

## **POLICY 2.9**

# **TRADING HALTS, SUSPENSIONS AND DELISTING**

### **Scope of Policy**

This Policy addresses when public trading in an Issuer's Listed Shares should be temporarily halted or suspended, or when the Issuer's Listed Shares will be delisted.

The main headings in this Policy are:

1. Introduction
2. Trading Halts
3. Trading Suspensions
4. Delisting
5. Reviews and Appeals

### **1. Introduction**

- 1.1** Once the shares of an Issuer become listed on the Exchange, they become available for public trading through the Exchange's computerized trading system. Trades are executed through Members and Participating Organizations in a continuous-auction trading forum.
- 1.2** An Exchange trading halt, suspension or delisting minimizes or prevents any further trading of the Listed Shares of the Issuer. Members and Participating Organizations are prohibited from dealing with the Listed Shares of any Issuer that is halted or suspended throughout the period of any halt or suspension other than in accordance with applicable Exchange Requirements. Subject to the use of applicable exemptions, Securities Laws generally prohibit the sale of securities other than through registered dealers, many of which are Members or Participating Organizations.
- 1.3** The Listing Agreement authorizes the Exchange to halt or suspend trading in an Issuer's Listed Shares or to delist Listed Shares without notice at any time if the Exchange believes it is in the public's best interest.

- 1.4** The Exchange has retained its agent, the Regulation Services Provider, to act as its regulation service provider in accordance with National Instrument 21-101 – *Marketplace Operation* and, in particular to monitor, administer and enforce UMIR as they apply to the trading in Exchange listed securities and to monitor Issuers’ timely and continuous disclosure and enforce the relevant Exchange policies and procedures related to timely and continuous disclosure.
- 1.5** The Regulation Services Provider, will be responsible for monitoring, administering and enforcing the imposition of trading halts and co-ordinating with the Exchange on matters relating to suspensions and delistings.

## **2. Trading Halts**

- 2.1** The Exchange can impose a trading halt for any one of the following reasons:
- (a) the Issuer is not in compliance with the terms of its Listing Agreement or Exchange Requirements; or
  - (b) circumstances exist which, in the opinion of the Exchange, could materially affect the public interest.
- 2.2** If there has been undisclosed Material Information relating to the Issuer’s affairs and the Issuer does not request a trading halt, the Regulation Services Provider will halt trading in the Issuer’s Listed Shares until the Issuer publishes and disseminates a news release. The Regulation Services Provider together with the Issuer determines the time required to disseminate the news release and consequently the length of any trading halt. This will usually depend on the significance and complexity of the announcement and the geographic distribution of shareholders.
- 2.3** The Regulation Services Provider co-ordinates trading halts with other North American exchanges and Nasdaq when an Issuer’s Listed Shares are also listed or traded on those exchanges or quotation systems. The North American exchanges will generally halt and resume trading in an interlisted security at the same time in each market.
- 2.4** A trading halt should not reflect adversely on the Issuer, its management or the value of its Listed Shares. The halt does not affect the carrying value, for brokerage margin purposes, of the Issuer’s Listed Shares. Nevertheless, a trading halt may be changed to a suspension at any time, if the reason for the halt is not addressed by the Issuer or if the Exchange deems a suspension to be in the public interest.

## ***Exchange Reviews***

- 2.5** Most situations where a trading halt is appropriate are detected by the computer trading surveillance systems operated by the Regulation Services Provider. In reacting to any computer trading surveillance report, the Regulation Services Provider has a number of alternatives including the following:
- (a) note the anomaly, knowing that the market is reacting to some recently released information;
  - (b) check the Issuer's news releases and other Exchange files and, if necessary, contact the Issuer's directors or legal counsel to seek relevant information. The Issuer, on its own initiative or on request from the Regulation Services Provider, may issue another news release containing new information or clarifying previously disclosed information; or
  - (c) if the Regulation Services Provider cannot contact representatives of the Issuer and a material price change has occurred, or a material change in the bid or ask price has occurred, there may be either an imposition or extension of a halt in trading in the Issuer's Listed Shares until satisfactory disclosure is made.

## ***Unusual Price Fluctuations***

- 2.6** If the market price of Listed Shares has increased or decreased dramatically in a relatively short period of time and the price change does not appear to be the result of fully disclosed Material Information relating to the affairs of the Issuer, the Regulation Services Provider will halt trading in the Listed Shares "pending clarification of the market activity."
- 2.7** The review procedures which the Regulation Services Provider will employ in the case of unusual price fluctuations have been designed to:
- (a) ensure that all Material Information concerning the change(s) in question has been accurately disclosed;
  - (b) ascertain if there have been, or there are, trading irregularities in the stock;
  - (c) ascertain if there has been any inappropriate or undisclosed Investor Relations Activities relating to the Issuer; and
  - (d) ascertain the adequacy of the public distribution of the stock.

