving a qualifying acquisition (Mackenzie, Kenmar). One commenter suggested that it was inappropriate for founders to hold pre-IPO securities, unless contingent on performance after the qualifying acquisition (Mackenzie). This same commenter also proposed that the maximum founder interest should taper for larger IPOs. Another commenter suggested that founder securities be held for a minimum of 12 months after completion of a qualifying acquisition and time released over a three-year period (FAIR). Alternatively, this commenter suggested issuing stock options at the IPO price for up to 10% of the securities outstanding after the IPO, which would then vest over a three-year period after completion of a qualifying acquisition.	TSX recognizes that founders often have much at risk in a SPAC, both financially and reputationally, and may also be required to support administrative expenses of the SPAC until a qualifying acquisition. In addition, SPACs will not be able to adopt security-based compensation arrangements prior to completion of a qualifying acquisition. The incentive to permit founders to purchase securities at less than IPO price compensates founders for their time and risk. The restrictions on the transfer, voting and liquidation rights on founder securities further secures the founders' continued participation and aligns their interests with other SPAC securityholders. Members of the Canadian Securities Administrators are however requiring a more stringent escrow of founding securities where escrow is applicable in order to further align the interests of founding securityholders with SPAC securityholders upon completion of a qualifying acquisition. The TSX Escrow Policy Statement has therefore been revised to provide that where escrow is to be applied to an issuer that is listed on TSX by completing a qualifying acquisition with a SPAC as contemplated under Part X, 10% of the founding securities will be released at the date of closing of the qualifying acquisition. The remainder will be released on a time release basis over the following 18 months.

Summarized Comments Received	*TSX Response*
	TSX notes that in the past, escrow releases were sometimes pegged to performance targets. However, securities legislation and Exchange requirements have now migrated to time release escrows, as provided in National Policy 46-201 – Escrow for Initial Public Offerings ("NP 46-201") and the TSX Escrow Policy Statement. TSX will apply the TSX Escrow Policy Statement as revised to incorporate SPACs and founding securities. TSX notes that supplemental escrow requirements, performance based release terms and resale restrictions may be negotiated if dictated by the market.
Question 3: Should founding securityholders be limited to a maximum equity interest without an equity contribution which is equivalent to other securityholders? If so, what would be an appropriate level?	
As noted in Question 2, comments were made in support of a maximum equity interest for founders that is tied to the price paid by founders for such securities.	See the response to Question 2 above. TSX agrees to specify, as guidance, both a minimum and maximum percentage of securities that can be purchased by founders at less than the IPO price. This will allow more balance and flexibility for SPACs. Sections 1004 and 1002(c) have been amended accordingly.
Question 4: Is it appropriate to prohibit the identification of a qualifying acquisition target prior to the listing of the SPAC on TSX?	
Two commenters expressed support for the requirement that the SPAC cannot have an identified qualifying acquisition prior to listing (confidential commenter, BLG). Other comments received related to the restrictions in Section 1006. In particular, several commenters expressed concern with the prohibition against having entered into a "non-binding agreement with respect to a potential qualifying acquisition" (Stikeman, Osler, confidential commenter). Commenters were seeking clarification on what types of non-binding agreements were prohibited and the rationale for such a prohibition. They noted that SPACs could enter into confidentiality agreements or other non-binding expressions of interest which have numerous contingencies, consistent with a SPAC not having identified a qualifying acquisition, but perhaps being in the process of reviewing potential qualifying acquisitions. One comment suggested that SPACs should be permitted to have an identified target qualifying acquisition prior to listing (confidential commenter).	The prohibition against having identified a qualifying acquisition target is to ensure that the IPO process is not subverted. TSX agrees that allowing a SPAC to enter into non-binding agreements, including confidentiality agreements and non-binding letters of intent, does not contravene this principle. Accordingly, the prohibition against non-binding agreements has been removed. In the United States, there are strict prohibitions against the identification of a potential qualifying acquisition at the time of the SPAC IPO. Under the CPC program, a potential qualifying transaction can be quite advanced at the time of the CPC IPO. In Europe, at the time of the IPO, a SPAC may have already identifed a specific target and may be very advanced in negotiating the qualifying acquisition. The approach adopted by TSX therefore falls in between the spectrum set by the US, the CPC program and Europe.
Question 5: Should securityholders be entitled to an amount other than their pro rata share of the proceeds held in trust in the event that the conversion right is exercised or the liquidation distribution occurs?	
There were no comments received suggesting securityholders should be entitled to any amount other than their pro rata share of proceeds on conversion or liquidation. However a number of comments were received with respect to conversion rights and the process for conversion and liquidation. See Questions 16 and 17.	TSX believes that securityholders should be entitled to their pro rata share of the proceeds held in trust on exercise of conversion rights or in a liquidation distribution. No change is proposed.

