



TSX Revisits Proposal for Enhanced Equity Compensation Plan and Corporate Governance Disclosure

April 20, 2017

The disclosure requirements for security-based compensation arrangements for TSX-listed issuers are once again being considered pursuant to [proposed amendments](#) to the [TSX Company Manual](#) published by the [Toronto Stock Exchange](#) (TSX) on April 6, 2017. The revised proposal addresses comments received in response to a TSX request for comments from May 2016, in which a number of commenters expressed concerns about the increase in regulatory burden that could potentially result from the amendments (see our [previous post](#)). In this revision, the TSX has scrapped the previously proposed disclosure form (Form 15) and the burn rate formula for the new burn rate disclosure obligation has been revised. Amendments are also being made to better align the time periods covered by TSX-required disclosure with executive compensation disclosure requirements in [National Instrument 51-102F6 Statement of Executive Compensation](#).

Proposed Disclosure Obligations

If adopted, the amendments to the TSX Company Manual would change the proxy circular disclosure obligations with respect to security based compensation arrangements as follows:

- **Plan maximum.** Clarification has been made to the disclosure requirement regarding securities awarded or to be awarded under a plan. The maximum number of securities issuable under each plan as either a fixed number (accompanied by the relative percentage of the issuer's issued and outstanding securities) or fixed percentage will be required.
- **Outstanding and available awards.** The number of awards currently outstanding and the remaining securities available for grant under each plan would be disclosed, along with the percentage of the issuer's issued and outstanding securities these numbers represent.
- **Burn rate.** Issuers would be required to disclose the annual burn rate of a plan as a percentage, calculated as the number of awards granted under the plan during the applicable fiscal year, divided by the weighted average number of securities outstanding during such period. The proposal would also require burn rate disclosure for the three most recently completed fiscal years in respect of any arrangement that is seeking security holder approval. Annual burn rate disclosure would not be required for the first fiscal year of a newly adopted plan, but would be required for new arrangements adopted to replace similar arrangements.

- **Timing of disclosure.** Other than burn rate disclosure, prescribed disclosure would be presented as at the end of the issuer's most recently completed fiscal year if related to an annual meeting and as at the date of the meeting materials in the case of a special meeting where security holder approval is sought in connection with an equity based compensation plan.

Corporate Governance Disclosure

In addition to enhancing the security based compensation disclosure requirements, the TSX is concurrently amending its proposal to require TSX-listed issuers (other than non-corporate issuers) to publish their corporate governance documents on their websites. The proposal now clarifies which documents are to be published, specifically listing articles of incorporation, amalgamation, continuation or any other constating or establishing documents and by-laws, and copies of any majority voting policy, advance notice policy, position descriptions for the chair of the board, the lead director and key officers, the board mandate and board committee charters.

Comment Period and Further Information

Comments in respect of the proposed amendments may be submitted to the TSX in writing by May 8, 2017. For further information, please see [Amendments to Toronto Stock Exchange Company Manual](#) (April 6, 2017).

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