

13.2.2 TSX – Amendments to Part X of the TSX Company Manual – Notice of Approval

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO PART X OF THE TORONTO STOCK EXCHANGE COMPANY MANUAL

(OCTOBER 4, 2018)

INTRODUCTION

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits thereto for recognized exchanges, Toronto Stock Exchange (“TSX”) has adopted and the Ontario Securities Commission (“OSC”) has approved, certain public interest changes to Part X of the TSX Company Manual (the “Manual”) – Special Purpose Acquisition Corporations (“Part X”) and certain ancillary changes (collectively, the “Amendments”). The Amendments were published for public comment in a request for comments on May 31, 2018 (the “Request for Comments”).

REASON FOR THE AMENDMENTS

When the rules for the Special Purpose Acquisition Corporation (“SPAC”) program were originally adopted by TSX in 2008, many U.S. commercial practices were embedded in the TSX requirements. TSX held small group meetings in 2017 with the lawyers, equity capital market dealers, founders and investors involved in SPACs to gather feedback on their experiences and challenges with the SPAC program. As a result of the evolution of global commercial practices, feedback received and TSX’s experience with SPACs to date, TSX is implementing the Amendments.

SUMMARY OF THE AMENDMENTS

a) Capital Structure & Completion of a Qualifying Acquisition – Redemptions – Sections 1008 and 1027

Section 1008 has been amended to permit a SPAC to limit the maximum redemption rights that may be exercised by shareholders, provided that the limit is not lower than 15% of the shares sold in the initial public offering (“IPO”) and that such limitation is disclosed in the IPO prospectus. In addition, Section 1027 has been amended to eliminate the requirement that shareholders vote against a qualifying acquisition in order to have a redemption right. Under the Amendments, all shareholders will have a redemption right (other than founding securityholders in respect of their founding securities) whether or not they vote against a qualifying acquisition, subject to a redemption limit, if imposed.

b) Capital Structure – Warrant Expiry Date – Section 1008(b)(ii)

Section 1008(b)(ii) has been amended to remove the word “fixed” so that a warrant expiry date could be based on the completion of the qualifying acquisition, rather than on a fixed date.

c) Prohibition of Debt Financing – Section 1009

Section 1009 has been amended so that a SPAC may obtain unsecured loans from its founders or their affiliates for amounts up to the equivalent of 10% of the funds held in escrow under Section 1010. The loans would not have any recourse against the escrow funds available for redemption or liquidation and would be limited to amounts as disclosed in the IPO prospectus. Assuming the qualifying acquisition successfully closes, the loans would be repayable by the resulting issuer from the remaining funds released from escrow or otherwise available to the SPAC. In the event that the SPAC is liquidated, the founders (or their affiliates) would have no recourse against the escrowed funds.

d) Public Distribution – Sections 1015 and 1029

Section 1015(c) has been amended to reduce the minimum number of public board lot holders required from 300 to 150.

Following the completion of a qualifying acquisition by a SPAC, the resulting issuer must meet TSX’s original listing requirements set out in Part III of the Manual since, effectively, the resulting issuer represents a new listing. These requirements include, among other things, the public distribution requirement set out in Section 315 which requires at least 300 public board lot holders. TSX understands that it has been difficult for SPACs to determine whether they meet the 300 public board lot holder requirement and provide supporting evidence of same upon closing of the qualifying transaction.

As a result, TSX proposed to amend Section 1029 to provide the resulting issuer with up to 90 days from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirement set out in Section 315. After consideration

of comments received in connection with the Request for Comments, TSX amended Section 1029 to provide the resulting issuer with up to 180 days (rather than the 90 days originally proposed) from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirement set out in Section 315.

e) Other Requirements – Annual Meeting Relief – Section 1021

Section 1021 has been amended to exempt a SPAC from the requirement to hold an annual meeting in accordance with Section 464 and to provide notice and the opportunity to attend and speak at such meetings as required by Section 624(h).

f) Other Requirements – Restricted Share Policy Relief – Section 1021

Section 1021 has been amended to exempt SPACs from the application of: (i) Section 624(l) in respect of takeover protective provisions; and (ii) Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares. These exemptions would apply to SPACs prior to their qualifying acquisition. Any proposed implementation of a dual class share structure, restricted shares or similar structure at the time of the qualifying acquisition would be reviewed by TSX under Section 624.

g) Shareholder and Other Approvals Requirement – Sections 1024 to 1026 & Prospectus Requirement – Section 1028

Section 1024 has been amended to remove the requirement for shareholder approval for a qualifying acquisition, provided that an amount equal to at least 100% of the gross proceeds raised in the SPAC's IPO are placed in escrow ("**100% Escrow Condition**"). TSX has also clarified that it will not require shareholder approval for matters related to the qualifying acquisition, such as dilutive transactions or the adoption of a security based compensation arrangement, provided that such matters are disclosed in the prospectus for the resulting issuer and the 100% Escrow Condition is satisfied.

Section 1025 has been amended to require disclosure in the SPAC's IPO prospectus if shareholder approval is a condition of the qualifying acquisition. In the event that such approval is required, the qualifying acquisition must be approved by a majority of the votes cast by securityholders of the SPAC entitled to vote at a duly called meeting. Comprehensive disclosure would be required for all material aspects of the transaction in the prospectus for the resulting issuer, including valuation requirements for non-arm's length transactions as applicable under Part VI of the Manual.

Section 1028 has been amended to require that SPACs mail a notice of redemption to shareholders and make the prospectus for the resulting issuer publicly available on its website at least 21 days prior to the redemption deadline stated in the notice of redemption, and requires delivery of the prospectus to shareholders at least two business days prior to the redemption deadline. After consideration of comments received in connection with the Request for Comments, Section 1028 has been amended to permit a SPACs to deliver the prospectus to shareholders electronically in compliance with National Policy 11-201 *Electronic Delivery of Document* ("**NP 11-201**").

h) Other Administrative Amendments

In connection with the Amendments, TSX has also made certain non-material amendments to clarify various provisions under Part X, and certain ancillary changes as a result of the Amendments. These amendments include, but are not limited to, correcting a typographical error, amending the definition of "founding securities", replacing all references to a conversion right with a redemption right and amending the language to require a redemption right in all instances.