Summarized Comments Received	*TSX Response*
Question 6: Is it appropriate that the warrants will separate immediately after completion of the IPO, but not be exercisable until the completion of the qualifying acquisition? Why or why not?	
Commenters generally agreed that it was appropriate and consistent with market practice for warrants to separate after completion of the IPO and not be exercisable until the completion of the qualifying acquisition (Osler, Scotia, confidential commenter). One commenter however expressed that the warrants should not separate until after the qualifying acquisition is completed and should be exercisable for two years thereafter. This commenter also thought the warrant incentive was too complicated for investors (BLG).	TSX believes that it would be detrimental to the marketability and viability of SPACs if the warrants did not separate immediately after the IPO. Restricting the exercise of the warrants until after completion of the qualifying acquisition is sufficient protection against dilution of the SPAC. No change is therefore proposed.
Question 7: Is it appropriate to restrict debt financing to the time of or after completion of a qualifying acquisition? Why or why not?	
Two commenters supported the debt financing restrictions (BLG, Scotia) while another also supported the restrictions, but only with respect to third party financing (Osler). It was noted that it would not be appropriate for a shell company with cash to be leveraged (BLG). Another comment supported a SPAC being permitted to have an operating line of credit of up to 10% of the gross proceeds from the IPO (Scotia). Other commenters suggested that debt financing should not be restricted, in order to provide the SPAC with flexibility and funding to negotiate a qualifying acquisition (Stikeman, confidential commenter, Lang). It was proposed that debt obligations could be subordinated to securityholder rights (Stikeman). It was also suggested that founders should be able to fund the SPAC through debt, which would not be repayable until after a qualifying acquisition, and that TSX could pre-clear such arrangements (Osler).	TSX believes that it is inappropriate and in most cases unnecessary for SPACs to be leveraged prior to the qualifying acquisition. The restriction on debt financing will discipline management's expenses and use of funds. In accordance with Section 1009, debt financing may be entered into prior to the completion of a qualifying acquisition, provided that it is not drawn down upon other than concurrently or following the completion of a qualifying acquisition. Therefore, a SPAC will be able to use debt to satisfy in part the consideration payable for the qualifying acquisition and expenses related to such acquisition. If additional funds are needed before completion of a qualifying acquisition, the SPAC may complete a rights offering. No change is therefore proposed.
Question 8: Are 90% of gross proceeds raised on the IPO an appropriate minimum amount to be put into trust? If not, why, and what would be an appropriate amount?	
Comments provided in response to this question varied. Some commenters expressed concern that the minimum amount of gross proceeds to be put in trust may not provide SPACs with sufficient funds for administrative expenses until the qualifying acquisition (Farris, BLG, confidential commenter). One commenter suggested that approval of the independent directors, or of securityholders, should be sufficient to permit the use of additional trust proceeds for expenses (BLG). One commenter proposed that the minimum amount to be put in trust should be the lesser of: (i) 90%, and (ii) the gross proceeds less $6 million. Alternatively, the minimum should be set at 80% (confidential commenter). It was also recommended to increase the minimum amount of proceeds to be placed in trust to 95% in order to mitigate the SPAC trading down after the IPO which can lead to	The paramount objective of maintaining the proceeds in trust is to preserve funds to make a qualifying acquisition that will meet TSX original listing requirements, or alternatively, to maximize funds available for distribution upon liquidation or conversion. While this may limit the SPAC's working capital, the principal objective is to preserve the funds raised in the SPAC IPO. The recent trend in the U.S. has been toward 100% of the IPO proceeds being placed in trust, with working capital principally provided through the founders' investment and the interest from the funds in trust. TSX believes that having a minimum of 90% of the IPO proceeds in trust provides the SPAC with sufficient ability to fund its working capital needs while preserving sufficient funds for the SPAC to make a qualifying acquisition. No change is therefore proposed.

