



2024-0005

May 27, 2024

**Delisting of Securities Following a  
Going Private Transaction**

**Closing Documents for Private Placements,  
Acquisitions and Original Listings (Repealed February 4, 2011)**

**Securities Trading in US Dollars**

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

**\*\*\*This Staff Notice replaces TSX Staff Notice 2017-0003, which is repealed in its  
entirety.\*\*\***

Toronto Stock Exchange ("TSX") staff is providing notification and clarification to issuers regarding certain procedures involving transactions at TSX, and notification to issuers with securities trading in US dollars of a potential issue involving trades.

**Delisting of Securities Following a Going Private Transaction**

TSX is providing clarification on the process leading to the delisting of securities when a listed issuer is the subject of a merger, acquisition, arrangement or other transaction which results in all its issued and outstanding securities listed on TSX being acquired by another entity (a "Going Private Transaction").

TSX practice has been to delist the listed issuer's securities immediately after receiving confirmation that the Going Private Transaction has been completed. Once in receipt of this confirmation, TSX would notify market participants of the delisting of the securities, and the listed securities would normally be delisted at the market close on the same day that market participants were notified.

This brief pre-notification period to market participants has resulted, in some cases, in security holders not having sufficient time to execute and finalize their investment strategies. This was particularly problematic for securities included in the S&P/TSX Composite Index, where index investors were not afforded sufficient time to make the necessary adjustments to their portfolios.

TSX is committed to providing a liquid, fair and orderly marketplace for all market participants. Accordingly, once a listed issuer has provided satisfactory confirmation that a Going Private Transaction has been completed, TSX will promptly advise market participants that:

1. the Going Private Transaction has been completed; and

2. as a result of the completion of the Going Private Transaction, the affected securities listed on TSX will be delisted at the market close on the next trading day after the issuance of such notice.

TSX believes that this process will give sufficient time to market participants to benefit from a liquid, fair and orderly market to carry out their investment strategies. However, TSX will take into account a variety of factors in the application of this delisting procedure in the context of Going Private Transactions, including:

- for interlisted securities, the delisting process for such securities imposed by the other exchange or marketplace; or
- whether replacement securities will be listed in substitution of securities delisted—if so, TSX may shorten the pre-notification period.

### **New Procedure for the filing of Closing Documentation**

Repealed February 4, 2011.

### **Securities That Trade in US Dollars**

TSX is providing notice to their listed issuers that currently have securities trading in US dollars. TSX would like to notify such issuers of two issues that have arisen since the implementation of US dollar trading:

1. All trades in securities traded in US dollars that settle on a US banking holiday will fail; and
2. All trades in securities traded in US dollars that settle on a US banking holiday which is also a record date for a distribution, will result in an inaccurate list of shareholders on the record date.

In response to these issues, TSX proposes the following:

#### ***1. Trades in US Dollar Securities That Settle On A US Banking Holiday***

Currently, all trades executed on TSX settle on the first Canadian business day after the trade date (T+1), regardless of currency traded. A Canadian business day is defined as a weekday that is not a Canadian banking holiday. TSX systems calculate the T+1 settlement date and advise the Canadian Depository for Securities ("CDS") accordingly. For settlement in US dollars, CDS uses the US Federal Wire Service. However, the US Federal Wire Service is not open on US banking holidays, and as result, all US dollar trades executed on TSX that are due to settle on a US banking holiday will 'fail' under the CDS system.

TSX is currently in the process of amending its settlement calculation for trades in US dollars as follows: if the settlement date for a T+1 trade in US Dollar securities falls on a US banking holiday, the settlement date will automatically be moved forward one US business day to T+2. This approach will ensure that settlement for these trades will occur on a US business day and not a US banking holiday, therefore preventing the CDS system from failing the trades.

## **2. Trades in US Dollar Securities That Settle On A US Banking Holiday Which Also Happens To Be a Record Date For a Distribution**

When a trade in a security traded in US dollars settles T+1 on a US banking holiday which also happens to be the record date for a distribution for such security, by settling the trade under the T+2 proposal described above, certain buyers will not be included on the shareholder list to receive the entitlement as of the record date.

For example, if an issuer, whose securities trade in both Canadian and US dollars on TSX declares a cash distribution for shareholders of record on Friday, which also happens to be a US banking holiday, all trades in these securities commencing at the opening of business on Friday (assuming no holidays) will trade ex-dividend (when a distribution is declared, a security will trade ex-dividend commencing at the opening of business on the record date). Trades in the US Dollar book for this security on Thursday would normally settle Friday (T+1). However, since this date is also a US banking holiday, TSX systems will push the settlement date for these trades to Monday (T+2). As a result, anyone who buys a security on Thursday in the US dollar book will not be included on the shareholder record list for the distribution on Friday, and therefore will not receive the distribution to which they would otherwise be entitled to receive. The chart below illustrates this example.

Monday	Tuesday	Wednesday	Thursday	Friday	Monday
			US dollar trades will not settle T+1 since Friday is a US banking holiday	US Banking Holiday Record Date Ex-date	US dollar trades on Thursday will settle T+2

Therefore, if T+1 falls on both a US banking holiday and a Canadian record date for a distribution for a particular US Dollar traded security, TSX will have to implement same day settlement to ensure that the shareholders are on record for the distribution and that the settlement date occurs on a US business day. In our example above, all trades on Thursday would then settle on Thursday (T+0).

As a result, TSX strongly advises issuers to avoid setting a record date for a distribution that falls on a US banking holiday. If this is not avoided, TSX will have to manually implement special T+0 settlement for those trades, as described above.

If you have any questions about this Staff Notice, please contact your TSX Listings Manager.