VOX ROYALTY CORP.

Corporate Disclosure Policy

1. General Statement of Policy

Commitment and Understanding

Vox Royalty Corp. (the "**Company**" or "**Vox**") is committed to a policy that ensures informative, timely, consistent and accurate disclosure of corporate material information concerning Vox to the public. This Corporate Disclosure Policy (this "**Policy**") seeks to enable informed and orderly market decisions by individual investors who deserve the same access to material information as institutional shareholders and analysts. Vox is also committed to providing fair and equal access to such information through broadly disseminated disclosure. Both this Policy and the attached Section B of Part IV of the TSX Company Manual have been reviewed and approved by Vox's Board of Directors.

The Company understands that timely disclosure of material information is an integral part of an Issuer's proper corporate governance procedures. This Policy and the attached Section B of Part IV of the TSX Company Manual set out the general disclosure requirements for all material information.

The Company also understands that:

- One of the underlying principles of applicable securities laws, TSX policy and, to the extent such policy applies to Vox as a foreign private issuer, Nasdaq policy, is that all investors must have equal access to material information about an Issuer in order to make informed and reasoned investment decisions, and that such information should not be released on a selective basis, subject to very limited exceptions, as permitted by applicable securities laws.
- To maintain a listing on the TSX, every Issuer must make ongoing timely and continuous disclosure and keep the TSX informed of both routine and unusual events and information regarding its business, operations and affairs.
- Section B of Part IV of the TSX Company Manual is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers and must be read in conjunction with all other TSX requirements and applicable securities laws, including *National Policy 51-201 – Disclosure Standards* or any successor instrument.
- News releases announcing material information are intended to provide, to both existing shareholders and potential investors, factual information on which a reasoned investment decision can be made.

Intent

The intent of this Policy is to:

- raise the awareness of directors, officers, employees and consultants (collectively, "**Personnel**") about disclosure requirements and practices;
- provide guidance and structure in disseminating corporate information to, and in dealing with, investors, analysts, media representatives and the public; and
- ensure compliance with legal and promulgated regulatory requirements pertaining to this Policy.

Related Rules & Guidelines

This Policy takes into consideration the following existing rules and guidelines:

- securities laws governing corporate disclosure, confidentiality and trading by Personnel, including *National Policy 51-201 – Disclosure Standards*;
- Section B of Part IV of the TSX Company Manual (attached);

Application

This Policy applies to the conduct of Personnel and to all methods that Vox uses to communicate with the investing public, including, but not limited to:

- Written statements including Annual Reports, Interim Reports, News Releases, letters to shareholders, speeches by senior management, investor presentations, client presentations, e-mail messages and the Company's website;
- Oral statements including individual or group meetings, telephone conversations, interviews and news conferences and interviews.

Scope

This policy gives specific guidance in the following areas:

- disclosing material information;
- maintaining the confidentiality of information;
- disseminating information;
- communicating electronically; and
- trading.

2. Policy Administration

The Board of Directors oversees Vox's corporate disclosure practices and ensures implementation and adherence to this Policy. Responsibilities with respect to disclosure issues include:

- maintaining an awareness and understanding of governing disclosure rules and guidelines, including any new or pending developments;
- ascertaining whether corporate developments constitute material information and, if so, ensuring procedures outlined in this policy are implemented;
- developing and implementing procedures to regularly review, update and correct corporate disclosure information, including information on Vox's website;
- bringing this Policy to the attention of Personnel on a regular basis;
- monitoring for compliance of this policy and undertaking reviews of any violations, including assessment and implementation of appropriate consequences and remedial actions;
- reviewing this Policy at least annually and updating as necessary and appropriate to ensure compliance with prevailing rules and guidelines.

Authorized Corporate Spokespeople

Primary authorized spokespeople responsible for communicating Company information to the investing public include:

- Chief Executive Officer (the "**CEO**");

- Chief Financial Officer (the "**CFO**"); and
- Chief Investment Officer (the "**CIO**").