Summarized Comments Received	*TSX Response*
arbitrage opportunities for hedge funds (Scotia). This commenter also suggested that SPAC expenses be paid from a line of credit. One commenter submitted that 100% of the SPAC IPO proceeds should be put into trust (FAIR), while another commenter suggested no minimum was necessary, like AIM and AMEX, particularly given the relatively small market capitalization (confidential commenter).	
Question 9: Is it appropriate to require that the trust funds be invested in certain permitted investments? Should the SPAC be permitted to invest the funds as it sees fit, subject to disclosure in the IPO prospectus?	
One commenter recommended there be no requirement that the funds be invested in permitted investments and proposed that the list of permitted investments is too restrictive (BLG). Another commenter submitted that the SPAC should not be permitted to invest the funds as it sees fit, even if it is disclosed, since it is not the purpose of the vehicle (Scotia). A drafting suggestion was made to expand the list of permitted rating agencies in the definition of permitted investments (Stikeman).	As noted above, the paramount objective of maintaining the proceeds in trust is to preserve funds to make a qualifying acquisition that will meet TSX original listing requirements, or alternatively for distribution upon liquidation or conversion. In support of this objective, SPAC IPO proceeds should only be invested in permitted investments. No change is therefore proposed. The CSA has recently published a consultation paper seeking comments on a proposal for reducing reliance on the use of credit ratings in securities legislation. The definition of permitted investments will be revised to refer to approved credit rating organizations and approved credit ratings as defined in National Instrument 45-106 so that it may conform with changes that may be made in securities legislation in the future.
Question 10: Is it appropriate to permit the SPAC to use the interest from permitted investments provided any intended use is disclosed in the IPO prospectus? Why or why not?	
Three commenters responded that it is appropriate to use the interest generated from permitted investments toward SPAC expenses (BLG, Scotia, confidential commenter). One commenter suggested that it is not necessary to disclose the use in the prospectus since it will be subject to the oversight of the board of directors of the SPAC (BLG). A question was asked concerning whether the interest could be used to pay the SPAC's public company expenses or other expenses, such as litigation (Stikeman).	As set forth in Section 1014, SPACs may use the interest from permitted investments for expenses, provided such proposed uses are disclosed in the SPAC IPO prospectus. A small drafting amendment has been made to clarify that the interest may be used toward the SPAC's general administrative expenses after the IPO.
Question 11: Should 50% of the underwriters' commissions be required to be placed in trust only to be paid upon successful completion of a qualifying acquisition?	
It was suggested that this requirement will lead to an increase in overall underwriter commissions and incent the completion of borderline qualifying acquisitions (confidential commenter, Mackenzie). It was also proposed that the amount deferred should be negotiated between the founders and the underwriters rather than be required (Osler, two confidential commenters). TSX could then use its discretion in determining whether the amount deferred is appropriate (Osler).	TSX supports the alignment of the underwriters' interests with those of securityholders. The underwriters' commission should not be fully paid until such time as a qualifying acquisition is successfully completed. Should the SPAC fail to make a successful qualifying acquisition, a significant portion of the commission should be available to be returned to securityholders upon liquidation. Rather than leaving the amount of deferred underwriters' commission to be negotiated, TSX believes a consistent standard should be imposed to protect investors. On balance, the benefits of

