

AGENDA

- Market Update
- Security Based Compensation Policy
- Acquisition Statements

Market Update

Prepared for Davidson & Company



January 2022

2021 TSXV YEAR IN REVIEW

\$11B+

Third time in TSXV history the Exchange has exceeded \$10B of equity capital raised.

30+

Graduations to TSX including a record number of innovation sector grads.

170%

YoY increase in new CPC IPOs following the launch of new CPC rules

70+

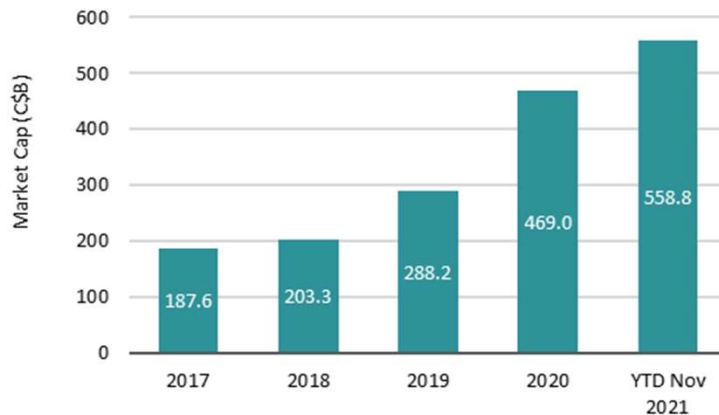
New corporate Innovation sector and Consumer listings in 2021

MARKET UPDATE

	YTD Nov 30			YTD Dec 31			
	2021	2020	% change	2020	2019	2018	2017
Number of Issuers	1,696	1,648	3%	1,649	1,673	1,707	1,653
Market Capitalization (C\$ Billions)	101.0	66.8	51%	78.3	45.0	45.0	50.8
Going Public Activity/New Listings	216	103	110%	129	139	212	143
Going Public Activity (EXCLUDING CPCs)	140	75	87%	98	80	117	106
IPOs (ex CPCs/ETFs/CEFs/SPACs)	15	6	150%	8	14	13	11
CPC/SPAC IPOs	76	28	171%	31	59	95	37
Qualifying Transactions (QTs)	66	32	106%	48	31	48	38
TSXV RTOs	13	7	86%	7	6	10	12
NEX RTOs	4	6	-33%	8	9	8	11
Other	42	24	75%	27	20	38	34
Grads	32	18	78%	20	21	12	16
Equity Capital Raised (C\$ Millions)	10,094.1	5,685.4	78%	6,643.8	4,227.3	6,796.8	6,102.1
Number of Financings	1,694	1,738	-3%	1,904	1,547	1,701	1,564
Volume Traded (Billions of Shares)	61.0	45.6	34%	52.1	35.5	48.5	49.3
S&P/TSX/TSXV Composite Indices	939.4	750.4	25%	875.4	577.5	557.2	850.7

INNOVATION SECTOR UPDATE

Growth of Innovation Sector



Record Tech Financing Activity

\$9.8M

Average Tech Financing on TSXV in 2021
72% increase over 5 year average

\$1,583M

TSXV Tech Financings YTD
100+% increase over previous annual record (2020)

100+ Listings
21 TSXV Graduates **20 New International Issuers**

New Listings through November 2021, included 83 new listings and 21 graduates

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2021 TSX & TSXV YEAR IN REVIEW

Mining

1. \$9B+ in equity capital raised by TSX and TSXV Mining companies.
2. 1,300+ mining financings on TSX and TSXV (with highest amount raised on TSXV in 10 years)
3. 70+ new Mining issuers on TSX and TSXV across IPOs and new listings.

New Listings through November 2021, included 83 new listings and 21 graduates

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2021 TSX & TSXV YEAR IN REVIEW

Life Sciences

1. Record Year for new Life Sciences companies going public on TSX/V.
2. 30+ new Life Sciences and Biotech issuers for Canadian investors.
3. \$3.5B+ of equity capital raised in Life Sciences in 2021. A 68% YoY increase
4. Four TSX Life Science IPOs which raised greater than \$100M

New Listings through November 2021, included 83 new listings and 21 graduates

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ETFs & US Records

Top Metrics ETFs

1. Record ETF inflows in 2021
2. World's first, Bitcoin and Ether ETFs. 16 Crypto Currency ETFs launched in 2021 reached \$7B+ in AUM.
3. Over \$300 billion in ETF Assets Under Management on TSX
4. Over \$500 billion in Value Traded of TSX Listed ETFs