These spokespeople may, from time to time, designate others to speak on behalf of the Company or to respond to specific inquiries, where doing so facilitates effective communication with the investing public. Generally, however, such designations will be limited so as to maximize consistency of communications via the above listed spokespeople. Personnel other than authorized spokespeople are not to respond to requests for Company information from the investing public unless specifically asked to do so by an authorized spokesperson. Any such requests should be referred to an authorized Company spokesperson.

It is not the intent of this policy to restrict Personnel from speaking at conferences, technical seminars or outside functions where doing so serves a legitimate business purpose. However, when doing so, Personnel must ensure that any Company information provided is in compliance with this Policy and should contact the CFO or General Counsel of the Company if in doubt about the appropriateness of supplying certain information.

It is essential that the authorized spokesperson(s) as well as the Board continue to be fully apprised of all material Vox developments in order that they be in a position to evaluate and discuss those events that may impact the disclosure process.

Responsibility for Monitoring

The Board of Directors shall be responsible for implementing and monitoring this Policy, and determining when transactions, developments and other events constitute material information and require public disclosure.

3. Material Information

Definition

Material information is any information relating to the business and affairs of the Company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Company's listed securities. It is also defined as anything that a reasonable investor would consider important in assessing the Company as a potential investment. Material information consists of both material facts and material changes. Examples of material information would include quarterly results, new large customer orders or cancellation of same, acquisition of new assets, senior management or director changes, and equity or debt issuances.

Decisions on the materiality of information will be made within the context of Vox's overall business affairs and dimensions. Such decisions require the exercise of experienced judgment and are the responsibility of the Board of Directors. In cases where such decisions about materiality are not clear-cut and there is doubt as to whether disclosure should be made, Vox will consult with and seek guidance from its General Counsel, external legal counsel and/or the TSX. Consideration should be given to the nature of the information itself, the volatility of the Company's securities and prevailing market conditions. In general, if there is any doubt about whether particular information is material, Vox should err on the side of materiality and release the information publicly.

Examples of developments likely to require prompt disclosure as referred to above include the following:

(a) Changes in share ownership that may affect control of the company.

(b) Changes in corporate structure, such as reorganizations, amalgamations, etc.

(c) Take-over bids or issuer bids.

(d) Major corporate acquisitions or dispositions.

(e) Changes in capital structure.

(f) Borrowing of a significant amount of funds.

(g) Public or private sale of additional securities.

(h) Development of new products and developments affecting the company's resources, technology, products or market.

(i) Significant discoveries by resource companies.

(j) Entering into or loss of significant contracts.

(k) Firm evidence of significant increases or decreases in near-term earnings prospects.

(l) Changes in capital investment plans or corporate objectives.

(m) Significant changes in management.

(n) Significant litigation.

(o) Major labour disputes or disputes with major contractors or suppliers.

(p) Events of default under financing or other agreements.

(q) Any other developments relating to the business and affairs of the company that would reasonably be expected to significantly affect the market price or value of any of the company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Restriction on Disclosure of Material Information

No Personnel shall disclose material information regarding Vox to any person or group of persons outside of Vox personnel until it has been generally disseminated to the public in accordance with this Policy. The CEO and/or the Board as a whole may approve limited exceptions to this prohibition where disclosure is made to Vox's auditors, legal counsel, underwriters or other professional advisors in the necessary course of Vox's business.

Public Disclosure

When information has been determined to constitute a material change, as defined in applicable securities laws, Vox will immediately initiate a process to ensure full, true, plain and timely disclosure of it via recognized news services. When possible, a news release will be transmitted during non-trading hours. Vox's General Counsel or external legal counsel shall review all releases

relating to the disclosure of material information. If the release is being made during TSX trading hours, a telephone call should be made to the TSX's Regulation Services Provider prior to release, informing them of the release and allowing them an opportunity to determine whether a trading halt is necessary. Any follow-up news releases will be referenced to the original release and disseminated through the same news service as the original release. Vox shall comply with all applicable laws and regulations regarding the timely disclosure of material information and changes. The principal method of publicly disclosing material information will be by news release, using a news wire service that provides simultaneous distribution to widespread news services, financial media, and relevant stock exchanges and regulatory bodies. Vox will comply with the rules of the TSX regarding the timing of release of news releases, and any requirement to obtain TSX's Regulation Services Provider pre-clearance of news releases. Vox will file material change reports when required in accordance with applicable securities laws and regulations and all news releases relating to material information shall be filed on SEDAR and on EDGAR on the SEC's website.

