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Launch of the TSXV Sandbox Initiative

Jonathan Sherman, Sean Maniaci, Shannon Scrocchi

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On May 13, 2024, the TSX Venture Exchange (the TSXV) announced the launch of the TSXV Sandbox initiative as part of the TSXV's *Venture Forward* program. TSXV Sandbox is a forum designed to encourage innovation and provide support for the listing of novel business or transaction structures.

TSXV Sandbox will create opportunities for new issuers that might not otherwise fall under the current TSXV policies and listing requirements, by allowing the TSXV to exercise discretion in considering those unique listing proposals and transaction structures. TSXV Sandbox and other *Venture Forward* initiatives implemented by the TSXV aim to broaden access to the market and provide investors with new opportunities to fund innovative businesses.

The Venture Forward Program

In June 2022, the TSXV introduced *Venture Forward*, an initiative aimed at supporting and strengthening the ecosystem of public venture issuers in Canada. Following a year-long process of stakeholder engagement, the TSXV produced a comprehensive report that outlined four key commitments of the *Venture Forward* initiative, all of which are focused on increasing efficiencies, accelerating transaction timelines, and reducing costs for issuers. One of these commitments is the launch of TSXV Sandbox.

Key Features of the TSXV Sandbox Program

- **Special Conditions –** Through the TSXV Sandbox process, special conditions may be applied by the TSXV to issuers in order to facilitate certain listings on an exceptional basis. Such conditions will be tailored by the TSXV for the unique circumstances of listing and may include conditions such as enhanced disclosure requirements, specific vesting requirements or other restrictions on security issuances and applicable escrow periods. The TSXV will also establish custom conditions for an issuer's "exit" from the TSXV Sandbox, with the expectation that most issuers will exit the TSXV Sandbox within 12 months of listing.
- **Tier 2 –** Issuers listing through the TSXV Sandbox will be considered regular Tier 2 TSXV issuers and as such, TSXV Sandbox issuers will not require any specific identifiers or symbol extensions. TSXV Sandbox issuers will be subject to the same fees, policies and procedures as all other Tier 2 TSXV issuers with the exception being that TSXV Sandbox issuers will be required to disclose that they are TSXV Sandbox issuers in all of their public disclosure until such time as the issuer "exits"

the TSXV Sandbox.
- **Availability –** The TSXV Sandbox is currently only available for new listings and new listing transactions and cannot be used for secondary transactions of any issuers already listed on the exchange.

Traditional TSXV Policy Waivers vs. TSXV Sandbox

The TSXV has specific policies and requirements for issuers seeking to list or maintain their listing on the exchange. The existing process for granting minor waivers and the use of discretion if an issuer is unable to meet certain TSXV listing requirements will not change. The TSXV will continue to use discretion in the application of policies and listing standards, as stated in Policy 1.1 of the TSXV Corporate Finance Manual.

With the TSXV Sandbox program, the exchange now has the flexibility to exercise greater discretion to accommodate more innovative approaches from issuers without requiring a formal waiver application for each specific exception to the policy requirements. Although the TSXV Sandbox is separate from the traditional waiver process, an issuer that lists through the TSXV Sandbox platform is still able to seek waivers on a go-forward basis if there are specific policies or ongoing requirements that would otherwise apply to such issuer. It is also important to note that the TSXV Sandbox is not intended to provide issuers with a permanent exemption but rather a controlled environment for testing new ideas.

In summary, both traditional waivers and the TSXV Sandbox program serve distinct purposes and provide opportunities for issuers that do not fit perfectly into the TSXV listing requirements, with the latter specifically designed to encourage innovation and adaptability in the Canadian capital markets.

Potential Benefits of the TSXV Sandbox

The TSXV Sandbox does not include a prescribed list of eligibility criteria or conditions to achieve listing approval. The approach used for the TSXV Sandbox is tailored to each applicant and is intended to create listing opportunities for issuers with unique circumstances or transaction structures. As such, applicants are given the flexibility to apply to the TSXV Sandbox without the usual constrains of a regular course listing application. The TSXV will directly engage in conversations with the applicants and each issuer will be assessed based on the needs of their specific situations and be provided with individualized recommendations and conditions at the discretion of the TSXV.

Final Thoughts

The introduction of TSXV Sandbox will allow the TSXV to exercise greater discretion for listings, in turn creating new opportunities for issuers and encouraging innovation through unique issuers and transaction structures. The TSXV listings team will consider the specific circumstances for each issuer and will be able to advise an issuer whether the TSXV Sandbox is suitable for them. Issuers that are interested in leveraging the TSXV Sandbox or that have questions related to the TSXV Sandbox, including questions regarding eligibility, traditional policy waivers, and the application of special conditions, are encouraged to reach out to the Securities Group at Cassels.