Summarized Comments Received	*TSX Response*
One commenter agreed that the deferral requirement proposed by TSX is appropriate (Scotia).	greater protection afforded to securityholders by deferring the commission are believed to be greater than any potential harm that may be caused by the higher commissions or incentives. No change is therefore proposed.
Question 12: Is the application of TSX standard distribution requirements of 300 public holders holding at least one board lot and 1,000,000 freely tradeable securities appropriate? If not, why, and what would be an appropriate alternative?	
One commenter suggested reducing the required number of board lot holders to 200 as for CPCs since retail distribution will not be greater than a CPC and because a SPAC need not trade as actively as an operating issuer (BLG). Another commenter noted that the proposed distribution requirements are appropriate (Scotia).	No change is proposed. TSX notes that the distribution requirement of 200 board lot holders for CPCs is the same as those for all TSX Venture issuers. TSX is similarly proposing the same distribution requirements for SPACs as for all TSX issuers. There does not appear to be a significant reason to apply different distribution requirements for SPACs. TSX further believes that the distribution requirements will contribute to an orderly secondary market for SPAC securities.
Question 13: Is it appropriate to limit the additional issuance of securities following the IPO and prior to the completion of a qualifying acquisition? Why or why not?	
Some commenters supported the proposed limits on equity issuances in order to prevent dilution (Scotia, BLG).	As stated in the request for comments, TSX believes that SPAC securityholders must be protected against dilution prior to the qualifying acquisition.
Comments were also received submitting there should be no restrictions (confidential commenter, Stikeman). It was noted that CPCs do not have such restrictions (Stikeman). Some comments raised concern that the SPAC may not have sufficient funds to cover expenses and to negotiate a qualifying acquisition (Lang, Stikeman) and should therefore have the ability to complete equity financings prior to the qualifying acquisition.	The restriction is not relevant to CPCs because funds are not returned to securityholders if the CPC fails to make a qualifying acquisition. Further, a clear restriction on the SPACs ability to raise additional debt or equity imposes discipline on expenditures. No change is therefore proposed. See also the discussion about restrictions on debt financing at Question 7 and the response to Question 14 below.
Question 14: Is it appropriate to require SPACs raising additional capital to do so by a rights offering or should other means, such as private placements and public offerings, be permitted? Why or why not?	
Comments were received that SPACs should have flexibility to raise money if needed to facilitate a qualifying acquisition and not be subject to such a restriction (Stikeman, confidential commenter). It was proposed that if private placements are permitted, they should be required to be at the IPO price or greater, net of underwriting fees, for cash only, and subject to the same requirements as currently proposed for rights offerings (BLG). Another commenter suggested that a rights offering is acceptable, but that the proceeds should be permitted to be 100% allocated to working capital expenses (Lang). However others supported the restrictions and the allocation of funds raised as proposed by TSX (BLG, Scotia).	Protection against dilution is of paramount importance. If necessary, funds may be raised through a rights offering prior to completion of a qualifying acquisition. Funds raised by way of a rights offering must be placed into trust in the same proportion as the funds raised on the IPO. This restriction provides management with the incentive to plan and control expenses, while protecting SPAC investors from dilution and preserving proceeds to make a qualifying acquisition. It should also be noted that equity financings may be completed concurrently with the qualifying acquisition. See also the discussion of debt financing at Question 7.

Summarized Comments Received	*TSX Response*
	No change is therefore proposed.
Question 15: A SPAC listed on TSX must complete a qualifying acquisition within three years of the date of the closing of the distribution under the IPO prospectus. Is this timeline appropriate? If not, why, and what would be an appropriate alternative timeline?	
Three commenters agreed that three years is an appropriate timeline to complete a qualifying acquisition (BLG, Farris, confidential commenter). Two of these commenters suggested permitting the timeline to be extended with securityholder approval to prevent prejudice in negotiations toward the end of the timeline (BLG, Farris). One commenter proposed that the maximum should be only two years (Scotia).	TSX believes that three years is sufficient to complete a qualifying acquisition. This timeline is also consistent with that provided by other markets. Other markets also do not allow SPACs to extend the time period. A maximum of only two years may be unduly restrictive and create a competitive disadvantage. Under the rules, a SPAC which does not complete a qualifying acquisition will be delisted at the completion of the liquidation distribution. After delisting, Part X no longer applies to the SPAC. Consequently, SPAC investors would no longer be protected by the safeguards provided under Part X. No change in the time period nor permission for securityholder extension are therefore proposed. However, Section 1033 has been amended to clarify that a SPAC which does not complete a qualifying acquisition within the permitted time will be delisted.
Question 16: If a securityholder votes against a proposed qualifying acquisition, should there be a conversion right? Why or why not?	
Some commenters were concerned about the uncertainty caused by the conversion right since it will reduce the amount of proceeds available for the qualifying acquisition. One commenter submitted there should be no conversion rights (BLG). Another remarked that the rights are critical to the marketability of SPACs (confidential commenter).	The conversion rights granted to securityholders voting against the qualifying acquisition are an important investor protection feature and are fundamental to the vehicle. No change is therefore proposed.
Procedurally, clarification was sought on: (i) whether securities that are exercised for conversion are to be cancelled; (ii) the length of the notice period; and (iii) whether securities have to be voted against a qualifying acquisition in order to be converted (Stikeman).	Section 1008(a)(i) provides that securities issued by the SPAC must be convertible for securityholders who vote against a proposed qualifying acquisition. The SPAC will notify securityholders of applicable notice periods and other requirements in the information circular. TSX expects that converted securities will be cancelled and has amended Section 1027 to clarify this point.
Question 17: Should TSX require that a qualifying acquisition not proceed if a certain threshold percentage of securityholders exercise their conversion rights? If yes, what is an appropriate threshold? In conjunction with a conversion right threshold, should TSX review the resulting issuer on a continued listing basis rather than an original listing basis? Why or why not?	
It was generally agreed that SPACs should be responsible to set a threshold on conversion rights (Farris, confidential commenter). However, one comment was received submitting that TSX should not permit a qualifying acquisition to proceed if 20% or more securityholders exercise their conversion rights (Scotia).	Section 1025 generally permits a SPAC to impose conditions on the approval of a qualifying acquisition, and specifically permits issuers to set a percentage limit on conversion rights by public holders of securities. NYSE has set such maximum threshold at 40%, and only requires the issuer resulting from the qualifying acquisition to meet continued listing requirements, rather than original listing requirements. Therefore, the maximum threshold set by