### **Summary of the Comments Received**

TSX received three comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix A**. TSX thanks all commenters for their feedback and suggestions.

As a result of the comment process, TSX has adopted the Amendments with the following changes since the Request for Comments:

- amending Section 1008 to clarify the application of the redemption limit.
- amending Section 1009 to limit the maximum aggregate principal amount of unsecured loans to 10% of the funds escrowed.
- amending Section 1028 to allow delivery of a prospectus to shareholders electronically in compliance with NP 11-201.

- amending Section 1029 to provide the resulting issuer with up to 180 days (rather than the 90 days originally proposed) from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirement set out in Section 315.

**Text of the Amendments**

A blackline of the final Amendments showing changes made since they were published in the Request for Comments is attached as **Appendix B**.

A blackline of the final Amendments is attached as **Appendix C**.

A clean version of the Amendments is attached as **Appendix D**.

**Effective Date**

The Amendments will become effective on October 4, 2018.

## APPENDIX A

## SUMMARY OF COMMENTS AND RESPONSES

## List of Commenters:

Alignvest Acquisition II Corporation

Polar Asset Management Partners

Goodmans LLP

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the TSX Request for Comments – *Amendments to Toronto Stock Exchange Company Manual* dated May 31, 2018.

| Summarized Comments Received   | TSX Response  |
|--|---|
| <b>Prohibition on Debt Financing (Section 1009)</b>  |   |
| 1. <i>Is a limit on loans based on the lesser of: (i) 10% of funds in escrow; and (ii) \$5 million appropriate provided that there is no recourse for the loans against the escrowed funds and the limit is disclosed in the IPO prospectus? If not, why not and what is an appropriate limit?</i>   |   |
| (a) One commenter was supportive of permitting SPAC founders and others to make loans to SPACs.  | TSX thanks the commenter for its input.   |
| <p>(b) Two commenters were not supportive of imposing a limit on the amount of such loans and stated the following:</p> <ul style="list-style-type: none"> <li>• provided that the lender has no recourse to the escrowed funds, and provided that appropriate disclosure is included in the IPO prospectus, a limit on such loans should not be imposed.</li> <li>• given that the founder loans would be without recourse to the funds in escrow, the only financial impact of the loans would be to reduce the equity value of the post-transaction company.</li> <li>• given the limited amount of working capital that is available to most SPACs, loans from their sponsors or others may be critical to allowing SPACs to properly and effectively identify, select, pursue, diligence and complete suitable and successful qualifying acquisitions.</li> <li>• the imposition of arbitrary limits on financing has the potential to harm SPAC issuers and shareholders by starving SPACs of necessary working capital, which may, in certain circumstances, result in the premature wind-up of a SPAC or the completion of an acquisition that is sub-optimal in its process and/or target.</li> <li>• financing decisions should be a matter for the business judgement of the board of directors.</li> <li>• it is not appropriate to base a limit on loans, if imposed, on a percentage of the funds in escrow. Many costs of maintaining a SPAC, complying with its regulatory obligations and identifying, pursuing and completing a qualifying acquisition are not a function of the SPAC's size. Accordingly, the effects of a size-based limit are particularly harsh for smaller SPACs</li> </ul> | <p>TSX thanks the commenters for their input. TSX has amended the rule to limit the maximum aggregate principal amount of unsecured loans to 10% of the funds escrowed. The loan must be on reasonable commercial terms, may be from founding securityholders or their affiliates, and must not have recourse against the escrowed funds.</p> <p>Given the unique nature of the SPACs, TSX continues to believe that is not unreasonable to place a limit on loans, even where there is no recourse on the escrowed funds. TSX will continue to monitor the status of this limitation and determine if future amendments are necessary.</p> |

| Summarized Comments Received   | TSX Response  |
|--|---|
| <p>and may inappropriately influence a sponsor's decision as to the appropriate size of a SPAC.</p>  |   |
| <p>(c) One commenter suggested that consideration be given to allowing convertible debt or warrants.</p>   | <p>The issuance of convertible debt or warrants, as consideration for a loan, could be effect only if (i) such issuance occurred concurrently with the completion of the qualifying acquisition, and (ii) the details of such issuance are disclosed in the prospectus for the resulting issuer (which disclosure should include, as applicable, conversion or exercise price, interest payable, and term of expiry).</p>   |
| <p><b>Public Distribution (Sections 1015 and 1029)</b></p>   |   |
| <p>2. <i>Is it appropriate to permit SPACs to meet a lower public distribution requirement (i.e. 150 public board lot holders) upon their original listing, as opposed to the public distribution requirement for corporate issuers (i.e. 300 public board lot holders)?</i></p>   |   |
| <p>(a) Three commenters were of the view that the lower public distribution requirement is appropriate for SPACs.</p> <p>One commenter did not view the lower public distribution requirement as an impediment to a qualifying transaction being completed or as an impediment to a broader distribution after the closing of a qualifying transaction. The commenter also noted that the proposed lower distribution requirement mirrors changes being made for U.S. SPAC listing requirements.</p>   | <p>TSX thanks the commenters for their input.</p>   |
| <p>3. <i>Is it appropriate to permit the resulting issuer to provide evidence that it meets the public distribution requirements set out in Section 315 (i.e. 300 public board lot holders) within 90 days of the closing of the qualifying acquisition? Would it be more appropriate for the resulting issuer to meet the continued listing requirements under Part VII for public distribution (i.e. 150 public board lot holders) within 90 days of the closing of the qualifying acquisition? If the continued listing requirements are more appropriate, please reconcile your response to the listing of the resulting issuer as new listing, similar to a backdoor listing or reverse takeover.</i></p>   |   |
| <p>(a) One commenter was of the view that resulting issuers should be required to meet the continued listing requirements of 150 public board lot holders (rather than 300 public board lot holders) and this lower public distribution requirement for resulting issuers would have a meaningful impact on SPACs and would not be prejudicial to investors. The commenter stated that SPAC shareholders invest in SPACs with full knowledge that redemptions at the time of a qualifying acquisition may reduce the public float of a resulting issuer. The commenter was of the view that in order to address concerns regarding a smaller public float, disclosure could be included in the IPO and qualifying acquisition prospectuses to address any increased liquidity risk resulting from the lower threshold.</p> <p>The commenter stated that the existence of redemption rights distinguishes SPACs from other entities going public through a backdoor listing or reverse take-over, as SPACs can experience a significant reduction in their public float that is beyond the control of the resulting issuer. The commenter was of the view that this is unlike a backdoor listing or reverse takeover where any reduction of the public float is within the control of the issuer and can be structured so as to ensure that the</p> | <p>TSX agrees that the redemption right does distinguish a SPAC from a backdoor listing, which was the rationale for allowing time to achieve and provide evidence of meeting the distribution requirement. While TSX agrees it is appropriate to extend the period in which to evidence meeting the distribution requirement from 90 days to 180 days from the qualification date, TSX does not agree that the continued listing distribution requirement of 150 board lot holders is appropriate. TSX considers the original listing distribution requirement of 300 board lot holders appropriate for all going public transactions whether by way of IPO, reverse take-over or qualifying acquisition. Although TSX is prepared to allow an extended period of time to achieve the distribution due to the redemption rights embedded in the SPAC structure, TSX fundamentally believes that a lesser standard should not apply any of the going public type of transactions.</p> |