All news releases must include all relevant information to enable readers to understand the substance and importance of the change and must not omit any information that would make the rest of the disclosure misleading. All news releases from Vox (except for promotional news releases that do not relate to material or financial information) shall be disseminated and pre-approved by the CEO, or as he may otherwise designate from time to time. In addition, Vox corporate news releases must be approved by the CEO and a minimum of one other director as well as its General Counsel or external legal counsel. All requests for news release approval will be accompanied by relevant documentation and agreements relating to the release to ensure that the release does not contain any vague, promotional or forward-looking statements. News releases regarding Vox's financial statements will be issued promptly following Board approval of the annual and interim financial statements. All news releases disclosing the Company's earnings will be reviewed by the Company's Audit Committee prior to any public disclosure.

Confidential Information

In isolated and restricted circumstances, and in accordance with applicable securities laws, including but not limited to *National Instrument 51-102 – Continuous Disclosure Obligations*, disclosure of a material change concerning the business and affairs of the Company may be delayed and kept confidential temporarily if:

(a) in the opinion of the Company, and if that opinion is arrived at in a reasonable manner, immediate public disclosure of a material change would be unduly detrimental to the interests of the Company; or

(b) the material change consists of a decision to implement a change made by senior management of the Company who believe that confirmation of the decision by the board of directors is probable, and senior management of the Company has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the Company,

and the Company immediately files a confidential material change report with the applicable securities regulators and with the TSX and the Regulation Services Provider (as defined in the policies of the TSX), together with written reasons for non-disclosure.

If a confidential material change report has been filed, the Company is required by law to advise the regulator or securities regulatory authority in writing if it believes the report should continue to remain confidential, within 10 days of the date of filing of the initial report and every 10 days thereafter until the material change is generally disclosed, or, if the material change consists of a decision of the type referred to in paragraph (b) above, until that decision has been rejected by the board of directors of the reporting issuer.

If a confidential material change report has been filed, the Company must promptly generally disclose the material change to the public upon the Company becoming aware, or having reasonable grounds to believe, that persons or companies are purchasing or selling securities of the Company with knowledge of the material change that has not been generally disclosed.

At any time when material information is being withheld from the public in accordance with the foregoing, the Company shall ensure that such material information is kept completely confidential and that persons in possession of such undisclosed material information are prohibited from purchasing or selling securities of the Company or "tipping" such information until the material information is publicly disclosed. Such information should not be disclosed to any officers or employees of the Company, or to the Company's advisors, except on a need to know basis in the necessary course of business.

4. Disseminating Information: General Application

The following principles and practices will be applied when disseminating corporate information to the investing public:

- Vox will disseminate corporate information in an equitable manner and will strive to respond in a timely manner to all legitimate requests for information;
- Material information will in all cases be disseminated broadly and publicly via recognized news services and other means;
- Vox will not provide confidential, proprietary or material, non-public information to the investing public, and will deny any requests for same;
- Vox recognizes that discussions and meetings with the investing public are an important part of the Company's investor relations program. Vox will provide non-material and publicly disclosed information in individual and group discussions and meetings where doing so facilitates better understandings about the business and affairs of the company. Generally, such information will be factual and non-speculative in nature and will not in any way significantly impact, impair or be detrimental to the Company's performance and effectiveness;
- Vox will not discriminate or differentiate amongst recipients of non-public, non-material information and will respond in the same manner to all requests for such information. This means that Vox will provide the same information and details that it has provided to analysts or fund managers, to any other individual market participant or media representative, upon request;

Disclosure of Intended Corporate Actions

Many developments must be disclosed before an event actually occurs, if the development itself gives rise to a material change. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been taken by the Board of Directors or by senior management with the expectation of concurrence from the Board of Directors. Updates with respect to intended corporation actions should be announced at least every 30 days until the intended event actually occurs, unless the original announcement indicates that an update will be disclosed on another indicated date. In addition, prompt disclosure is required of any material change to the proposed transaction or to the previously disclosed information.

