

# PROPOSED AMENDMENTS TO TSX COMPANY MANUAL RELATING TO DISCLOSURE REQUIREMENTS FOR ISSUER WEBSITES AND SECURITY BASED COMPENSATION ARRANGEMENTS

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On May 26, 2016, the Toronto Stock Exchange ("TSX") published new proposed amendments to Part IV (Maintaining a Listing – General Requirements) and Part VI (Changes in Capital Structure of Listed Issuers) of the TSX Company Manual, that would, among other things:

- require listed issuers to maintain a publicly accessible website providing appropriate disclosure of specified files; and
- amend the disclosure requirements regarding security based compensation arrangements.

The TSX is seeking public comment on the proposed amendments and has provided for a 30 day comment period, which expires June 27, 2016.

## **Part IV Amendments – Publicly Accessible Website Disclosure**

The TSX proposes that a new Section 473 be added to Part IV of the TSX Company Manual that would introduce a requirement for listed issuers to post copies of the following documents on a publicly accessible website (the "Disclosure Documents"):

- constating documents;
- corporate policies that impact security holder meetings and voting;
- security holder rights plans;
- security based compensation arrangements; and
- certain corporate governance documents.

In addition, an amendment to Section 461.3 is being proposed such that the requirement for issuers to describe majority voting policies on an annual basis in materials sent to security holders will be replaced by the requirement to post a copy of the policy on the issuer's website.

The proposed addition of Section 473 is designed to make the Disclosure Documents more readily accessible to the public and amendment to Section 461.3 is designed to simplify the disclosure requirement for issuers that have adopted a majority voting policy pursuant to such section.

## **Part VI Amendments – Security Based Compensation Arrangements**

The TSX also proposes to amend Subsection 613(b) to cover a significantly broader scope of security based compensation arrangements ("Arrangements") that can take the form of plans ("Plans"), which set out the general terms and conditions of options, a variety of stock units, or other awards (collectively known as "Awards"), as well as individual Awards not granted pursuant to a Plan, financially assisted purchases of securities, and other compensation or incentive mechanisms involving the issuance of securities. These amendments are designed to better reflect evolving security based compensation practices.

Additionally, the TSX proposes to simplify the Arrangement related disclosure required in meeting materials by introducing a new form, Form 15 with a user-friendly table, which includes, among other things, the following disclosure requirements (the "Disclosure Elements"):

- maximum number of securities issuable;
- outstanding awards;
- burn rate (rate at which the issuer grants awards under the Arrangement);
- eligibility of participants;
- vesting; and
- amendments.

Under the proposed amendments, where security holder approval will be sought for an Arrangement, the TSX would require the disclosure of other key terms in sufficient detail as may reasonably be required by a security holder to approve the Arrangement or amendments thereto.

The Part VI Amendments also contain new or modified disclosure requirements relating to a number of the Disclosure Elements. The TSX believes that the simplified Disclosure Elements strike the appropriate balance between meaningful disclosure while eliminating unnecessary information.

The Part VI Amendments do not affect any requirements regarding when and how security holder approval is sought in connection with Arrangements.

All comments should be submitted to the TSX in writing by Monday, June 27, 2016. For the full text of the Amendments and further instructions relating to public comment, see [Amendments to Toronto Stock Exchange Company Manual](#) (May 26, 2016). The Amendments will only become effective following public notice and the approval of the Ontario Securities Commission.

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**A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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