



Going Public: Obtaining an Exchange Listing

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As a practical matter, in an IPO, a stock exchange listing for the securities qualified by the prospectus must generally be obtained, which means that the issuer will have to meet the minimum original listing requirements of the relevant stock exchange.

An issuer wishing to list its securities for trading on the TSX must demonstrate that it meets certain minimum listing requirements and comply with the rules of the TSX. While there are several different categories, and the minimum listing requirements for these vary to some extent, all listed companies must meet certain standard financial and minimum public distribution requirements and satisfy the TSX as to the quality of its management.

In determining eligibility, the TSX, for example, categorizes an issuer as being one of an industrial company (the general category), a mining issuer, or an oil and gas issuer. The industrial issuer category is itself subdivided into further categories including technology companies and research and development companies. Typically, issuers such as business income funds and those offering structured products are listed under the industrial (general) category.

The TSX has established certain basic requirements for TSX listings, such as a minimum public float, quality of management and sponsorship from a member firm of the TSX, as well as specific financial and other significant requirements depending on the applicable category of issuers. The minimum original listing requirements of the TSX are set out in the following pages (and are available on the TSX's website at www.tmx.com).

Minimum listing requirements for TSX Venture listings are also based on financial performance, resources and stages of development. The TSX Venture listing requirements are specifically designed for emerging companies and recognize that they have different financial needs from more established businesses. Requirements vary for listing on the other recognized exchanges. For example, on the Canadian Securities Exchange, minimum listing standards include having a minimum public float, adequate working capital and an acceptable capital structure.

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Industrial, Technology, and Research and Development Companies

Minimum Listing Requirements	TSX Non-Exempt Technology Issuers	TSX Non-Exempt Research & Development (R&D) Issuers	TSX Non-Exempt Forecasting Profitability	TSX Non-Exempt Profitable Issuers	TSX Exempt Industrial Companies
Earnings or Revenue			Evidence of pre-tax earnings from on-going operations for the current or next fiscal year of at least \$200,000	Pre-tax earnings from on-going operations of at least \$200,000 in the last fiscal year	Pre-tax earnings from on-going operations of at least \$300,000 in the last fiscal year
Cash Flow			Evidence of pre-tax cash flow from on-going operations for the current or next fiscal year of at least \$500,000	Pre-tax cash flow of \$500,000 in the last fiscal year	Pre-tax cash flow of \$700,000 in the last fiscal year, and an average of \$500,000 for the past 2 fiscal years
Net Tangible Assets			\$7,500,000	\$2,000,000	\$7,500,000
Adequate Working Capital and Capital Structure	Funds to cover all planned development expenditures, capital expenditures, and G&A expenses for 1 year	Funds to cover all planned R&D expenditures, capital expenditures and G&A expenses for 2 years	Working capital to carry on the business, and an appropriate capital structure		
Cash in Treasury	Min. \$10 million in the treasury, with majority raised by prospectus offering	Min. \$12 million in the treasury, with majority raised by prospectus offering			

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Products and Services	Evidence that products or services at an advanced stage of development or commercialization and that management has the expertise and resources to develop the business	Minimum 2 year operating history that includes R&D activities. Evidence of technical expertise and resources to advance its research and development programs			
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience. Companies are required to have at least two independent directors.				
Public Distribution and Market Capitalization	1,000,000 free trading public shares \$10,000,000 held by public shareholders 300 public shareholders each holding a board lot Minimum \$50 million market capitalization	1,000,000 free trading public shares \$4,000,000 held by public shareholders 300 public shareholders each holding a board lot			
Sponsorship	Generally Required				Not Required