While material information must be released immediately, judgment must be exercised as to the timing and propriety of news releases concerning corporate developments to avoid the potential for misleading or premature disclosure. Announcements of an intention to proceed with a transaction or activity should not be made unless the Company has the ability to carry out the intent (even though proceeding may be subject to contingencies).

Information Updates

Prompt disclosure shall be made of significant changes to previously disclosed material information where the information becomes misleading as a result of subsequent events. If information was true at the time of its release but subsequently changes without becoming misleading, no updates are required.

Material Change Reports

The Company must file a report with appropriate regulatory authorities concerning any material change as soon as practical and in any event within 10 days of the date on which the change occurs.

Communicating with Analysts & Investors

The authorized corporate spokespeople indicated above may meet with analysts, investors and other similar persons on an individual or small group basis from time to time. Vox will, where practical, have two persons present for such meetings. Such meetings should focus on generally disclosed information and items described in the Company's Management's Discussion & Analysis (MD&A) such as long-term strategy, management philosophy in running Vox, general business trends and competitive advantages/disadvantages. These meetings will not include the discussion of material information that has not been generally disclosed to the public. If such a disclosure should occur, then such information will be immediately disseminated to the public, and the TSX should be contacted, with trading halted if necessary or if deemed appropriate by the TSX.

Analyst Reports

Vox may be requested to review draft analysts' reports from time to time. Only authorized corporate spokespeople will comment on analysts' reports, and such comments will be limited to identifying publicly disclosed factual information that could affect the analyst's model and to pointing out inaccuracies or omissions with reference to publicly available information. A written statement will be provided with each review stating that the Company reviewed the report/model for factual errors only and this review does not necessarily embrace the soft information or conclusions. It is imperative that the control of this process be reported to the Board.

Conference Call, Webcasts & Industry Policies

Vox may, from time to time, hold conference calls or webcast presentations with the investment community to discuss financial results following the release of such financial result or to discuss other material disclosed information. All such investor conference calls or webcasts shall be fully accessible and non-exclusionary. Advance public notice of the date and time of the call/webcast, the subject matter and the means for accessing it will be provided by way of a news release. Interested parties will be allowed to listen in by way of telephone or through a webcast. Vox will keep detailed records of any conference calls or webcasts in which it presents information about its affairs. Recorded replays of each web cast or conference call will be made available on the corporate website for a reasonable period of time after the event.

Communicating with the Media

One of the primary responsibilities of the CEO is to communicate with media representatives, community representatives and the general public, and to provide information about the Company to them.

He is also responsible for preparing senior management and developing related speeches, handouts and other materials for news conferences, interviews and meetings with the media and the public. In doing so, the CEO will work with the General Counsel and external legal counsel as necessary to ensure that no material, non-public information is included in related speeches and materials.

Whenever possible, the CEO and CIO will participate in news conferences, interviews and meetings. If material, non-public information appears to have been inadvertently disclosed at such events, the CEO and/or General Counsel will consult with external legal counsel, and where this is confirmed, immediate action will be taken to achieve full public disclosure of the information.

Vox will not provide material information to the media on an exclusive or selective basis, and will not under any circumstances provide material information to the media on upcoming events or announcements before they are publicly released.

Quiet Period

The Company has instituted a "quiet period" in order to avoid the potential for, or the appearance of, selective disclosure. During this period, Personnel will not discuss or comment on the Company's earnings and financial performance except with respect to inquiries concerning factual matters about already publicly disclosed information. The quiet period begins at 7 a.m. (EST) 14 days prior to the release of quarterly or annual financial results (as applicable) and will continue until the release of such information.

