



2019-0002

April 12, 2019

TSX Sandbox

**Section 306
Minimum Listing Requirements
(Discretion)**

**Section 603
Discretion**

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

Toronto Stock Exchange ("TSX") is providing guidance with respect to its exercise of discretion in the application of: (i) original listing criteria set out in Part III of the TSX Company Manual (the "Manual"); and (ii) listing standards applicable to transactions involving changes in the capital structure of listed issuers set out in Part VI of the Manual. This Staff Notice is intended to introduce and set out the framework for the exercise of such discretion, which TSX refers to as the TSX Sandbox.

TSX Sandbox

TSX Sandbox is an initiative intended to facilitate listing applications that may not generally satisfy the requirements and guidelines of TSX, but due to facts or situations unique to a particular issuer otherwise warrant a listing on TSX or an exemption from certain requirements in the Manual. Original listing applications under Part III, and additional listing applications and other capital formation related applications under Part VI, are potential candidates for TSX Sandbox. See "Eligibility for TSX Sandbox" below.

TSX Sandbox is also intended to be a testing ground for the development of new policy initiatives, which generally require a lengthy period of time to formally implement. As TSX Sandbox evolves, it is expected that further Staff Notices will be provided to update guidance from time to time. TSX will continue to deal with standard listing applications which may require exemptive relief in the ordinary course.

TSX notes that approved TSX Sandbox applications should not be viewed as precedent-setting either for future TSX Sandbox applications or standard listing applications in the absence of a Staff Notice or formal amendment to the Manual. All decisions made in accordance with TSX Sandbox will be strictly on a case-by-case basis. Substantially similar TSX Sandbox applications may not be accepted after the acceptance of initial TSX Sandbox applications until sufficient time and/or seasoning has occurred with respect to the initial round of applicants in order to allow TSX to understand the market impact, if any, of such TSX Sandbox decisions. Accordingly, first-mover applications are encouraged and will benefit from TSX Sandbox as subsequent, similar applications may not be accepted until sufficient time and/or seasoning has occurred.

Eligibility for TSX Sandbox

With respect to original listings, applicants from all industry sectors and from early stage companies to more seasoned companies are welcome to apply to TSX Sandbox. Existing TSX listed issuers may also apply in respect of novel financing, including equity, debt, structured products and other securities.

Eligibility will be evaluated considering a range of factors including, but not limited to:

- Principally for a new corporate or supplemental listing:
 - Experienced management team, board of directors and other supporters with demonstrated track record in public markets.
 - Significant public raise resulting in wide distribution of the applicant's securities.
 - Size of market capitalization.
 - Significant pre-tax cash flow from operations.
 - Incorporation in Canada or in a jurisdiction with corporate governance practices comparable to Canadian standards.
 - A long-form prospectus recently received by a member of the Canadian Securities Administrators or a U.S. registration statement recently made effective through a Securities and Exchange Commission filing.
 - Sponsorship by a TSX participating organization or commentary and support from another entity with recognizable sector-specific expertise.
- Evidence of wide public support and investor interest.
- Established corporate governance practices.

The following factors will preclude eligibility for inclusion in TSX Sandbox:

- Ongoing or historical regulatory sanctions or investigations involving the applicant or its management, board members, other insiders and affiliated persons.
- Emerging market issuers.
- Derogatory regulatory or media information regarding the applicant or its management or board members.
- Applicants and listed issuers that have previously applied through TSX's standard procedures, unless specifically invited to apply to TSX Sandbox by TSX staff.

Applicants and listed issuers that have previously applied through TSX's standard procedures, unless specifically invited to apply to TSX Sandbox by TSX staff.

Procedure for TSX Sandbox Applications

A pre-filing meeting with TSX is strongly recommended for any TSX Sandbox applications. Applications should consist of the same documents as a regular application, but should also include a submission requesting that the application be reviewed via TSX Sandbox, together with a discussion of relevant eligibility criteria.

Applications will be reviewed by TSX's listings committee or a subcommittee thereof (the "Sandbox Committee"), which will exercise discretion in accordance with Sections 306 and 603 of the Manual, as applicable. Where determined appropriate by the Sandbox Committee, waivers or exemptions will be provided, including waivers or exemptions from certain continued listing requirements in Part IV of the Manual. Further, additional

conditions on the issuer's continued listing on TSX may be imposed. See "Special Conditions" below.

Once such waivers or exemptions are no longer required and/or the issuer has met any additional conditions applicable to the TSX Sandbox listing, the issuer will exit TSX Sandbox and become subject to standard TSX continued listing requirements.

Applications to TSX Sandbox will be subject to standard listing fees, as set out in the TSX Fee Schedule.

Special Conditions

Given that TSX Sandbox applications would not generally satisfy TSX listing requirements, TSX may apply additional conditions in order to facilitate the listing on an exceptional, discretionary basis. Such conditions may include, but are not limited to:

- Enhanced disclosure requirements (see "Disclosure" below).
- Minimum public raise.
- Minimum market capitalization.
- Enhanced sponsorship or alternatively expertised support in the form of a report to TSX.
- Enhanced escrow requirements.
- Time limitation for listing or applicable waiver.
- Enhanced reporting requirements to TSX and/or the public.

Disclosure

If a TSX Sandbox application is approved, issuers will be required to disclose that the application was approved via TSX Sandbox. Additionally, there will be enhanced public disclosure requirements in offering documentation and continuous disclosure requirements regarding risks associated with a TSX Sandbox listing and details of any exemptions, waivers and additional conditions applied. It is anticipated that successful applicants will be identified on TSX's public website and TSX's listing bulletins.

If you have any questions about this Staff Notice, please contact your TSX Listed Issuer Services Manager. Contact information for your Listed Issuer Services Manager is available at <http://www.tsx.com/listings/tsx-and-tsxv-issuer-resources/tsx-issuer-resources/tsx-listings-staff>.