Summarized Comments Received	*TSX Response*
Two commenters noted that in the U.S., large investors or groups of investors (often hedge funds) have blocked or threatened to block qualifying acquisitions. These commenters suggested that TSX rules explicitly permit a SPAC to set a maximum number of securities that can be converted by larger investors or by a group of investors acting in concert (Osler, Farris).	NYSE on conversion helps ensure that the qualifying acquisition is adequate. Under the rules proposed by TSX, the issuer resulting from the qualifying acquisition will have to meet TSX original listing requirements. TSX therefore believes that the adequacy of the qualifying acquisition is protected without requiring a specific threshold on conversion rights to be set under Part X. No change is therefore proposed. The rules do not prohibit a feature which limits the exercise of conversion rights by large securityholders or securityholders acting as a group. However TSX would expect such a limitation to be adequately disclosed in the SPAC IPO prospectus.
Question 18: Is it appropriate to require the minimum value of a qualifying acquisition be at least 80% of the IPO proceeds in trust? Why or why not?	
Two commenters suggested that no minimum is necessary (BLG, confidential commenter). One suggested this because the SPAC has to meet original listing requirements taking into account the qualifying acquisition (BLG), while the other noted that other markets such as AIM and AMEX have no such requirement (Confidential commenter). One commenter agreed with this minimum because it mitigates concerns that a SPAC would instead make small acquisitions (Scotia).	TSX believes that it is important to set a minimum value for the qualifying acquisition relative to the proceeds raised in the SPAC. This will not only allow the resulting issuer meeting TSX original listing requirements, but also ensure the SPAC IPO proceeds are used as intended. This is a fundamental feature which supports the principal objective of the vehicle. No change is therefore proposed.
Question 19: If a qualifying acquisition is composed of multiple acquisitions, is it appropriate to require them to close concurrently in order to satisfy the fair market value of the qualifying acquisition?	
Three commenters suggested concurrent closings for multiple acquisitions are unnecessary (Stikeman, BLG, Scotia) and noted that they may be difficult to accomplish. Another commenter noted this is consistent with market practice (confidential commenter).	TSX acknowledges that concurrent closings may be difficult to accomplish. However, concurrent closings may be necessary to ensure that the qualifying acquisition(s) have a minimum value of at least 80% of the SPAC IPO proceeds. As noted above, this will not only support the resulting issuer meeting TSX original listing requirements, but also ensure the SPAC IPO proceeds are used as intended. No alternative solution seems apparent which would meet these objectives. No change is therefore proposed.
Question 20: Is it appropriate to require SPAC issuers to obtain a receipt for a prospectus that assumes completion of a qualifying acquisition prior to mailing the information circular and completing the qualifying acquisition? Why or why not?	
A number of comments received did not support the requirement for a SPAC to obtain a receipt for a prospectus assuming completion of a qualifying acquisition (Ogilvy, Farris, Scotia, BLG, Lang, Stikeman). These comments focused on the information being available in the information circular, such that the prospectus requirement was excessive and unnecessary, providing no additional benefits or investor protections, and resulting in regulatory duplication. It was also noted that the prospectus would lead to additional costs, delays and uncertainty.	TSX thanks the commenters for their input on this point. However, members of the Canadian Securities Administrators are requiring that the prospectus requirement remain as originally proposed to provide a layer of investor protection. Members of the Canadian Securities Administrators currently review information circulars filed on SEDAR by reporting issuers as part of their CD review programs. However, it remains the responsibility of the reporting issuer