5. Responding to Market Rumours

It is Vox's general policy to not respond to, or comment on, affirmatively or negatively, market rumours or speculation, and Company spokespersons will respond by stating, "It is our policy not to comment on market rumours or speculation."

TSX rules may require that the Company issue a clarifying statement or denial in response to rumours. Should the TSX or another regulatory body request that the Company make a clarifying statement in response to a market rumour that it is causing significant volatility in the stock, the Board of Directors will consider the matter and decide whether to make a policy exception. A trading halt can be instituted pending a "no corporate developments" statement from the Company.

6. Forward-Looking Information

Vox will generally not provide forecasts of future earnings or other financial results. Vox may provide general forward-looking information and guidance to the investing public that would enable reasoned evaluations of the Company and its future performance prospects. Generally, such information and guidance will be consistent with and complementary to information that has been otherwise provided via timely disclosure documents such as Annual Reports, news releases, Interim Reports, etc. In no circumstance will any material forward-looking information be provided in advance of its general public disclosure.

A disclaimer cautioning the reader that there are risks and uncertainties that could cause actual results to differ materially from what is indicated in the document will accompany all documents containing forward-looking information. When making oral forward-looking statements, reasonable care will be taken to also include appropriate reference to such risks and uncertainties in the discussion. The Company will endeavor to update forward-looking statements that change materially to the extent practicable.

7. Electronic Communications

E-mail and Internet Use

Vox views the Internet as a valuable tool and encourages Personnel to use it to learn, develop new skills, and increase their knowledge and effectiveness. All Vox Personnel with access to the Company's internal information network also have access to the Internet.

All Personnel are responsible and accountable for any and all actions they take on the Internet.

More generally, Vox considers Internet information and communication to be an extension of the corporate disclosure record. As such, Vox use of the Internet and e-mail is subject to the same disclosure rules, guidelines and procedures outlined in this Policy for other means of disseminating corporate information.

Personnel Use of Social Media

Unless specifically authorized by Vox, all Personnel are prohibited from participating in discussions of Vox corporate matters in social media platforms (i.e. Facebook, Twitter, Instagram, YouTube, Reddit, LinkedIn, etc.), chat rooms, forums and/or bulletin boards. Personnel shall immediately report to the CEO any discussion pertaining to Vox that they find on the Internet which appears to be in violation of this Policy.

Corporate Website

Vox has a website that contains information about the Company. Vox also uses social media to provide such information.

The Company may supplement its distribution of material information through disclosures maintained on the Company's website or social media platforms. However, disclosure on the Company's website or social media platforms does not constitute adequate dissemination of material information. Any disclosure of material information on the Company's website or social media platforms must be preceded by the issuance of a news release in the manner described above.

Appropriate disclaimers will be posted on the Company's website and the social media platforms it utilizes, and other steps will be taken to the effect that the disclosure of information on the Company's website or social media platforms does not constitute an offering of securities contrary to local securities laws or rules.

News releases issued by the Company shall be contained within a separate section of the Company's website and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All material information posted to the website shall show the date such material was issued. The CFO has ongoing responsibility for ensuring that information in the "Investors" and "News" sections of Vox's website is up-to-date and maintaining records indicating the date that the material information was posted and/or removed from the "Investors" and "News" sections of the website. The Board has a broader, oversight responsibility for this section of the website to ensure that appropriate standards of care are being applied for disclosures of information via this medium. The minimum retention period for material corporate information on the website shall be five years.

8. Update Material Changes in Information

If the Company discovers that a statement it made was, in fact, materially incorrect at the time it was disclosed, the Company will publicly issue a correction of the prior misstatement as soon as the error is discovered. The Company will make an effort to continually update the forward-looking statements if and when necessary.

9. Maintaining Confidentiality

Procedures for Maintaining Confidentiality

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business and code names should be used if necessary.

- Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.

- Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them.

- Personnel must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.