- 2.8 After completing its review, the Regulation Services Provider will take such steps as it determines appropriate, including requiring the Issuer to issue a further news release or referring the matter to the Exchange for further handling.

### 3. Trading Suspensions

#### 3.1 Reasons for Suspension

The Exchange may impose a suspension in a variety of circumstances including where:

- (a) the Issuer's Listed Shares are halted and the reason for the halt is not adequately addressed by the Issuer;
- (b) the Issuer has made public announcements and there is substantial market interest but the Issuer has not filed current financial statements. In this case, the suspension will normally continue until the market has current financial information with which to assess the Issuer's announcements. The suspension may be carried out by the Exchange alone or in conjunction with a Cease Trade Order imposed by a Securities Commission;
- (c) a Securities Commission issues a Cease Trade Order relating to the Issuer. In this case the trading suspension will not be revoked by the Exchange until the Commission rescinds its Cease Trade Order and the Exchange examines the Issuer for compliance with the Continued Listing Requirements;
- (d) an Issuer significantly fails to meet Continued Listing Requirements or has failed to meet the Continued Listing Requirements in the time permitted by the Exchange;
- (e) a CPC has failed to carry out a Qualifying Transaction within 24 months after listing;
- (f) the Issuer has breached the terms of its Listing Agreement or has otherwise failed to comply with Exchange Requirements;
- (g) the Issuer's circumstances appear to warrant a delisting, but the Exchange decides to allow the Issuer some time to reorganize its affairs in order to meet Initial Listings Requirements or Continued Listing Requirements, as appropriate; and
- (h) an Issuer fails to comply with a direction or requirement of the Exchange to make application for and obtain reporting issuer status in Ontario when it has a Significant Connection to Ontario.

- 3.2** When the Exchange decides to suspend an Issuer's Listed Shares, it will issue an Exchange Bulletin describing the reasons for the suspension. A trading suspension will remain in effect until the circumstances giving rise to it have been settled to the satisfaction of the Exchange and the Issuer otherwise satisfies all applicable Exchange Requirements.
- 3.3** When the Listed Shares of an Issuer are suspended, the carrying value attributable to those Listed Shares, for brokerage margin purposes, must be fixed at zero.

### ***Reinstatements***

- 3.4** Generally, reinstatement of trading will not be automatic upon the Issuer having remedied the deficiency which gave rise to the halt or suspension, as the Issuer will be required to make a request to the Exchange for any such reinstatement.
- 3.5** An Issuer whose Listed Shares have been halted or suspended for up to 10 business days can be reinstated for trading if it submits a plan (a "reinstatement submission") to meet the Continued Listing Requirements in a reasonable period of time and the Exchange is satisfied with the public disclosure of its affairs.
- 3.6** An Issuer whose Listed Shares have been halted or suspended for between 10 business days and 90 calendar days must make application for reinstatement and demonstrate to the Exchange that it meets the Continued Listing Requirements and is otherwise in good standing before the Exchange will reinstate trading.
- 3.7** An Issuer whose Listed Shares remain halted or suspended for a period of more than 90 days must meet the following requirements in order to be reinstated for trading:
- (a) the Issuer must make an application for reinstatement of trading, demonstrating that it meets the Exchange's Initial Listings Requirements and is otherwise in good standing, including attendance at a pre-filing conference and, if required, obtaining sponsorship. If the Issuer had Tier 1 Issuer status before the suspension and wishes to regain Tier 1 status, the appropriate Tier 1 Issuer requirements must be met to regain that status instead of Tier 2 Issuer status;
  - (b) an Issuer that has been subject to a Cease Trade Order for more than 90 days or whose Listed Shares have not traded for 12 months must file a reinstatement submission, including a Prospectus, Information Circular, comprehensive press release, filing statement or such other disclosure document as the Exchange may determine appropriate in the circumstances, accompanied by all supporting documentation and the appropriate filing fees; and
  - (c) the Issuer must receive approval for reinstatement from the Exchange, which will conduct a review of any compliance problems or investigations, evidence as to meeting the Initial Listings Requirements, the Issuer's new business proposal and whether it appears to be in the interest of the investing public to permit continued listing.

