

TSX SEEKS PUBLIC COMMENT ON PROPOSED AMENDMENTS TO DRIP RULES

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On April 28, 2016 the Toronto Stock Exchange (the "**TSX**") [published](#) a set of proposed amendments to the TSX Company Manual (the "**Manual**"), which are available for public comment until May 28, 2016.

The proposed amendments deal specifically with TSX requirements regarding Dividend/Distribution Reinvestment Plans ("**DRIPs**"). Currently the Manual does not provide for any specific requirements related to DRIPs. Historically, where a DRIP provides for the issuance of additional securities from the treasury, the TSX treated the DRIP under the general provisions for additional listings of securities under the Manual. However, these provisions are not specifically tailored to DRIPs, which has caused some confusion among issuers regarding how to implement or amend a DRIP.

The proposed amendments address the following matters related to DRIPs:

(a) Implementing a DRIP

All DRIPs that provide for the issuance of additional listed securities from the treasury are subject to TSX pre-clearance. Following TSX and board approval, the issuer must provide the TSX a final copy of the DRIP, a certified copy of the board approval, and an additional listing application together with an opinion of counsel regarding the securities to be issued pursuant to the DRIP.

(b) Requirements Applicable to DRIPs

The proposed amendments provide for several requirements specific to DRIPs, including:

- all DRIPs must state the price that each listed security will be issued (provided that the price must not be lower than the market price less a 5% discount);
- all DRIPs must note the maximum number of additional securities to be listed under the DRIP, including securities issuable pursuant to an optional cash payment, and must have a provision dealing with fractional security interests that may result from the DRIP;
- all security holders of an issuer must be eligible to participate in the DRIP, although participation for security holders residing outside of Canada may be limited; and

- all DRIPs must specifically state that amendments to the DRIP must be pre-cleared by the TSX.

(c) Listing Additional Securities under an Existing DRIP

Where additional securities are to be listed under an existing DRIP, the issuer must file a DRIP additional listing application comprised of a letter notice and legal opinion.

(d) Amending a DRIP

All amendments to a DRIP must be pre-cleared by the TSX.

(e) Suspending or Terminating/Resuming or Reinstating a DRIP

Where an issuer proposes to suspend or terminate a DRIP (or to resume or re-instate a DRIP), it must advise its security holders of the action by way of a news release and must notify the TSX by filing a copy of the news release.

The Comment Period

The TSX has requested responses to two questions in particular:

1. Are there any other requirements the TSX should consider adopting regarding DRIPs?
2. Is it appropriate to limit the discount at which securities may be issued under a DRIP to 5% of the market price?

Comments on the Amendments are requested to be made in writing and should be delivered to Catherine De Giusti, legal counsel for the TSX, at

tsxrequestforcomments@tsx.com, and Susan Greenglass, director of market regulation for the OSC, at marketregulation@osc.gov.on.ca. Mailing addresses for Catherine De Giusti and Susan Greenglass can be found here.

We would be happy to assist with any questions related to the proposed amendments or the TSX comment process.

by Will Van Horne and Jason Haley, Student-at-Law

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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