| Summarized Comments Received   | TSX Response   |
|--|--|
| <p>resulting issuer satisfies the public distribution requirements.</p> <p>The commenter proposes that the time period within which a SPAC must satisfy the public distribution requirement (whether set at 150 or 300 board lot holders) should be extended to 180 days to provide the resulting issuer with more time to increase its public distribution in the best manner possible for the SPAC. The commenter was of the view that if a shorter time period is imposed, the resulting issuer may need to take steps to increase its public distribution in a sub-optimal manner. For example, the best way to increase a resulting issuer's public distribution may be through a bought deal financing which may not be available to a resulting issuer within 90 days after closing its qualifying acquisition.</p>   |  |
| <p>(b) One commenter stated that SPACs generally provide an alternative route for companies to go public that might not be able to otherwise go public through a traditional IPO and that a lower demand on public distribution for SPACs furthers this opportunity. However, the commenter did not believe that there is additional value in requiring a broader shareholder base following the closing of a qualifying transaction and believe that this requirement could be a distraction from the management of the SPAC post qualifying transaction. The commenter distinguishes SPACs from issuers resulting from a reverse takeover in that SPACs are subject to a redemption of their shares at the time of the qualifying transaction (leading to heightened concentration in their shareholder base) and, historically, have been less likely to raise additional capital through equity issuances.</p> | <p>Please see our response to comment 3(a) above.</p>  |
| <p>(c) One commenter was of the view that 90 days should provide a sufficient amount of time to demonstrate that the resulting issuer meets the public distribution requirement of 300 board lot holders.</p>  | <p>TSX thanks the commenter for its input. Please also see our response to comment 3(a) above which notes our extension from 90 to 180 days to demonstrate that the resulting issuer meets the distribution requirement.</p>   |
| <p>4. <i>If resulting issuers fail to meet the public distribution requirement, is it appropriate to put them under a remedial delisting review which provides up to 120 days to remediate their deficiencies?</i></p>   |  |
| <p>(a) One commenter was of the view that if shareholders of SPACs have a concern that the resulting issuer facing possible delisting review shortly following closing of its qualifying acquisition, this may have an impact on their redemption decision and potentially lead to a higher level of redemption. The commenter stated that this would further exacerbate the distribution problem and would also have a negative impact on the SPAC program, generally.</p> <p>The commenter was of the view that a delisting review should not be triggered under these circumstances until all other remedial options have been explored and sufficient time is afforded to the SPAC to do so. It stated that if a delisting review is ultimately required, that this review not be initiated until at least 12 months from the closing of the qualifying acquisition.</p>                                       | <p>Generally, an issuer must provide evidence to TSX that it meets TSX's original listing requirements set out in Part III of the Manual, failing which, TSX will not approve the listing.</p> <p>This is in contrast with the proposed amended section 1029 of the Manual, which provides the resulting issuer with up to 180 days from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirements as set out in Section 315 of the Manual. Where the resulting issuer cannot demonstrate compliance within the prescribed time period, TSX may place the resulting issuer under a remedial delisting review which provides the resulting issuer with up to 120 days to remediate its deficiencies. In total, 300 days (approximately 10 months) would be permitted for the issuer to provide evidence of meeting the distribution requirement prior to delisting.</p> |