Summarized Comments Received	*TSX Response*
One commenter noted the existence of a prospectus and registration exemption specifically contemplating relief for an amalgamation, merger, reorganization or arrangement that is described in an information circular (Section 2.11, National Instrument 45-106) (Ogilvy). This exemption, together with the current disclosure regime for information circulars, contemplates full prospectus level disclosure in an information circular, not a prospectus. Comments included reference to many circumstances in which an information circular with prospectus level disclosure is sufficient, i.e., reverse take-overs, arrangements (Farris). Of particular note, a number of comments provided that the prospectus requirement does not improve the position of investors. Investors will receive prospectus level disclosure in the information circular and are protected by the secondary market liability regime. (Ogilvy. Farris). Investors were considered to be sufficiently informed and protected through the information circular and other existing protections (Lang, Farris, Ogilvy, Scotia, BLG, confidential commenter) and notably, have a significant exit strategy (Osler).	to ensure that the information circular that it filed complies with applicable securities legislation, policies and practices prior to it being sent to securityholders. Although pre-clearing the information circular could be a viable alternative, it would take some time to develop a system for the securities regulators to pre-clear an information circular rather than a prospectus, which would delay the introduction of Part X. TSX expects that information circulars will append the prospectus in order to ensure it contains the same disclosure.
Comments were received suggesting that if a prospectus is required, the review of the prospectus and information circular should be concurrent, to prevent additional delays (two confidential commenters, Lang). A confidential review process was also suggested to decrease unforeseen delays. It was further submitted that only the issuer's principal regulator should need to issue a receipt (Stikemans).	See the response at Question 20.
Question 21: What are the benefits of the SPAC clearing a prospectus prior to mailing the information circular and completing the qualifying acquisition? What are the costs? Please consider all stakeholders, including securityholders, the public and the marketplace.	
No benefits were put forth in the comment letters received. Costs noted included those associated with additional delays, uncertainty as well as incremental legal costs, prospectus preparation and filing costs.	See the response at Question 20.
Question 22: Will the prospectus requirement materially affect costs and timing of a qualifying acquisition? If yes, how? How do these costs and timing issues compare with benefits provided by the prospectus?	
See Question 21.	
Question 23: Is the time frame for liquidation and distribution appropriate? Why or why not?	
Generally, commenters supported the time frame as reasonable and consistent with market practice (Scotia, BLG, confidential commenter). However, it was also suggested that securityholders should be able to vote to extend the time before liquidation to permit a qualifying acquisition (BLG, Farris). One commenter further submitted	As noted under Question 15, a SPAC will be delisted and will have to complete a liquidation distribution if it fails to make a qualifying acquisition in the permitted time. Even with securityholder approval, it would not be appropriate to permit a SPAC to continue, since the Part X would no longer apply to the delisted SPAC. No change is therefore