Top US Metrics

1. Most new US listings in over 10 years (diverse sectors)
2. Most Capital Raised by U.S. based TSXV issuers since 2016
3. All-time record combined market capitalization of US Companies listed on TSXV (C\$175B+)

New Listings through November 2021, included 83 new listings and 21 graduates

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2021 TSX & TSXV YEAR IN REVIEW

Diversified Sector

1. Third largest IPO in TSX History
 - Definity Financial Corp.
2. 25 new Consumer companies went public on TSX/V.
 - \$1.5B in Consumer IPOs on TSX.
3. \$5B of capital raised by Financial Services Sector

New Listings through November 2021, included 83 new listings and 21 graduates

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CPC STATS

NEW POLICIES IMPLEMENTED IN 2021 BRING AN ENHANCED CPC PROGRAM

	Number of Listings		Financing Activity by Current/Former CPCs		
	CPC	QT	Capital Raised on TSX/TSXV	Seed Financings	Total Raised
Canada	68	48	5,942	23.0	5,965
BC	34	23	1,992	12.3	2,004
Alberta	8	4	265	1.7	267
Prairie	1	1	232	0.04	232
ON	24	19	2,230	8.7	2,239
QB	-	-	1,006	-	1,006
Atlantic	1	1	216	0.2	216

90%

INCREASE IN EQUITY CAPITAL RAISED YEAR OVER YEAR

162%

INCREASE IN NUMBER OF CPC IPOs YEAR OVER YEAR

(68 YTD Oct. 2021 vs. 26 YTD Oct. 2020)

Security Based Compensation

Prepared for Davidson & Company



January 2022

SECURITY BASED COMPENSATION

• SECURITY BASED COMPENSATION PLANS

Now four categories of Security Based Compensation Plans:

- “**rolling up to 10%**” - maximum number of Listed Shares that are issuable is equal to up to a maximum of 10% of the Issued Shares of the Issuer as at the date of grant or issuance of any Security Based Compensation; or
- “**fixed up to 20%**” - maximum number of Listed Shares that are issuable is a fixed specified number of Listed Shares up to a maximum of 20% of the Issued Shares of the Issuer as at the date of implementation of the most recent of such Security Based Compensation Plan(s); or

SECURITY BASED COMPENSATION

• SECURITY BASED COMPENSATION PLANS

- **“rolling up to 10% and fixed up to 10%”** - a “rolling” Stock Option Plan under which the number of Listed Shares that are issuable is a maximum of 10% of the Issued Shares of the Issuer as at the date of any Stock Option grant, and “fixed” Security Based Compensation Plan(s) (other than Stock Option Plans) under which the number of Listed Shares that are issuable in aggregate is a fixed specified number of Listed Shares up to a maximum of 10% of the Issued Shares of the Issuer as at the date of implementation of the most recent of such Security Based Compensation Plan(s); or
- **“fixed Stock Option Plan up to 10%”** - a “fixed” Stock Option Plan under which the number of Listed Shares that are issuable is a fixed specified number of Listed Shares up to a maximum of 10% of the Issued Shares of the Issuer as at the date of implementation of the Stock Option Plan.

SECURITY BASED COMPENSATION

• SECURITY BASED COMPENSATION PLANS

Notes:

- **Plan required** for every Issuer that intends to grant, or has outstanding, Security Based Compensation, and an Issuer may elect to implement one omnibus plan or any number of separate plans.
- **CPCs and Issuers listed on NEX** are only permitted to grant Stock Options and no other types of Security Based Compensation. CPCs must also comply with Policy 2.4 – *Capital Pool Companies* requirements, including the “rolling” 10% limit.
- **Investor Relations Service Providers** may only be granted Stock Options (and no other forms of Security Based Compensation) up to a maximum aggregate of 2% of the Issued Shares in any 12 month period, and any such Stock Options must vest over a period of not less than 12 months, with certain limits. Also, Net Exercise is not permitted.
- **Adjustments** to Security Based Compensation issued under a Security Based Compensation Plan must be subject to the prior acceptance of the Exchange at the time the adjustment is being triggered (except for a security consolidation or security split).

