



2016-0004

May 5, 2016

**Part X  
Special Purpose Acquisition Corporations**

**STAFF NOTICE TO APPLICANTS, LISTED ISSUERS, SECURITIES LAWYERS AND PARTICIPATING ORGANIZATIONS**

Toronto Stock Exchange ("TSX") has adopted rules permitting the listing of special purpose acquisition corporations ("SPACs") on TSX. The rules governing the listing of SPACs and the completion of a SPAC's qualifying acquisition are contained in Part X of the TSX Company Manual (the "Manual") and are described in the Notice of Approval "Amendments to the Toronto Stock Exchange ("TSX") Company Manual to Add Part X—Special Purpose Acquisition Corporations" available at [www.tsx.com](http://www.tsx.com).

This Staff Notice replaces TSX Staff Notice 2008-0007, which is repealed in its entirety. Other than the section entitled "Listing Fees", all of sections of this Staff Notice remain unchanged from TSX Staff Notice 2008-0007. The Listing Fees section has been amended to reflect the TSX Listing Fee Schedule.

TSX staff wishes to provide guidance on the following items:

1. the contents of the initial public offering prospectus filed in connection with a SPAC's listing on TSX;
2. documents to be filed with TSX in connection with the original listing of the SPAC;
3. the contents of the information circular prepared in connection with a SPAC's qualifying acquisition; and
4. the fees payable upon listing of the SPAC and on completion of the qualifying acquisition.

**Initial Public Offering Prospectus**

In addition to the content required by securities laws, TSX expects that the prospectus will include specific disclosure of the following items:

1. the terms of the founders' initial investment in the SPAC, which must include an agreement by the founders not to transfer any founding securities prior to completion of the qualifying acquisition and an agreement that, in the event of a liquidation and delisting, the founding securities will not participate in a liquidation distribution (Section 1004);

2. a statement 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 (although a SPAC may be in the process of reviewing a qualifying acquisition) (Section 1006);
3. the SPAC's target business sector or geographic area for its qualifying acquisition, if one is applicable (Section 1006);
4. the valuation method(s) intended to be used in valuing the qualifying acquisition, if known;
5. a statement that the SPAC will not secure debt financing prior to completion of a qualifying acquisition, other than in accordance with Section 1009 of the Manual (Section 1009);
6. the proposed nature of permitted investments for the SPAC's escrowed funds and any intended use of interest earned on the escrowed funds from the permitted investments (Section 1011);
7. the anticipated allocation of funds for administrative and working capital expenses; and
8. the limitation, if any, on the exercise of conversion rights for securityholders who vote against a proposed qualifying acquisition.

#### **Documents to be Filed in connection with the Original Listing of the SPAC**

When applying for a listing on TSX, a SPAC should submit to TSX the following items concurrently with the filing of the preliminary prospectus with the relevant Canadian securities regulatory authorities:

1. a TSX listing application in draft form together with the documents to be filed in support of the application as provided in Appendix A and Part X of the Manual;
2. a cheque for the original listing application fee payable;
3. the preliminary prospectus;
4. a draft escrow agreement governing the initial public offering proceeds;
5. certified copies of all charter documents, including Articles of Incorporation and equivalent documents; and
6. a Personal Information Form and a Release and Discharge Relating to Consent to Disclosure of Criminal Record Information, to be completed by every individual who, at the time of listing, will:
  - a) be an officer or director of the SPAC; or
  - b) beneficially own or control, directly or indirectly, securities carrying greater than 10 per cent of the voting rights attached to all outstanding securities of the SPAC.

## **Information Circular Prepared in Connection with a Qualifying Acquisition**

Once identified, a qualifying acquisition must be approved by a majority of votes cast by securityholders (other than founding securityholders) of the SPAC at a meeting duly called for that purpose. The information circular prepared for this meeting must contain prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition, and must be submitted to TSX for pre-clearance prior to distribution. If the SPAC imposes additional conditions on the approval of a qualifying acquisition, these conditions must be described in the information circular. 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.

In addition, the SPAC must prepare and file a (non-offering) prospectus containing disclosure about the SPAC and the proposed qualifying acquisition with the applicable Canadian securities regulatory authorities. This prospectus should include information on whether a valuation was completed for the qualifying acquisition and, if so, whether the valuation was independent and the method used. Conversely, if there was no valuation, the prospectus should disclose how the consideration paid for the qualifying acquisition was determined.

The information circular may only be mailed once a receipt for the prospectus has been obtained. TSX staff expects that the prospectus will be included as part of the information circular, to simplify disclosure and to ensure consistent delivery of information.

## **Listing Fees**

A cheque for the application fee should accompany the application for each of the original listing of the SPAC and the subsequent qualifying acquisition, as provided for in the TSX Listing Fee Schedule. TSX will invoice the listed issuer for any further fees as provided for in the TSX Listing Fee Schedule.