

SANGRA MOLLER LLP

Barristers & Solicitors

LEGAL CURRENCY

A Client Communication

COVID-19: Canadian Stock Exchange Updates

In light of the COVID-19 pandemic, recent relief measures have been provided by the Canadian Securities Administrators (the "CSA"), the Toronto Stock Exchange (the "TSX") and the TSX Venture Exchange (the "TSXV") to market participants. As we have previously reported:

- The CSA has provided a 45-day extension for certain periodic disclosures normally required to be filed between March 23, 2020 and June 1, 2020, and for base shelf prospectuses that expire within this period, subject to certain conditions;
- The TSX has temporarily waived: (i) certain filing requirements in respect of late filings of financial statements; and (ii) the requirement to obtain shareholder approval every three years after instituting a security based compensation arrangement;
- The TSX has also increased the volume of daily purchases condition for normal course issuer bids to 50% of the average daily trading volume, and temporarily halted the application of the market value delisting criteria when determining whether to initiate a delisting review of an issuer's securities;
- The TSX and TSXV are permitting listed issuers to hold their AGMs on any date in 2020 up to and including December 31, 2020, subject to compliance with their governing corporate statutes. Shareholder approval of any rolling stock option plans of TSXV listed issuers may be sought at the time such AGM is held; and
- The TSX has announced that it may, on a case-by-case basis, use a shorter timeframe for the determination of market price for the purposes of pricing securities (including warrants) for private placements.

Since our previous Legal Currency, the TSXV has announced additional relief measures, which are summarized below.

I. TSXV Relief***Payment of Sustaining Fees***

From March 25, 2020 onwards, the TSXV is extending the deadline by which issuers must pay their 2020 annual sustaining fees from March 31, 2020 to May 31, 2020. The TSXV will also permit issuers to pay their 2020 annual sustaining fees in installments, with the first installment of 50% due on May 31, 2020 and the balance due on July 31, 2020.

Minimum Pricing Requirement

From April 8, 2020 to September 30, 2020, the TSXV is revising the minimum price at which listed shares may be issued from \$0.05 to \$0.01 in certain circumstances (the "**minimum price revision**"). These circumstances include private placement financings, public offerings, shares for debt conversions and shares and warrants issued as a bonus for a loan or guarantee. Note that the relief does not apply to incentive stock options, warrants and convertible securities, which remain subject to the minimum \$0.05 exercise/conversion price requirement.

If the market price of an issuer's listed shares is not greater than \$0.05, the minimum price at which that issuer may issue its listed shares is equal to that market price, subject to a minimum price of \$0.01. If the market price of an issuer's listed shares is greater than \$0.05, the minimum price at which that issuer may issue its listed shares remains equal to the market price less the existing allowable maximum discounts

based on closing price, subject to a minimum price of \$0.05.

An issuer may only rely upon the minimum price revision where all the following applicable criteria are satisfied:

- The proposed price is protected/reserved by way of a news release and not a Form 4A – *Price Reservation Form*.
- The aggregated number of listed shares issued under the minimum price revision at a price or deemed price that is below \$0.05 is not more than 100% of an issuer's outstanding listed shares, on a non-diluted basis, calculated on April 7, 2020.
- The proceeds of any financing will not primarily be used to pay management fees or for investor relations activities.
- The issuer will fully disclose to the public, at the time of announcement of any financing and at the time of closing of any financing, the proposed use of proceeds, including any proposed payments to related parties of the issuer.
- All securities issued under the minimum price revision at a price or deemed price that is below

\$0.05 are subject to the TSXV's four month resale restriction and must be legended accordingly.

II. Canadian Securities Exchange (the "CSE")

The CSE has not currently provided any additional relief guidance beyond the relief measures that the CSA has previously implemented.

III. CSA Updates

On April 9, 2020, the CSA announced that CSA members continue to be in close contact with companies and firms they regulate and are closely monitoring the situation caused by the Covid-19 pandemic. The CSA indicated that it would consider proceeding with additional burden reduction initiatives that may be helpful to businesses responding to the pandemic, including possible additional relief for market participants and support initiatives for investors. Additionally, the CSA and Investment Industry Regulatory Organization of Canada (IIROC) are monitoring developments in other jurisdictions, including decisions by certain countries to introduce short selling restrictions, with a view to assessing whether any action ought to be taken to prevent abusive or manipulative trading during this volatile market environment.