| Summarized Comments Received  | TSX Response  |
|---|---|
|   | Given the unique issues related to SPACs, TSX believes that it is not unreasonable to provide the resulting issuer with additional time to establish the minimum distribution (now 180 days) and provide supportive evidence of distribution, failing which, the resulting issuer may be reviewed under TSX's continued listing requirements under Part VII of the Manual. In the absence of clear requirements and a potential delisting review, TSX's experience is that issuer may not always comply in a timely manner. TSX believes that this is fair and appropriate. |
| (b) One commenter stated that the remedial delisting review would be a reasonable approach where the resulting issuer fails to meet the public distribution requirement.  | TSX thanks the commenter for its input.   |
| <b>Shareholder and Other Approvals (Sections 1024 to 1026) &amp; Prospectus Requirement (Section 1028)</b>  |   |
| 5. <i>Given the redemption rights available to public shareholders and prospectus level disclosure for the resulting issuer upon completion of the qualifying acquisition, is it appropriate to waive all TSX shareholder approval requirements provided that the 100% Escrow Condition is met? This shareholder approval waiver would include matters such as dilution exceeding 25%, material effect on control, adoption of security based compensation arrangements and transactions pursuant to which insiders may receive consideration exceed 10% of the market capitalization of the SPAC, etc., all of which would have otherwise required shareholder approval under applicable TSX rules.</i>  |   |
| (a) One commenter was of the view that the transaction approval vote is not meaningful since shareholders can "vote" against a transaction by redeeming their shares. The commenter stated that if the SPAC manager wishes (or the market demands), there is nothing precluding the inclusion of a voting right separate from redemption rights; nor is there anything precluding holding a vote even if there was no voting right.   | TSX thanks the commenter for its input.   |
| (b) One commenter was supportive of waiving all shareholder approval requirements as a way to minimize costs and accelerate the timelines to close qualifying acquisitions.   | TSX thanks the commenter for its input.   |
| (c) One commenter was of the view that shareholder approval should not be necessary in light of shareholders' redemption rights.  | TSX thanks the commenter for its input.   |
| 6. <i>Should the 100% Escrow Condition be imposed as a condition of waiving the shareholder approval requirements? Alternatively, would the basic escrow requirement for an amount to be placed in escrow of at least 90% of the gross proceeds of the IPO be sufficient to waive shareholder approval requirements?</i>  |   |
| (a) One commenter stated that, as noted in the Request for Comments, all TSX SPACs to date have escrowed sufficient funds to return 100% (or more) of the original IPO price. The commenter noted that this has been the case in the U.S. for at least 10 years. As a result, the commenter does not believe that altering investor rights between different SPACs will have a practical impact on the market, as market participants have addressed this issue. In the unlikely event a SPAC manager were to propose a SPAC with less than 100% of the IPO proceeds in escrow, the commenter believes that market participants would expect compensation in lieu and that an additional voting right (if it were considered to be appropriate) would be negotiated between market participants at the time of the IPO. | TSX thanks the commenter for its input.   |

| Summarized Comments Received   | TSX Response  |
|--|---|
| <p>(b) One commenter was not supportive of imposing the 100% Escrow Condition as a condition of waiving the shareholder approval requirements. The commenter was of the view that the question of what percentage of the funds raised from public shareholders on a SPAC IPO should be placed in escrow (above the 90% regulatory minimum) is an economic one to be determined by the issuer, underwriters and potential investors on a case by case basis.</p> <p>The commenter stated that a rule which ties the benefit of dispensing with the added costs, complexity and delay of the shareholder approval process to the 100% Escrow Condition may preclude SPACs from being structured to give public shareholders some level of “skin in the game”. This structure may benefit SPACs, their investors and the SPAC market generally by attracting different investor constituencies, especially those with an interest in investing in a particular sponsor group or management team with a particular strategy or investment thesis. At the same time it may discourage short-term opportunistic investment behavior.</p> <p>The commenter stated that if it is felt that some minimum escrow level above the 90% regulatory minimum is required to dispense with shareholder approval, the commenter would propose 95%. The commenter was of the view that at a level of 95% or more, SPAC shareholders would still be assured of the ability to receive almost all of their initial investment back and provided that adequate prospectus disclosure of the qualifying acquisition process is included, the commenter believes it would not be prejudicial to allow a qualifying acquisition to proceed without shareholder approval. This approach would be similar to the Capital Pool Company (“CPC”) program which does require shareholder approval for a qualifying transaction but imposes limits on the amount of capital that a single investor can invest and on the aggregate amount of capital a CPC can raise.</p> | <p>SPACs will remain able to place a minimum of 90% in escrow, however, in such circumstances a shareholder vote will be required for the qualifying acquisition and other matters ordinarily triggering shareholder approval under the Manual. TSX accepts that an ability to receive 100% of an investment may replace shareholder approval. However, having some lesser amount available in escrow unnecessarily complicates the structure of the SPAC and deviates from TSX’s principal of substituting a redemption of 100% of an investment for shareholder approval, notwithstanding the limitation of the amount.</p> |
| <p>(c) One commenter was supportive of the 100% Escrow Condition. It was of the view that SPACs are already complicated and difficult for investors to understand. At minimum, however, they know that 100% of their principal is protected. The commenter stated that that guarantee is a critical part of the attractiveness of the sector, and we would not wish to call that guarantee into question.</p>  | <p>TSX thanks the commenter for its input.</p>  |
| <p>7. <i>If a qualifying acquisition is not subject to shareholder approval, is it appropriate to require delivery of a prospectus at least two business days prior to the redemption date? In addition, the prospectus would be electronically available on SEDAR and the SPAC’s website 21 days prior to the redemption date.</i></p>  |   |
| <p>(a) One commenter supported TSX’s proposal to make the prospectus electronically available on SEDAR and the SPAC’s website 21 days prior to the redemption date. The commenter was of the view that if the prospectus is made electronically</p>  | <p>TSX thanks the commenter for its input. The delivery of the prospectus was designed to align with current requirement under securities laws for an IPO.</p>  |



| <b>Summarized Comments Received</b>  | <b>TSX Response</b>   |
|--|---|
| <p>available, then physical delivery of a prospectus should be limited to those shareholders who request a copy as this would save the SPAC both time and costs as it prepares for the closing of its qualifying acquisitions.</p>   | <p>While TSX recognizes that in the current era, paper and physical delivery are less necessary, certain stakeholders felt that delivery of the prospectus for the resulting issuer should align with other prospectus delivery requirements under securities laws. TSX has amended the rule to allow for the prospectus to be delivered electronically in compliance with National Policy 11-201 – <i>Electronic Delivery of Document</i>.</p> |
| <p>(b) One commenter was not supportive of requiring physical delivery of the prospectus. It was of the view that it is an extra expense, and is redundant given the availability of the materials online.</p>   | <p>TSX thanks the commenter for its input. Please see our response to comment 7(a).</p>   |
| <p><b>8. Where no shareholder approval is required, is 21 days an appropriate notice period for the redemption?</b></p>  |   |
| <p>(a) Three commenters were supportive of a 21 notice period for the redemption where no shareholder approval is required.</p>  | <p>TSX thanks the commenters for their input.</p>   |
| <p><b>Other Questions</b></p>  |   |
| <p><b>9. Are there any other amendments to Part X that TSX should consider?</b></p>  |   |
| <p>(a) No comments received.</p>   |   |
| <p><b>General Comments Received</b></p>  |   |
| <p>(a) One commenter was generally supportive of the changes to the Canadian market that further conformed to the well-established operations and structure of the larger and more mature U.S. SPAC market. The commenter is of the view that the Proposed Amendments are generally consistent with this approach and the commenter welcomes the implementation of such amendments.</p>  | <p>TSX thanks the commenter for its input.</p>  |
| <p>(b) One commenter was of the view that the rules relating to the SPAC structure and process of forming and listing a SPAC and completing a qualifying acquisition should be as simple as possible and should allow SPACs to raise capital and identify, pursue and complete acquisitions as efficiently and effectively as possible, while providing appropriate investor protections. The commenter encourages TSX and the Canadian securities regulators to continue to take a flexible approach to the regulation of SPACs and other blind pool offerings and to be open to the consideration of alternative blind pool structures to allow appropriate issuers and management teams to access the Canadian public market.</p> | <p>TSX thanks the commenter for its input.</p>  |