Summarized Comments Received	*TSX Response*
that the vote could be a majority of the minority, excluding securities held by founders (BLG).	proposed.
Some commenters were concerned about the interaction of the liquidation distribution requirements with corporate solvency restrictions and bankruptcy laws (Stikeman, Osler) and suggested providing flexibility to address inconsistencies that could arise in this respect (Osler).	TSX does not expect SPACs to initiate bankruptcy or winding up proceedings prior to a liquidation distribution. However, a minor amendment has been made to Section 1031 to accommodate other applicable laws that could impact timing of payments under a liquidation distribution scenario.
Question 24: Are there any additional requirements or rules that would be appropriate for SPACs that should be considered?	
One comment letter suggested that IPO costs for the SPAC be capped at 2% of gross proceeds (Scotia). The same commenter proposed that over-allotment options issued at the IPO are appropriate to permit secondary market stabilization efforts.	TSX does not regulate or provide guidance on IPO or other financing costs. The issuance of over-allotment options for a SPAC IPO will be governed by applicable securities legislation.
Question 25: Are there additional factors, not discussed in this Request for Comments, to consider in adopting Part X?	
A number of comments were received concerning the minimum price per security of $5. It was noted that TSX does not set a minimum security price for other listings (Lang, Farris) and that the minimum on NYSE is $4 per security (Osler).	TSX recognizes that it does not have a minimum price in its other original listing requirements for non-SPAC issuers. However, given the unique nature of SPACs, TSX supports setting a minimum price because an issuer without an operating business may be prone to more price volatility or price manipulation with an excessively low security price. In addition, distribution requirements would be impacted with a security price below $1, because at that price level, a board lot is set at 500 securities, rather than 100 securities However, TSX agrees that the minimum price need not be as high as $5.00 in order to achieve this objective. The minimum price has therefore been reduced to $2.00 per security in order to afford more flexibility for the SPACs capital structure while preserving an orderly market for such securities.
Two comments were received with respect to product suitability, particularly for retail investors (Kenmar, FAIR). One commenter suggested the product only be available to accredited investors (FAIR).	TSX does not generally regulate whether certain financial products are suitable for particular purchasers. Registered dealers are expected to know their clients and whether certain products are suitable for their investment profiles. However, it should be noted that the rules being proposed for SPACs contain a number of measures to bolster investor protection which support the suitability of the product for a range of investors.
Question 26: Are there additional ancillary rule amendments, not discussed in this Request for Comments, to consider in adopting Part X?	
No comments were received.	

Summarized Comments Received	*TSX Response*
General:	
General support for the proposal was provided by a number of commenters. One commenter noted that SPACs may help small and mid-cap entities in Canada grow, and suggested that simple rules will help to support the success of the proposal (BLG). Other commenters support the adaptation of Canadian regulations to evolving global markets in which SPACs have become a major source of capital (Osler, Farris). It was suggested that at a smaller market capitalization as proposed, there is less need for specific targets and thresholds like in NYSE's and NASDAQ's prescriptive rules (confidential commenter).	TSX thanks the commenters for their input.
Another commenter generally supported a more flexible regulatory approach like AMEX rather than the rigid rules of NYSE and NASDAQ, noting that the majority of the investor protections proposed in Part X have evolved from negotiations among underwriters, issuers and institutional investors under the more flexible regime (Farris). This commenter suggests that prescriptive regulations stifle the evolution of deal structures and investor protection mechanisms.	TSX believes it is important to codify the practices that have developed abroad in order to provide a framework for the development of SPACs in Canada
One commenter noted that dilution as a result of founding securityholder's holdings should be boldly disclosed to investors, on the face page of the prospectus (Mackenzie).	TSX agrees that disclosure of product features is important. It is the issuer's responsibility to ensure that the prospectus contains full, true and plain disclosure, which may include information about dilution from founding securities.
Two comments were received with respect to the jurisdiction of incorporation requirement in the draft rule. One commenter suggested SPACs should not be limited to corporate entities, nor limited as to jurisdiction (BLG). Another comment suggested TSX publish a list of acceptable jurisdictions to prevent delays in seeking the Exchange's opinion on a jurisdiction and to reduce uncertainty for the SPAC (Lang).	SPACs that are not corporate entities will be considered by the Exchange on a discretionary basis. TSX does not propose to publish a list of acceptable jurisdictions because such list would be subject to constant change. Also, some jurisdictions are acceptable to TSX only after changes are made to the listed issuer. TSX is committed to working efficiently with issuers to reduce delays and uncertainty.
Three commenters noted potential confusion with the references to trust arrangements in the draft rule (Stikeman, Osler, Farris). It was noted that such trusts for SPAC proceeds may be confused with trusts that are separate legal entities and that the references should be clarified or changed to include escrow.	TSX agrees with these comments and has amended the drafting in throughout Part X to reflect this point.
A comment was received requesting clarification of whether SPAC employees can receive security based compensation that would be treated like founder securities (Stikeman)	Security based compensation plans are not permitted prior to completion of the qualifying acquisition. It is unlikely a SPAC will have full-time employees that are not founders prior to the qualifying acquisition. Security based compensation should not therefore be required, and the prohibition provides further investor protection from dilution.