- Transmission of documents by electronic means should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.

- Unnecessary copying of confidential document should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.

- Access to confidential electronic data should be restricted through the use of passwords.

Disclosure Made in the Necessary Course of Business

- There may be circumstances where selective disclosure is required in the necessary course of business, such as with:

    - vendors, licensors, licensees, suppliers or strategic partners on issues such as R&D, sales and marketing and supply contracts

    - Personnel

    - lenders, legal counsel, auditors, financial advisors and underwriters

    - parties to negotiations

    - government agencies and non-governmental regulators

- credit rating agencies

Disclosure in the "necessary course of business" does not extend to the media, analysts, institutional investors or other market professionals. Where the Company determines it is required to disclose non-public information "in the necessary course of business", it will clearly identify to the recipient the confidential nature of the information and will obtain the recipient's express undertaking not to disclose the information or engage in any trading in the Company's securities.

Any confidentiality arrangements should remain in effect until the Company either determines that the information is not material non-public information or makes widespread dissemination of the material information.

10. Disclosure Record

The CFO will maintain a five-year file containing all public information about the Company, including continuous disclosure documents, news releases, analysts' reports, tape recordings of shareholder conference calls, notes from meetings and telephone conversations with analysts and investors, and newspaper articles (collectively "**Disclosure Activities**"). The CFO will also maintain a copy of all material back-up information relating to public disclosures.

As appropriate, at meetings of the Board, the CFO shall provide a report on all of Disclosure Activities and past disclosure issues, expected Disclosure Activities and upcoming disclosure issues, and confirm that no events have occurred which require updating of any previously disclosed information.

11. Questions

Questions concerning this Policy should be addressed to the CFO or General Counsel.

12. Annual Review

This Policy has been approved by Vox's Board of Directors. The Board of Directors will review this Policy at least annually and any material changes proposed will be subject to the approval of the Board of Directors.

13. Distribution of Policy

The Policy will be circulated to all Personnel on an annual basis and whenever changes are made. New Personnel will be provided with a copy of this Policy and will be advised of its importance.

14. Violation of Policy

Any director, officer, employee and/or consultant who violates this Policy may face disciplinary action up to and including termination of his or her employment with Vox without notice. The violation of this Policy may also violate certain securities laws. If it appears that any Personnel may have violated securities laws, Vox may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

Last updated – November 8, 2023

Sec. 404.

In general, to maintain its listing privilege a company must make public disclosures and keep the Exchange fully informed of both routine and unusual events and decisions affecting its security holders.

The purpose of these requirements is to ensure that the market has adequate time for consideration of and response to, corporate events. In addition, it is necessary that records be continuously maintained regarding the entitlement to various benefits as they accrue from time to time to the security holders of record.

In some matters, the prior consent of the Exchange to an intended course of action is required, in order to ensure that implementation of the corporate decision is consistent with Exchange requirements.

Sec. 405.

All listed companies should be thoroughly familiar with the applicable federal and provincial statutory requirements respecting timely disclosure, financial statements, proxy materials and shareholders' meetings. The Exchange's requirements and the statutory requirements may vary, but they do not conflict. The Exchange enforces its own requirements. It retains the right to waive these requirements, but does not have the right to waive statutory requirements. The Exchange frequently draws the attention of a company to its multiple obligations, but the responsibility rests with the company to meet all sets of applicable requirements.

B. Timely Disclosure

Introduction

Sec. 406.

It is a cornerstone policy of the Exchange that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of material information concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

The timely disclosure policy of the Exchange is the primary timely disclosure standard for all TSX listed issuers. National Policy 51-201 *Disclosure Standards*, assists issuers in meeting their legislative disclosure requirements. While the legislative and Exchange timely disclosure requirements differ somewhat, the CSA clearly state in National Policy 51-201 *Disclosure Standards* that they expect listed issuers to comply with the requirements of the Exchange.