- 3.8** The Exchange will issue a notice to an Issuer whose securities have been suspended from trading for a significant period of time and provide it with a deadline to file a reinstatement submission and correct deficiencies. If the Issuer fails to do so or its submission is not satisfactory to the Exchange, then the Issuer may be delisted in accordance with section 4.9.
- 3.9** The Exchange will generally not apply sections 3.5, 3.6 and 3.7 to trading halts carried out in the normal course, including halts in connection with an impending Change of Business, Reverse Takeover or a Qualifying Transaction.
- 3.10** In the case of a proposed Change of Business or Reverse Takeover that does not proceed to a closing, following a review, the Exchange will generally permit the Issuer to resume trading provided that the Issuer satisfies Continued Listing Requirements and is otherwise in good standing.
- 3.11** Once an Issuer has been approved by the Exchange for reinstatement, it must disseminate a news release indicating the date of reinstatement and actions that were undertaken in furtherance of the reinstatement.

## **4. Delisting**

- 4.1** If an Issuer ceases to meet the Continued Listing Requirements applicable to it or breaches the Exchange Requirements, or if the Exchange considers that it would be in the public interest to do so, the Exchange may delist an Issuer's Listed Shares.

See Policy 2.5 – *Continued Listing Requirements and Inter-Tier Movement* for details as to the timing and notice provisions for the transfer of the listing of Issuers that do not meet CLR to NEX.

### ***Voluntary***

- 4.2** An Issuer may at any time request that the Exchange delist all or any class of its Listed Shares from trading on the Exchange. The Issuer must submit to the Exchange:
- (a) a written request for delisting, specifying the Listed Shares to be delisted and the reason(s) for the request;
  - (b) a copy of the directors' resolution authorizing the delisting; and
  - (c) confirmation that all Exchange invoices have been paid.
- 4.3** Unless the Exchange is satisfied that a satisfactory alternative market exists for the Listed Shares, the Exchange will require majority of the minority shareholder approval for the delisting application.
- 4.4** Typically a class of Listed Shares will be delisted at the request of the Issuer when the Issuer has redeemed its shares or a successful take-over bid for the shares has been completed. In most instances the Listed Shares of the Issuer requesting a delisting are

listed on another recognized stock exchange or stock market, or no longer held by a sufficient number of Public Shareholders. In these circumstances, and where the request is made for valid reasons, the Exchange will not object to the delisting so long as the above submission is delivered to the Exchange.

- 4.5** Delisting requests are occasionally made by interlisted companies in order to proceed with a transaction which the Exchange has not accepted for filing or which the Exchange finds objectionable. In these circumstances, in addition to filing a copy of the directors' resolution, the Issuer must issue a news release detailing the reasons for the delisting.
- 4.6** If the Listed Shares of the Issuer are not interlisted on another recognized stock exchange or stock market, the Exchange will consider the merits of each individual delisting application. The Exchange will need confirmation that the Issuer's Public Shareholders and the investing public generally, will not be prejudiced by the delisting. The Exchange can require that the Issuer issue a news release disclosing its plans and can delay the delisting to facilitate settlement of trades and allow shareholders to sell to willing purchasers.
- 4.7** In most cases, the Exchange will issue an Exchange Bulletin 10 days before a voluntary delisting occurs.

### ***Involuntary***

- 4.8** Each Exchange initiated delisting is reviewed on the basis of relevant facts and circumstances. The following are examples of circumstances which warrant a delisting:
- (a) the Issuer has failed to meet ILR or CLR (as directed by the Exchange) in the time permitted;
  - (b) the Issuer has sold or otherwise disposed of its principal operating assets, has ceased to be an operating company or has discontinued a substantial portion of its operations or business;
  - (c) the Issuer has breached the Listing Agreement or has otherwise failed to comply or is unwilling to comply with Exchange Requirements;
  - (d) the Issuer has failed to pay its annual sustaining fee, filing fees or any other charge due to the Exchange when due; or
  - (e) a suspended Issuer has failed to proceed with a reactivation plan as required by the Exchange.
- 4.9** Notwithstanding the above, if an Issuer's Listed Shares are suspended for 12 months, the Issuer may be delisted.

**4.10** Following delisting from the Exchange, an Issuer is still a Reporting Issuer under applicable Securities Laws. Accordingly, a delisted Issuer must continue to file financial statements and material change reports with the appropriate Securities Commission and to otherwise comply with the applicable Securities Laws until such time as it is no longer a Reporting Issuer under such Securities Laws.

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