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TSX Amends Disclosure Requirements

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The Toronto Stock Exchange (TSX) has adopted amendments to the *TSX Company Manual* that require listed issuers to post certain corporate governance documents on their websites and alter, in certain respects, the disclosure relating to security based compensation arrangements required to be included in listed issuers' management information circulars. The TSX solicited comments on prior versions of the amendments in requests for comments published on April 6, 2017, and May 26, 2016.

New Website Disclosure Requirements

Effective as of April 1, 2018, the newly adopted section 473 of the *TSX Company Manual* will require listed issuers other than Eligible Interlisted Issuers, Eligible International Interlisted Issuers and Non-Corporate Issuers to maintain a publicly accessible website and post current, effective versions of the following, if applicable:

- articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, together with the issuer's bylaws;
- majority voting policy;
- advance notice policy;
- position descriptions for the chairman of the board and the lead director;
- board mandate; and
- board committee charters.

The issuer's webpage containing the documents required to be disclosed under section 473 must be easily identifiable and accessible from the issuer's home page or investor relations page. If the issuer shares a website with another issuer, each listed issuer should have a separate, dedicated webpage satisfying the requirements of section 473.

As a result of consequential amendments to the *TSX Company Manual*, issuers will no longer be required to describe their majority voting policy in their management information circulars.

Eligible Interlisted Issuers exempt from the new website disclosure requirements are TSX-listed issuers that are also listed on another recognized stock exchange, such as the New York Stock Exchange or Nasdaq, and which have less than 25% of the overall trading volume of their listed securities occurring on all Canadian marketplaces in the prior 12 months. An Eligible International Interlisted Issuer is an Eligible Interlisted Issuer that is organized in a recognized jurisdiction, such as Australia, England, Hong Kong or the State of Delaware. Non-Corporate Issuers include certain exchange traded products, closed-end funds and/or structured products traded on the TSX.

Amendments to Security Based Compensation Arrangement Disclosure

The amendments to section 613 of the *TSX Company Manual* require each listed issuer to disclose in its management information circular an annual burn rate for each of the three prior fiscal years in respect of each security based compensation arrangement that results in the issuance or potential issuance of securities from treasury (Arrangement). The burn rate is expressed as a percentage and is calculated using the following formula:

*Number of securities granted under the Arrangement
during the applicable fiscal year*

*Weighted average number of securities outstanding
for the applicable fiscal year*

If an Arrangement is subject to a multiplier, the issuer must provide details in respect of the multiplier, though the TSX has refrained from specifically describing how such multiplier should be addressed by issuers. The weighted average number of securities outstanding for the applicable fiscal year is to be calculated in accordance with the *CPA Canada Handbook*.

In its amendments to section 613 of the *TSX Company Manual*, the TSX has also clarified that issuers must disclose for each Arrangement:

- **Plan Maximum** – the maximum number of securities issuable under each Arrangement expressed as a fixed number (together with the percentage this number represents relative to the number of issued and outstanding securities of the issuer) or the fixed percentage of the number of issued and outstanding securities of the issuer;
- **Outstanding Securities Awarded** – the number of outstanding securities awarded under each Arrangement, together with the percentage this number represents relative to the number of issued and outstanding securities of the issuer; and
- **Remaining Securities Available for Grant** – the number of securities under each Arrangement that are available for grant, together with the percentage this number represents relative to the number of issued and outstanding securities of the issuer.

The TSX amendments to section 613 also clarify that vesting and term of grant disclosure must be made in respect of all Arrangements and not just stock options.

In connection with annual meetings, all information required to be disclosed by issuers under section 613 is required to be given as of the end of the issuer's most recently completed fiscal year. For a special meeting other than an annual meeting at which securityholders are asked to approve an Arrangement, the information required to be disclosed under section 613 is required to be given as of the date of the meeting materials, with the exception of burn rate disclosure, which is always required to be disclosed in relation to prior fiscal years.

The amendments to section 613 of the *TSX Company Manual* are effective for fiscal years ending on or after October 31, 2017.

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