Oil and Gas Companies

Minimum Listing Requirements	TSX Non-Exempt Oil & Gas Development Stage Issuers	TSX Non-Exempt Oil & Gas Exploration and Development Issuers	TSX Exempt Oil & Gas Issuers
Net Tangible Assets, Earnings or Revenue	No requirements		Pre-tax profitability from ongoing operations in last fiscal year. Pre-tax cash flow from ongoing operations of \$700,000 in last fiscal year and average pre-tax cash flow from ongoing operations of \$500,000 for the past two fiscal years
Working Capital and Financial Resources	Adequate funds to either: (a) execute the development plan and cover all other capital expenditures & G&A + debt service expenses, for 18 months with a contingency allowance; OR (b) bring the property into commercial production, & adequate working capital to fund all budgeted capital expenditures + carry on the business. 18 month projection of sources & uses of funds signed by CFO; appropriate capital structure	Adequate funds to execute the program and cover all other capital expenditures & G&A + debt service expenses for 18 months with a contingency allowance; 18 month projection of sources and uses of funds signed by CFO; appropriate capital structure	Adequate working capital to carry on the business. Appropriate capital structure
Distribution, Market Capitalization and Public Float	At least 1,000,000 freely tradable shares with an aggregate market value of \$4,000,000; 300 public holders, each with one board lot or more Minimum market value of the Issued securities that are to be listed of at least \$200,000,000	At least 1,000,000 freely tradable shares with an aggregate market value of \$4,000,000; 300 public shareholders, each holding one board lot or more	
Sponsorship	May be Required		Not Required
Property Requirements	Contingent resources of \$500,000,000	\$3,000,000 proved developed reserves	\$7,500,000 proved developed reserves
Recommended Work Program	Clearly defined development plan, satisfactory to the Exchange, which can reasonably be expected to advance the property	Clearly defined program to increase reserves	
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience. Companies are required to have at least two independent directors.		
Other Criteria	Up to date technical report prepared by an independent technical consultant (NI 51-101 <i>Standards of Disclosure for Oil & Gas Activities</i>)		

Exploration and Mining Companies

Minimum Listing Requirements	TSX Non-Exempt Exploration and Development Stage	TSX Non-Exempt Producer	TSX Exempt
Property Requirements	Advanced Exploration Property. Minimum 50% ownership in the property	Three years proven and probable reserves as estimated by independent qualified person (if not in production, a production decision made)	Three years proven and probable reserves as estimated by independent qualified person
Recommended Work Program	\$750,000 on advanced exploration property as recommended in independent technical report	Bringing the mine into commercial production	Commercial level mining operations
Working Capital and Financial Resources	Minimum \$2,000,000 working capital, but sufficient to complete recommended programs, plus 18 months G&A, anticipated property payments and capital expenditures. Appropriate capital structure	Adequate funds to bring the property into commercial production; plus adequate working capital for all budgeted capital expenditures and to carry on the business. Appropriate capital structure.	Adequate working capital to carry on the business. Appropriate capital structure.
Net Tangible Assets, Earnings or Revenue	\$3,000,000 net tangible assets	\$4,000,000 net tangible assets; evidence indicating a reasonable likelihood of future profitability supported by a feasibility study or historical production and financial performance	\$7,500,000 net tangible assets; pre-tax profitability from ongoing operations in last fiscal year; pre-tax cash flow of \$700,000 in last fiscal year and average of \$500,000 for past two fiscal years
Other Criteria	Up-to-date, comprehensive technical report prepared by independent qualified person. 18-month projection (by quarter) of sources and uses of funds, signed by CFO		Up-to-date, comprehensive technical report prepared by independent qualified person
Management and Board of Directors	Management, including the board of directors, should have adequate experience and technical expertise relevant to the company's business and industry as well as adequate public company experience. Companies are required to have at least two independent directors.		
Distribution, Market Capitalization and Public Float	1,000,000 free trading public shares \$4,000,000 held by public shareholders 300 public shareholders with board lots		
Sponsorship	Generally Required		Not Required

About the Firm

When Heward Stikeman and Fraser Elliott first opened the firm's doors in 1952, they were united in their pledge to do things differently to help clients meet their business objectives.

In fact, they made it their mission to deliver only the highest quality counsel as well as the most efficient and innovative services in order to steadily advance client goals.

Stikeman Elliott's leadership, prominence and recognition have continued to grow both in Canada and around the globe. However, we have remained true to our core values.

These values are what guide us every day and they include:

- Partnering with clients – mutual goals ensure mutual success.
- Finding original solutions where others can't – but they must also be grounded in business realities.
- Providing clients with a deep bench of legal expertise – for clear, proactive counsel.
- Remaining passionate about what we do – we relish the process and the performance that results from teamwork.

A commitment to the pursuit of excellence – today, tomorrow and in the decades to come – is what distinguishes Stikeman Elliott when it comes to forging a workable path through complex issues. Our duty and dedication never waver.

This is what makes Stikeman Elliott the firm the world comes to when it counts the most.

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