

APPENDIX A

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 units 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 feature, pursuant to which securityholders (other than founding securityholders) who voted against a proposed qualifying acquisition at a duly called meeting of securityholders may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect that each security held be converted into 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 right), divided by (2) the aggregate number of securities then outstanding; and

- (ii) a liquidation distribution feature, pursuant to which securityholders (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 security 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 then outstanding less the founding securities;

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 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. 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 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 who exercise their conversion 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 securityholders 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 as part of the liquidation distribution. Securityholders exercising their conversion 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 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 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 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 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 additional funds to be raised by a listed SPAC 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;
 - (b) Part VI, provided that, until completion of a qualifying acquisition, a listed SPAC may only issue and make 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 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 of the SPAC at a meeting duly called for that purpose. 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 may impose additional conditions on the approval of a qualifying acquisition, provided that the conditions are described in the 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 qualifying acquisition and exercise their conversion 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, must be entitled to convert their securities for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, securityholders who exercise their conversion rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such converted securities 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 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.

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. 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.

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 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 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 distribution. A liquidation 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 earned through permitted investments that remains in escrow shall also be part of the liquidation 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.



ANCILLARY PROPOSED AMENDMENTS TO PART I - DEFINITIONS

Definitions to be added to Part I:

“escrowed funds” means the funds placed in trust or escrow as required under Section 1010;

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

“founding securityholders” means insiders and equity securityholders of a SPAC prior to the completion of the IPO who continue to be insiders or equity securityholders, as the case may be, immediately after the IPO;

“IPO prospectus” means the final prospectus for the initial public offering of the SPAC;

“listing application” means an application for the original listing on the Exchange in the form found in Appendix A of the Manual;

“permitted investments” means investments in the following: cash or in book based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America; (ii) demand deposits, term deposits or certificates of deposit of banks listed Schedule I or Schedule III of the Bank Act (Canada), which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 – Prospectus and Registration Exemptions); (iii) commercial paper directly issued by Schedule I or Schedule III Banks which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - Prospectus and Registration Exemptions); or (iv) call loans to and notes or bankers' acceptances issued or accepted by any depository institution described in (ii) above;

“principal regulator” means the issuer's principal regulator determined in accordance with Multilateral Instrument 11-102 - Passport System;

“qualifying acquisition” means the acquisition of assets or one or more businesses by a SPAC which result in the issuer meeting the Exchange's original listing requirements set out in Part III of the Manual;

“SPAC” means a special purpose acquisition corporation;



ANCILLARY PROPOSED AMENDMENTS TO PART III - ORIGINAL LISTING REQUIREMENTS

Sec. 307. Companies applying for a listing on the Exchange are placed in one of three categories: Industrial(General), Mining or Oil and Gas. All special purpose issuers such as exchange traded funds, split share corporations, income trusts, investment funds and limited partnerships are listed under the Industrial (General) category. All SPACs are listed under the Industrial (General) category. If the primary nature of a business cannot be distinctly categorized, the Exchange will designate the company to a listing category after a review of the company's financial statements and other documentation.

Sec. 308. There are specific minimum listing requirements for each of the three categories of companies. These requirements are set out in the following sections:

Industrial (excluding SPACs)	Sections 309 to 313
Mining	Sections 314 to 318
Oil and Gas	Sections 319 to 323

For SPACs, the minimum listing requirements, as well as other requirements, are set out in Part X.

The minimum listing requirements should be read in conjunction with the Exchange policy on quality of management, as set out in Section 325.

**ANCILLARY PROPOSED AMENDMENTS TO
APPENDIX C
TORONTO STOCK EXCHANGE'S ESCROW POLICY STATEMENT**

I. Introduction

Effective June 30, 2002, the Canadian Securities Administrators ("CSA") introduced National Policy 46-201, *Escrow for Initial Public Offerings* (the "National Policy"), and a standard form of escrow agreement, Form 46-201F1, *Escrow Agreement* (the "Escrow Form"), in connection with the National Policy.

As determined by the CSA, the fundamental objective of escrow is to encourage continued interest and involvement in an issuer, for a reasonable period after its initial Public Offering ("IPO"), by those principals whose continuing role would be reasonably considered relevant to an investor's decision to subscribe to the issuer's IPO.

All terms contained in the TSX Escrow Policy are as defined in the National Policy.

II. Application of the National Policy

Under the National Policy, escrow is not required for an issuer listing on TSX that, immediately after completion of its IPO, is:

- i) classified by TSX under sections 309.1, 314.1, or 319.1 of this Manual, as applicable, as an exempt issuer; or
- ii) a non-exempt issuer with a market capitalization of at least \$100 million.

All other issuers completing initial public offerings and listing on TSX will be subject to the National Policy. Principals of such issuers will be required to place their securities in escrow under an escrow agreement in accordance with the terms of the National Policy, to be administered by the relevant CSA jurisdiction and not by TSX.

III. Application of the TSX Escrow Policy

The TSX Escrow Policy applies to issuers not otherwise subject to the National Policy that have:

- i) listed on TSX by completing reverse takeovers of TSX listed issuers ("backdoor listings");
- ii) listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X; or
- iii) conducted their IPOs in markets outside of a CSA jurisdiction within the 12 months preceding the date of the TSX listing application.

In deciding whether escrow is appropriate for such issuers, TSX will apply the principles of the National Policy. The provisions of the National Policy will be applied by TSX, including the use of the Escrow Form. TSX will administer escrow agreements entered into under the TSX Escrow Policy.

Subject to such terms and conditions as it may impose, TSX may:

- i) exempt a person or issuer from the provisions of the TSX Escrow Policy otherwise applicable; or

- ii) impose restrictions on a person or issuer beyond, or in addition to, those contained in the National Policy as applied to the TSX Escrow Policy where, in TSX's opinion, it would be in the public interest to do so.

Exchange discretion with respect to the escrow requirements applicable to founding securities may only be exercised after discussions with, and the concurrence of, the OSC.

For issuers where escrow is required, other than the founding securities held by founding securityholders of issuers listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X, a principal's escrow securities are to be released as follows:

On the date issuer's securities are listed on TSX (the listing date)	$\frac{1}{4}$ of the escrow securities
6 months after the listing date	$\frac{1}{3}$ of the remaining escrow securities
12 months after the listing date	$\frac{1}{2}$ of the remaining escrow securities
18 months after the listing date	the remaining escrow securities

For issuers where escrow is required, for founding securities held by founding securityholders of issuers listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X, the founding securityholders' founding securities are to be released as follows:

On the date issuer's securities are listed on TSX (the listing date)	$\frac{1}{10}$ of the founding securities
6 months after the listing date	$\frac{1}{3}$ of the remaining founding securities
12 months after the listing date	$\frac{1}{2}$ of the remaining founding securities
18 months after the listing date	the remaining founding securities

For issuers listed on TSX by completing a qualifying acquisition with a SPAC as contemplated in Part X, the listing date for purposes of this Escrow Policy is the date of closing of the qualifying acquisition by the SPAC.

IV. Administration of Existing Escrow Agreements

Issuers may apply to TSX to amend the terms of existing TSX escrow agreement and to request the transfer of securities within escrow or the early release of securities from escrow to reflect the release terms of the National Policy. For non-TSX escrow agreements, issuers must apply to the relevant exchange or relevant CSA jurisdiction under which the escrow agreement was originally entered into for any specific request to approve the transfer of securities within escrow or for the early release of securities from escrow.

The National Policy and the Escrow Form may be found on the web sites of CSA members including, but not limited to, the Ontario Securities Commission (www.osc.gov.on.ca).