## APPENDIX B

### BLACKLINE OF FINAL AMENDMENTS COMPARED AGAINST RFC AMENDMENTS

#### Part I Introduction

[...]

#### Interpretation

[...]

“**founding securities**” means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market or under a rights offering by the SPAC;

[...]

#### Part X Special Purpose Acquisition Corporations (SPACs)

##### Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

- A. General Listing Matters
- B. Original Listing Requirements
- C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition
- D. Completion of a Qualifying Acquisition
- E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition
- F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

##### A. General Listing Matters

###### Securities to be Listed

##### Sec. 1001.

To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections 1003 to 1018. The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

###### Exercise of Discretion

##### Sec. 1002.

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

- (a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

## **B. Original Listing Requirements**

### **IPO**

#### **Sec. 1003.**

A SPAC must, concurrently with listing on the Exchange, raise a minimum of \$30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

#### **Sec. 1004.**

Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

#### **Sec. 1005.**

The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

### **No Operating Business**

#### **Sec. 1006.**

A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

### **Jurisdiction of Incorporation**

#### **Sec. 1007.**

The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

### **Capital Structure**

#### **Sec. 1008.**

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a redemption (or substantially similar) feature, pursuant to which shareholders (other than founding securityholders in respect of their founding securities) may, in the event such qualifying acquisition is completed within the time frame set out in [Section 1022](#), elect that each share held be redeemed for an amount at least equal to: (1) the aggregate amount then on deposit in the

escrow account (net of any applicable taxes and direct expenses related to the exercise of the redemption right), divided by (2) the aggregate number of shares then outstanding, excluding founding securities; and

(ii) a liquidation distribution (or substantially similar) feature, pursuant to which shareholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in [Section 1022](#), be entitled to receive, for each share held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of shares then outstanding excluding the founding securities.

Notwithstanding the foregoing, the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit (i) may not be set at lower than 15% of the shares sold in the IPO; and (ii) is disclosed in the IPO prospectus. [For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.](#)

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be exercisable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a date specified in the IPO prospectus and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in [Section 1022](#); and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

### **Prohibition of Debt Financing**

#### **Sec. 1009.**

The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition. ~~Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.~~

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from founding securityholders or their affiliates, up to a maximum aggregate principal amount equal to ~~the lesser of: (i) 10% of the funds escrowed under Section 1010; and (ii) \$5 million,~~ repayable in cash no earlier than the closing of the qualifying acquisition, provided that (1) such limit is disclosed in the IPO prospectus ~~and the prospectus of the resulting issuer;~~ and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

### **Use of Proceeds Raised in the IPO and Escrow Requirements**

#### **Sec. 1010.**

Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

#### **Sec. 1011.**

The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the permitted investments.

**Sec. 1012.**

The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than the founding securityholders in respect of their founding securities) in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

**Sec. 1013.**

The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

**Sec. 1014.**

The proceeds from the IPO that are not placed in escrow and interest or other proceeds earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

**Public Distribution**

**Sec. 1015.**

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

- (a) at least 1,000,000 freely tradeable securities are held by public holders;
- (b) the aggregate market value of the securities held by public holders is at least \$30,000,000; and
- (c) at least 150 public holders of securities, holding at least one board lot each.

Pricing

**Sec. 1016.**

A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of \$2.00 per share or unit.

**Other Requirements**

**Sec. 1017.**

In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

- (a) Section 325 – Management
- (b) Section 327 – Escrow Requirements
- (c) Section 328 – Restricted Shares
- (d) Sections 338-351 – The Listing Application Procedure
- (e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections 358-359 – Public Availability of Documents

(g) Section 360 – Provincial Securities Laws

**Sec. 1018.**

A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

**C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition**

**Additional Equity by way of Rights Offering Only**

**Sec. 1019.**

Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections 1010 to 1014. Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with Part VI of this Manual.

**Sec. 1020.**

The Exchange will only permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

**Other Requirements**

**Sec. 1021.**

Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V, other than Section 464 in respect of the requirement to hold an annual meeting provided that an annual update is disseminated via press release and available on the SPAC's website;

(b) Part VI, other than:

1. Section 624(h) in respect of the requirement to provide at least 21 days' notice in advance of a shareholders' meeting to holders of Restricted Securities;
2. Section 624(l) in respect of the requirement of certain take-over protective provisions, also referred to as coat-tail provisions; and
3. Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares for the issuance of the founding securities.

Until completion of a qualifying acquisition, a listed SPAC may only issue and make equity securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

## D. Completion of a Qualifying Acquisition

### Permitted Time for Completion of a Qualifying Acquisition

#### Sec. 1022.

A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of [Section 1023](#).

### Fair Market Value of a Qualifying Acquisition

#### Sec. 1023.

The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in [Section 1022](#).