SECURITY BASED COMPENSATION

• SHAREHOLDER APPROVAL

- **Disinterested** Shareholder approval is required for every Security Based Compensation Plan that could result in:
 - the aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued to **Insiders** (as a group) exceeding **10%** of the Issued Shares of the Issuer;
 - the aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued **in any 12 month period to Insiders** (as a group) exceeding **10%** of the Issued Shares of the Issuer; or
 - the aggregate number of Listed Shares of the Issuer that are issuable pursuant to all Security Based Compensation granted or issued **in any 12 month period to any one Person** exceeding **5%** of the Issued Shares of the Issuer.

SECURITY BASED COMPENSATION

• DISCLOSURE

- News release for every Security Based Compensation Plan, and every agreement to grant or issue Security Based Compensation to a Director or Officer or to an Investor Relations Service Provider, and any amendment to any of the foregoing.
- News release should include the number of Listed Shares issuable under the Security Based Compensation Plan, the terms of the Security Based Compensation under individual grants (including but not limited to the number, exercise price and expiry date), and subsequent (Shareholder and Exchange) approvals required.

SECURITY BASED COMPENSATION

• SECURITY BASED COMPENSATION OUTSIDE PLANS

- Generally, all Security Based Compensation should be granted or issued under a Security Based Compensation Plan.
- The Exchange will consider, on a case-by-case basis, an application from an Issuer to grant or issue Security Based Compensation outside of a Security Based Compensation Plan, but generally, unless otherwise provided, disinterested Shareholder approval must be obtained at a meeting or by written consents (unlike Security Based Compensation Plans).

SECURITY BASED COMPENSATION

• SECURITY BASED COMPENSATION OUTSIDE PLANS

One Time Payments as Inducement or Severance

- Enables Issuers to issue Listed Shares as an inducement or as severance, without obtaining disinterested Shareholder approval and without a vesting requirement, provided that the maximum number of securities that an Issuer may issue under s.6.4 is limited to:
 - 1% of the Issued Shares for any particular issuance;
 - 1% of the Issued Shares to any one Person in any 12 month period;
and
 - 2% of the Issued Shares to all Persons in aggregate in any 12 month period.

SECURITY BASED COMPENSATION

• FILING REQUIREMENTS

Security Based Compensation Plans

- Issuers must receive Exchange acceptance of all Security Based Compensation Plans at the time of implementation and amendment to a Security Based Compensation Plan (except typos).
- Information Circular disclosure guidelines are provided.
- File draft Security Based Compensation Plan and Information Circular not less than 10 business days prior to the printing deadline for the Information Circular
- Monthly Report - The Form 4G has been expanded to address the additional types of Security Based Compensation that Issuers may issue

SECURITY BASED COMPENSATION

• FILING REQUIREMENTS

Amendments to Security Based Compensation

- News release.
- Director approval.
- If Participant is an Insider, disinterested Shareholder approval.
- Restrictions on amendments of Stock Options.

Acquisition Statements



Acquisition Statements

- Generally speaking, audited financial statements are required for each corporate entity that will form part of the resulting issuer post-listing. In a scenario where assets / business are being transferred to the resulting issuer, audited carve-out financial statements are likely to be required.
- **Interims:** Any and all interim 'stub' financial statements to be included in a listing disclosure document must be reviewed by the auditor.
- **Primary Business:** Don't forget Item 32 vs 35 of NI 41-101F1. Review the requirements under Item 32 of NI 41-101F1 first - if it's part of the primary business, financials are required. If it is not primary business, then you need to review the acquisition under Item 35.

Accounting Update

While certain acquisitions of mining assets may constitute acquisitions of a business for securities legislation purposes even if they do not meet the definition of a “business” for accounting purposes, CSA would not consider an of mining assets to be a business if all of the following criteria are met:

1. Acquisition was arm’s length;
2. No other assets transferred and no liabilities assumed; and
3. No exploration, development or other production activity on the assets in the last 2 years for venture issuers