Summarized Comments Received	*TSX Response*
A comment was received supporting placing the proceeds of the founding securityholders' founder securities in trust (Osler) and requesting clarification in the drafting.	The founding securityholders' generally make their investment in the SPAC prior to the IPO, such that the proceeds are not SPAC IPO proceeds and would not be subject to the escrow requirements in Part X. This approach is consistent with the SPAC rules in the US. Part X does not prohibit an agreement with the founder securityholders to place proceeds from the founder securities investment into escrow. Section 1032 has been amended to clarify this point.
One comment was received suggesting TSX analyze the need for SPACs in Canada (FAIR).	TSX has observed SPAC activity in the US and Europe, and the introduction of SPAC listing rules on both NYSE and NASDAQ. TSX rules governing SPACs contemplate a number of measures to bolster investor protection. The rule will not become final until the approval from the OSC has been received. The board of directors of TSX has determined that Part X is not contrary to public interest.
Comments were received suggesting that a 30-day comment period was not sufficient (Kenmar, Mackenzie, FAIR).	In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals between the Ontario Securities Commission and Toronto Stock Exchange, public interest rules are to be published for a 30-day comment period, although a longer period is permissible. The request for comments was published in the OSC Bulletin, and is on the OSC website as well as the TSX website. Further, TSX sent an email notification to its issuers, legal counsel, dealers, etc. advising of the rule's publication and comment period. This request for comments followed the protocol. We note that we accommodated several commenters who requested additional time to respond.

13.1.4 CDS Rule Amendment Notice – Technical Amendments to CDS Rules – Governance Concordance – Executive Committee

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS RULES

GOVERNANCE CONCORDANCE - EXECUTIVE COMMITTEE

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

On November 1, 2006, The Canadian Depository for Securities Limited ("CDS Ltd.") undertook a corporate restructuring initiative that, *inter alia*, created CDS, a subsidiary for the clearing, settlement, and depository businesses. Subsequent to corporate restructuring, CDS Ltd. and CDS updated their governance practices. On February 2, 2007, the Board of Directors of CDS Ltd. approved amendments to the by-laws of CDS Ltd. and CDS as well as revising the terms of reference for the Board and committees thereof. Amendments to the by-laws and terms of reference were provided to the recognizing regulators (l'Autorité des marchés financiers, the Bank of Canada, and the Ontario Securities Commission) on February 14, 2007.

Specifically, the ability of the Executive Committee of the Board of Directors to act on behalf of the full Board of Directors between Board of Director meetings was removed by the revised terms of reference. As a practical matter, it is noted that, since the implementation of the original CDS Participant Rules in 1994, the Executive Committee has never exercised the authority granted by Rule 3.2.1.

While not impacting the proposed CDS Participant Rule amendments, it is noted that the Executive Committee was renamed the Governance/Human Resources Committee at the time of the governance updates.

Description of Proposed Amendments

The proposed amendments bring the CDS Participant Rules in line with the revised terms of reference. As the Executive Committee cannot act on the behalf of the full Board of Directors, references to the same in the CDS Participant Rules have been removed.

The CDS Participant Rules marked for the amendments may be accessed at the CDS website at:

http://www.cds.ca/cdsclearinghome.nsf/pages/-en-participantrules?open

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are amendments required to ensure consistency or compliance with an existing rule, securities legislation of other regulatory requirement.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the OSC Recognition and Designation Order, as amended 1 November, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on a date subsequently determined by CDS, and as stipulated in the related CDS Bulletin.

These amendments were reviewed and approved by the Board of Directors[1] of The Canadian Depository for Securities Limited on November 26, 2008.

D. QUESTIONS

Questions regarding this notice may be directed to:

[1] Pursuant to a unanimous shareholder agreement between CDS Ltd. and CDS, effective as of November 01, 2006, CDS Ltd., which acts under the supervision of its Board of Directors, assumed all rights, powers, and duties of the CDS Board of Directors.