### Shareholder and Other Approvals

#### Sec. 1024.

The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition; and (ii) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose. Shareholder approval of the qualifying acquisition is not required where the SPAC has placed at least 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to [Section 1019](#) in escrow in accordance with [Section 1010](#). The shareholder approval requirements set out in Parts V and VI of the Manual will not apply to transactions concurrently effected with the qualifying acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the qualifying acquisition. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved.

#### Sec. 1025.

The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the qualifying acquisition and the shareholders entitled to vote upon the matter. If a qualifying acquisition is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

#### Sec. 1026.

The SPAC may impose additional conditions on the completion of a qualifying acquisition, provided that the conditions are described in the prospectus or information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public shareholders exercise their redemption rights.

#### Sec. 1027.

In accordance with [Section 1008](#), holders of shares (other than founding securityholders in respect of their founding securities) must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such redeemed shares shall be cancelled.

### Prospectus Requirement for Qualifying Acquisition

#### Sec. 1028.

The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. Completion of the qualifying acquisition without a receipt for the final prospectus will result in the delisting of the SPAC.

If a qualifying acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in [Section 1025](#).

If a qualifying acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise ~~physically~~ deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – Electronic Delivery of Document. The notice of redemption must be pre-cleared by TSX prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

### **Exchange Approval**

#### **Sec. 1029.**

The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. The Exchange will provide the issuer with up to ~~90~~180 days from the completion of the qualifying acquisition to provide evidence that it meets the Public Distribution Requirements set out in Section 315, failing which the issuer will generally be put under a remedial delisting review as described in Part VII.

Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC. For greater certainty, a qualifying acquisition may include a merger or other reorganization or an acquisition of the SPAC by a third party.

### **Escrow Requirements**

#### **Sec. 1030.**

Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

### **E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition**

#### **Sec. 1031.**

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares (other than founding securityholders in respect of their founding securities) on a pro rata basis, and in accordance with Section 1032.

#### **Sec. 1032.**

In accordance with Section 1004, the founding securityholders may not participate in any liquidation (or redemption) distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through permitted investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

#### **Sec. 1033.**

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

### **F. Continued Listing Requirements Following Completion of a Qualifying Acquisition**

#### **Sec. 1034.**

Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.



## APPENDIX C

### BLACKLINE OF FINAL AMENDMENTS COMPARED AGAINST CURRENT RULE

#### Part I – Introduction

[...]

#### Interpretation

[...]

"**founding securities**" means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, [concurrently with the IPO prospectus on the same terms](#), on the secondary market or under a rights offering by the SPAC;

[...]

#### Part X Special Purpose Acquisition Corporations (SPACs)

##### Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

- A. General Listing Matters
- B. Original Listing Requirements
- C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition
- D. Completion of a Qualifying Acquisition
- E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition
- F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

##### A. General Listing Matters

##### Securities to be Listed

##### Sec. 1001.

To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections [1003](#) to [1018](#). The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

##### Exercise of Discretion

##### Sec. 1002.

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

- (a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

## **B. Original listing Requirements**

### **IPO**

#### **Sec. 1003.**

A SPAC must, concurrently with listing on the Exchange, raise a minimum of \$30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

#### **Sec. 1004.**

Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

#### **Sec. 1005.**

The shares, warrants ~~and/or rights~~, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

### **No Operating Business**

#### **Sec. 1006.**

A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

### **Jurisdiction of Incorporation**

#### **Sec. 1007.**

The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

### **Capital Structure**

#### **Sec. 1008.**

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a ~~conversion~~ redemption (or substantially similar) feature, pursuant to which ~~securityholders~~ shareholders (other than founding securityholders) ~~who voted against a proposed qualifying acquisition at a duly called meeting of securityholders in respect of their founding securities~~ may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect

that each ~~securityshare~~ held be ~~converted into~~redeemed for an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the exercise of the ~~conversion~~redemption right), divided by (2) the aggregate number of ~~securities~~shares then outstanding, ~~excluding founding securities~~; and

(ii) a liquidation distribution ~~(or substantially similar)~~ feature, pursuant to which ~~securityholders~~shareholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in Section 1022, be entitled to receive, for each ~~securityshare~~ held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of ~~securities~~shares then outstanding ~~less~~excluding the founding securities;.

Notwithstanding the foregoing, the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit (i) may not be set at lower than 15% of the shares sold in the IPO; and (ii) is disclosed in the IPO prospectus. For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be ~~exercisable~~exercisable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a ~~fixed~~-date specified in the IPO prospectus, and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022; and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

#### Prohibition of Debt Financing

##### Sec. 1009.

The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition.

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from founding securityholders or their affiliates, up to a maximum aggregate principal amount equal to 10% of the funds escrowed under Section 1010 repayable in cash no earlier than the closing of the qualifying acquisition, provided that (1) such limit is disclosed in the IPO prospectus; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

#### Use of Proceeds Raised in the IPO and Escrow Requirements

##### Sec. 1010.

Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent ~~unrelated to the transaction~~ and acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

##### Sec. 1011.

The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest ~~or other proceeds~~ earned on the escrowed funds from the permitted investments.

##### Sec. 1012.

The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to ~~securityholders~~shareholders who exercise their ~~conversion~~redemption rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than the founding securityholders in respect of their founding securities) in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

**Sec. 1013.**

The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the ~~securities~~applicable shares as part of the liquidation distribution. ~~Securityholders~~Shareholders exercising their ~~conversion~~redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

**Sec. 1014.**

The proceeds from the IPO that are not placed in escrow and interest or other proceeds earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

**Public Distribution**

**Sec. 1015.**

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

- (a) at least 1,000,000 freely tradeable securities are held by public holders;
- (b) the aggregate market value of the securities held by public holders is at least \$30,000,000; and
- (c) at least ~~300~~150 public holders of securities, holding at least one board lot each.

**Pricing**

**Sec. 1016.**

A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of \$2.00 per share or unit.

