



TSX proposes additional listing exemptions for interlisted issuers

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The Toronto Stock Exchange yesterday proposed amendments to its [Company Manual](#) that would [adopt a broader deference model](#) in respect of certain exchange requirements where an interlisted issuer is subject to the rules and regulation of another exchange or jurisdiction.

An "interlisted issuer" is an issuer listed on two or more exchanges or marketplaces. According to the TSX, as at November 30, 2014, there were 322 interlisted issuers on the TSX. Of these, 273 (82%) are Canadian-based issuers, while 59 (18%) are foreign incorporated. Currently, the TSX waives certain of its requirements applicable to a transaction where at least 75% of the issuer's trading volume and value over the six months preceding notification of the transaction occurs on another exchange and the other exchange is reviewing the transaction.

Under the proposed amendments, the scope of matters that could be deferred to the other exchange where the bulk of trading takes place would be expanded. Specifically, the proposed amendments would provide new exemptions in respect of, among other things, prospectus offerings, convertible securities and rights offerings. Certain qualifying interlisted issuers could also apply for exemptions from certain TSX corporate governance requirements.

While expanding the range of matters that may be exempt, the TSX is also proposing to make the deference model available in respect to an enumerated list of "recognized" exchanges and to require the issuer to disclose via press release its reliance on the exemption. According to the TSX, such an expansion of the current exemptions would reduce the regulatory burden imposed on interlisted issuers.

Comments are requested on the proposal in general as well as in response to specific questions such as the propriety of the proposed trading threshold (being less than 25% of trading occurring on all Canadian marketplaces in the year preceding the application) and the choice of recognized exchanges in respect of which the exemptions will apply. Comments on the proposed changes are being accepted until March 9, 2015.

Meanwhile, the TSX [also published proposed amendments](#) that would generally require security holder approval in cases where an issuer submitted an application to voluntarily delist from the TSX.

Security holder approval would not, however, be required where (i) an acceptable alternative market existed or would exist for the listed securities on or about the proposed delisting date; (ii) security holders had a near term liquidity event for which all material conditions had been satisfied and the likelihood of non-completion was remote; or (iii) the listed issuer was under delisting review for failure to comply with

any of the delisting criteria in **Part VII of the Manual** and it was unlikely that the TSX would be satisfied that the deficiencies would be cured within the prescribed period.

According to the TSX, these amendments would protect security holders and preserve marketplace integrity. Comments on the proposed changes are being accepted until February 23, 2015.

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