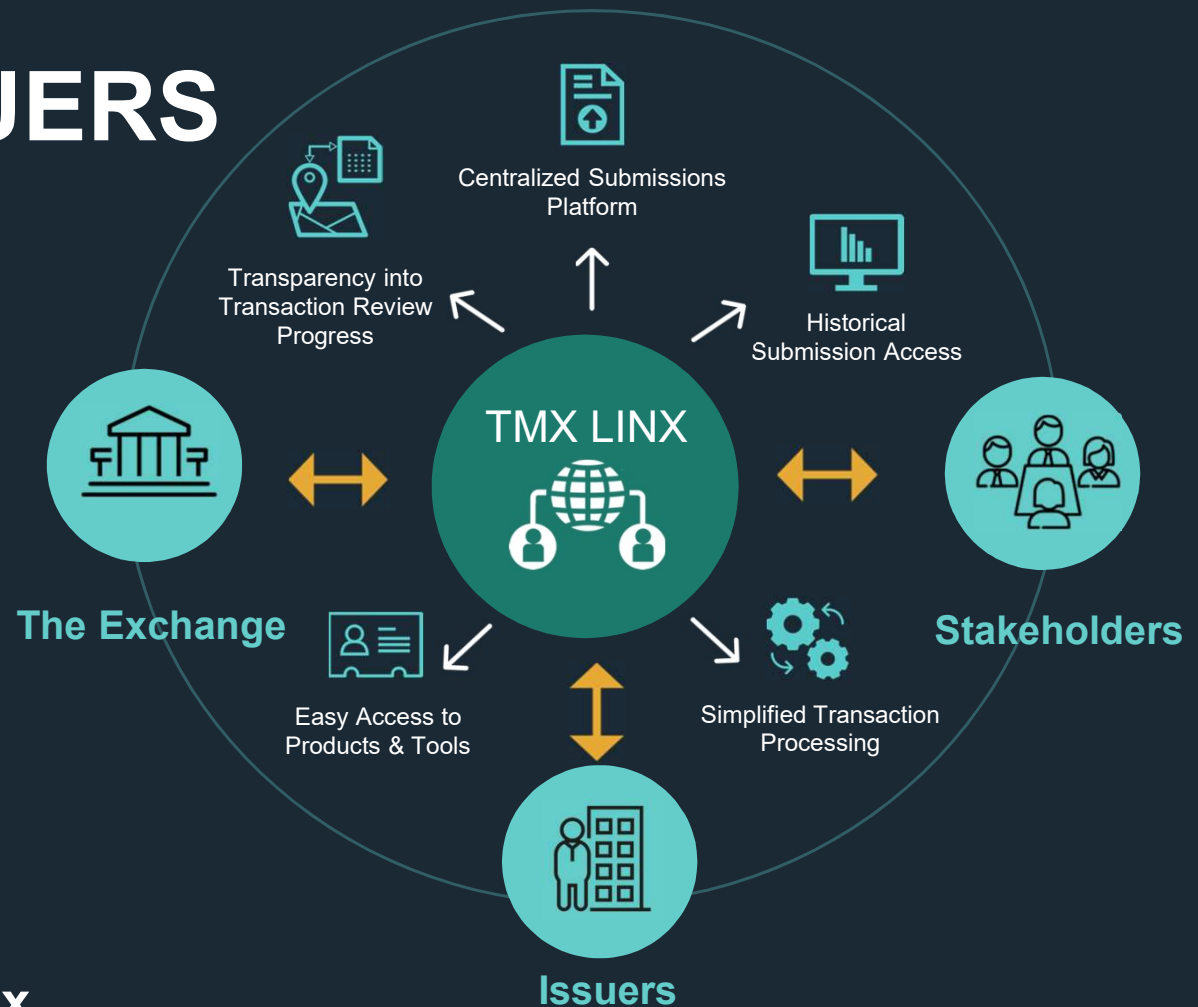
Client Services



Exchange Portal for TSX & TSXV ISSUERS

TMX LINX is a centralized portal for issuers and other stakeholders to interact with the Exchange. It is a single point of access for TSX and TSX Venture-listed issuers and their advisors to file submissions while having full transparency into the progress of their transactions.

The web-based platform enables all transaction participants to manage the submission, send and receive documents, communicate with the Exchange, and manage payments, all through a user-friendly and highly secure system.



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Q&A Session

Closing Items

- Any unanswered questions or comments can be sent to events@davidson-co.com
- Slides, video recording and survey/PD Certificate will be emailed by the end of the week
- Brief demo on PD Certificate generation
- Draw



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**ANNUAL REGULATORY
& TSX-V UPDATE**

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Wednesday, January 12th, 2022

A DAVIDSON & COMPANY WEBINAR