**Other Requirements**

**Sec. 1017.**

In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

- (a) Section 325 – Management
- (b) Section 327 – Escrow Requirements
- (c) Section 328 – Restricted Shares
- (d) Sections 338-351 – The Listing Application Procedure
- (e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections [358-359](#) – Public Availability of Documents

(g) [Section 360](#) – Provincial Securities Laws

**Sec. 1018.**

A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

**C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition**

**Additional Funds ~~Equity~~ by way of Rights Offering Only**

**Sec. 1019.**

Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance ~~of~~ [potential issuance of equity](#) securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in [Part VI](#) of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections [1010](#) to [1014](#). Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with [Part VI](#) of this Manual.

**Sec. 1020.**

The Exchange will only permit [a listed SPAC to raise](#) additional funds ~~to be raised by a listed SPAC~~ [pursuant to the issuance or potential issuance of equity securities from treasury](#) pursuant to [Section 1019](#) to fund a qualifying acquisition and/or administrative expenses of the SPAC.

**Other Requirements**

**Sec. 1021.**

Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) [Parts IV and V](#); ~~other than Section 464 in respect of the requirement to hold an annual meeting provided that an annual update is disseminated via press release and available on the SPAC's website;~~

(b) [Part VI](#), provided that, until other than:

1. ~~[Section 624\(h\) in respect of the requirement to provide at least 21 days' notice in advance of a shareholders' meeting to holders of Restricted Securities;](#)~~
2. ~~[Section 624\(l\) in respect of the requirement of certain take-over protective provisions, also referred to as coat-tail provisions; and](#)~~
3. ~~[Section 624\(m\) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares for the issuance of the founding securities.](#)~~

~~Until~~ completion of a qualifying acquisition, a listed SPAC may only issue and make [equity](#) securities issuable in accordance with Sections [1019](#) to [1020](#). Security based compensation arrangements may not be adopted until completion of a qualifying acquisition, ~~for which securityholder approval will be required in accordance with Section 613;~~

(c) [Part VII](#) with the exception of Subsections [710\(a\)\(ii\)](#) and [710\(a\)\(iii\)](#);

(d) [Part IX](#); and

(e) Applicable listing fees and forms.

## D. Completion of a Qualifying Acquisition

### Permitted Time for Completion of a Qualifying Acquisition

#### Sec. 1022.

A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of [Section 1023](#).

### Fair Market Value of a Qualifying Acquisition

#### Sec. 1023.

The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in [Section 1022](#).

### ~~Securityholder~~[Shareholder](#) and Other Approvals

#### Sec. 1024.

The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition; and (ii) a majority of the votes cast by ~~securityholders~~[shareholders](#) of the SPAC at a meeting duly called for that purpose. [Shareholder approval of the qualifying acquisition is not required where the SPAC has placed at least 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 1019 in escrow in accordance with Section 1010. The shareholder approval requirements set out in Parts V and VI of the Manual will not apply to transactions concurrently effected with the qualifying acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the qualifying acquisition.](#) Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved. ~~The founding securityholders shall not be entitled to vote any of their securities with respect to the approval of the qualifying acquisition.~~

#### Sec. 1025.

[The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the qualifying acquisition and the shareholders entitled to vote upon the matter. If a qualifying acquisition is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.](#)

#### [Sec. 1026.](#)

[The SPAC](#) may impose additional conditions on the [approval completion](#) of a qualifying acquisition, provided that the conditions are described in the [prospectus or](#) information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public ~~holders of securities vote against the proposed~~ [shareholders](#) exercise their [conversion redemption](#) rights.

#### ~~Sec. 1026.~~

~~In connection with the securityholder meeting at which there will be a vote on a qualifying acquisition, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.~~

#### Sec. 1027.

In accordance with [Section 1008](#), holders of ~~securities who vote against the qualifying acquisition,~~ [shares \(other than founding securityholders in respect of their founding securities\)](#) must be entitled to [convert redeem](#) their ~~securities~~[shares](#) for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, ~~securityholders~~[shareholders](#) who exercise their [conversion redemption](#) rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such ~~converted securities~~[redeemed shares](#) shall be cancelled.

## Prospectus Requirement for Qualifying Acquisition

### Sec. 1028.

The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. ~~The Completion of the qualifying acquisition without a receipt for the final prospectus will result in the delisting of the SPAC.~~

If a qualifying acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in Section 1026. If a receipt for the final prospectus is not obtained, completion of the qualifying acquisition will result in the delisting of the SPAC. Section 1025.

If a qualifying acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – Electronic Delivery of Document. The notice of redemption must be pre-cleared by TSX prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

### Exchange Approval

### Sec. 1029.

The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. The Exchange will provide the issuer with up to 180 days from the completion of the qualifying acquisition to provide evidence that it meets the Public Distribution Requirements set out in Section 315, failing which the issuer will generally be put under a remedial delisting review as described in Part VII.

Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC. For greater certainty, a qualifying acquisition may include a merger or other reorganization or an acquisition of the SPAC by a third party.

### Escrow Requirements

### Sec. 1030.

Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

## E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

### Sec. 1031.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares (other than founding securityholders in respect of their founding securities) on a pro rata basis, and in accordance with Section 1032.

### Sec. 1032.

In accordance with Section 1004, the founding securityholders may not participate in any liquidation (or redemption) distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through permitted investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

**Sec. 1033.**

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

**F. Continued Listing Requirements Following Completion of a Qualifying Acquisition**

**Sec. 1034.**

Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.



## APPENDIX D

### CLEAN VERSION OF FINAL AMENDMENTS

#### Part I Introduction

[...]

#### Interpretation

[...]

“**founding securities**” means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market or under a rights offering by the SPAC;

[...]

#### Part X Special Purpose Acquisition Corporations (SPACs)

##### Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

- A. General Listing Matters
- B. Original Listing Requirements
- C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition
- D. Completion of a Qualifying Acquisition
- E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition
- F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

##### A. General Listing Matters

#### Securities to be Listed

##### Sec. 1001.

To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections [1003](#) to [1018](#). The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

#### Exercise of Discretion

##### Sec. 1002.

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

- (a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

## **B. Original listing Requirements**

### **IPO**

#### **Sec. 1003.**

A SPAC must, concurrently with listing on the Exchange, raise a minimum of \$30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

#### **Sec. 1004.**

Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

#### **Sec. 1005.**

The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

### **No Operating Business**

#### **Sec. 1006.**

A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

### **Jurisdiction of Incorporation**

#### **Sec. 1007.**

The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

### **Capital Structure**

#### **Sec. 1008.**

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a redemption (or substantially similar) feature, pursuant to which shareholders (other than founding securityholders in respect of their founding securities) may, in the event such qualifying acquisition is completed within the time frame set out in [Section 1022](#), elect that each share held be redeemed for an amount at least equal to: (1) the aggregate amount then on deposit in the

escrow account (net of any applicable taxes and direct expenses related to the exercise of the redemption right), divided by (2) the aggregate number of shares then outstanding, excluding founding securities; and

(ii) a liquidation distribution (or substantially similar) feature, pursuant to which shareholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in [Section 1022](#), be entitled to receive, for each share held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of shares then outstanding excluding the founding securities.

Notwithstanding the foregoing, the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit (i) may not be set at lower than 15% of the shares sold in the IPO; and (ii) is disclosed in the IPO prospectus. For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be exercisable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a date specified in the IPO prospectus and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in [Section 1022](#); and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

### **Prohibition of Debt Financing**

#### **Sec. 1009.**

The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition.

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from founding securityholders or their affiliates, up to a maximum aggregate principal amount equal to 10% of the funds escrowed under Section 1010 repayable in cash no earlier than the closing of the qualifying acquisition, provided that (1) such limit is disclosed in the IPO prospectus; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

### **Use of Proceeds Raised in the IPO and Escrow Requirements**

#### **Sec. 1010.**

Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

#### **Sec. 1011.**

The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the permitted investments.

#### **Sec. 1012.**

The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than the founding securityholders in respect of their founding securities) in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

**Sec. 1013.**

The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

**Sec. 1014.**

The proceeds from the IPO that are not placed in escrow and interest or other proceeds earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

**Public Distribution**

**Sec. 1015.**

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

- (a) at least 1,000,000 freely tradeable securities are held by public holders;
- (b) the aggregate market value of the securities held by public holders is at least \$30,000,000; and
- (c) at least 150 public holders of securities, holding at least one board lot each.

**Pricing**

**Sec. 1016.**

A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of \$2.00 per share or unit.

**Other Requirements**

**Sec. 1017.**

In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

- (a) Section 325 – Management
- (b) Section 327 – Escrow Requirements
- (c) Section 328 – Restricted Shares
- (d) Sections 338-351 – The Listing Application Procedure
- (e) Sections 352-356 – Approval of Listing and Posting Securities
- (f) Sections 358-359 – Public Availability of Documents
- (g) Section 360 – Provincial Securities Laws

**Sec. 1018.**

A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

**C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition**

**Additional Equity by way of Rights Offering Only**

**Sec. 1019.**

Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections 1010 to 1014. Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with Part VI of this Manual.

**Sec. 1020.**

The Exchange will only permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

**Other Requirements**

**Sec. 1021.**

Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V, other than Section 464 in respect of the requirement to hold an annual meeting provided that an annual update is disseminated via press release and available on the SPAC's website;

(b) Part VI, other than:

1. Section 624(h) in respect of the requirement to provide at least 21 days' notice in advance of a shareholders' meeting to holders of Restricted Securities;

2. Section 624(l) in respect of the requirement of certain take-over protective provisions, also referred to as coat-tail provisions; and

3. Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares for the issuance of the founding securities.

Until completion of a qualifying acquisition, a listed SPAC may only issue and make equity securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

**D. Completion of a Qualifying Acquisition**

**Permitted Time for Completion of a Qualifying Acquisition**

**Sec. 1022.**

A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 1023.

### Fair Market Value of a Qualifying Acquisition

#### Sec. 1023.

The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in [Section 1022](#).

### Shareholder and Other Approvals

#### Sec. 1024.

The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition; and (ii) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose. Shareholder approval of the qualifying acquisition is not required where the SPAC has placed at least 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 1019 in escrow in accordance with Section 1010. The shareholder approval requirements set out in Parts V and VI of the Manual will not apply to transactions concurrently effected with the qualifying acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the qualifying acquisition. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved.

#### Sec. 1025.

The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the qualifying acquisition and the shareholders entitled to vote upon the matter. If a qualifying acquisition is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

#### Sec. 1026.

The SPAC may impose additional conditions on the completion of a qualifying acquisition, provided that the conditions are described in the prospectus or information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public shareholders exercise their redemption rights.

#### Sec. 1027.

In accordance with [Section 1008](#), holders of shares (other than founding securityholders in respect of their founding securities) must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such redeemed shares shall be cancelled.

### Prospectus Requirement for Qualifying Acquisition

#### Sec. 1028.

The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. Completion of the qualifying acquisition without a receipt for the final prospectus will result in the delisting of the SPAC.

If a qualifying acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in Section 1025.

If a qualifying acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – *Electronic Delivery of Document*. The notice of redemption must be pre-cleared by TSX prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

### **Exchange Approval**

#### **Sec. 1029.**

The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. The Exchange will provide the issuer with up to 180 days from the completion of the qualifying acquisition to provide evidence that it meets the Public Distribution Requirements set out in Section 315, failing which the issuer will generally be put under a remedial delisting review as described in Part VII.

Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC. For greater certainty, a qualifying acquisition may include a merger or other reorganization or an acquisition of the SPAC by a third party.

### **Escrow Requirements**

#### **Sec. 1030.**

Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

### **E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition**

#### **Sec. 1031.**

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares (other than founding securityholders in respect of their founding securities) on a pro rata basis, and in accordance with Section 1032.

#### **Sec. 1032.**

In accordance with Section 1004, the founding securityholders may not participate in any liquidation (or redemption) distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through permitted investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

#### **Sec. 1033.**

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

### **F. Continued Listing Requirements Following Completion of a Qualifying Acquisition**

#### **Sec. 1034.**

Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.