To minimize the number of authorities that must be consulted in a particular matter, in the case of securities listed on the Exchange, the Exchange is the relevant contact. The issuer may, of course, consult with the government securities administrator of the particular jurisdiction. In the case of securities listed on more than one stock market, the issuer should deal with each market.

The requirements of the Exchange and National Policy 51-201 *Disclosure Standards* are in addition to any applicable statutory requirements. The Exchange enforces its own policy. Companies whose securities are listed on the Exchange are legally obligated to comply with the provisions on timely disclosure set

out in section 75 of the OSA and the regulation under the OSA. Reference should also be made to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, National Instrument 55-102 *System for Electronic Disclosure by Insiders*, National Instrument 62-103 *The Early Warning System and Related Take-Over bid and Insider Reporting Issues, and National Instrument 62-104 Take-Over Bids and Issuer Bids*.

In addition to the foregoing requirements, companies whose securities are listed on the Exchange and who engage in mineral exploration, development and/or production, must follow the "Disclosure Standards for Companies Engaged in Mineral Exploration, Development and Production" as outlined in Appendix B of this Manual for both their timely and continuous disclosure.

Market Surveillance monitors the timely disclosure policy on behalf of the Exchange.

Material Information

Definition

Sec. 407.

Material information is any information relating to the business and affairs of a company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the company's listed securities.

Material information consists of both material facts and material changes relating to the business and affairs of a listed company. In addition to material information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, Market Surveillance may require that an announcement be made by the company whether such rumours and speculation are factual or not. The policy of the Exchange with regard to rumours is set out more fully in Section 414.

The timely disclosure policy of the Exchange is designed to supplement the provisions of the OSA, which requires disclosure of any "material change" as defined therein. A report must be tiled with the OSC concerning any "material change" as soon as practicable and in any event within ten days of the date on which the change occurs. The Exchange considers that "material information" is a broader term than "material change" since it encompasses material facts that may not entail a "material change" as defined in the Act. It has long been the practice of most listed companies to disclose a broader range of information to the public pursuant to the Exchange's timely disclosure policy than a strict interpretation of the Act might require. Companies subject to securities legislation outside of Ontario should be aware of their disclosure obligations in other jurisdictions.

It is the responsibility of each listed company to determine what information is material according to the above definition in the context of the company's own affairs. The materiality of information varies from one company to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is "significant" or "major" in the context of a smaller company's business and affairs is often not material to a large company. The company itself is in the best position to apply the definition of material information to its own unique circumstances. The Exchange recognizes that decisions on disclosure require careful subjective judgments, and encourages listed companies to consult Market Surveillance when in doubt as to whether disclosure should be made.

Rule: Immediate Disclosure

Sec. 408.

A listed company is required to disclose material information concerning its business and affairs forthwith upon the information becoming known to management, or in the case of information previously known, forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk of persons with access to the information acting upon undisclosed information. Unusual trading marked by significant changes in the price or trading volumes of any of a company's securities prior to the announcement of material information is embarrassing to company management and damaging to the reputation of the securities market, since the investing public may assume that certain persons benefited from access to material information which was not generally disclosed.

In restricted circumstances disclosure of material information may be delayed for reasons of corporate confidentiality. In this regard, see Sections 423.1 to 423.3.

Developments to be Disclosed

Sec. 409.

Companies are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, companies are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, an announcement should be made.

The market price of a company's securities may be affected by factors directly relating to the securities themselves as well as by information concerning the company's business and affairs. For example, changes in a company's issued capital, stock splits, redemptions and dividend decisions may all impact upon the market price of a security.

Sec. 410.

Other actual or proposed developments that are likely to give rise to material information and thus to require prompt disclosure include, but are not limited to, those listed below. Of course, any development must be material according to the definition of material information before disclosure is required.

Many developments must be disclosed at the proposal stage, or before an event actually occurs, if the proposal gives rise to material information at that stage. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the board of directors of the company, or by senior management with the expectation of concurrence from the board of directors. Subsequently, updates should be announced at least every 30 days, unless the original announcement indicates that an update will be disclosed on another indicated date. In addition,

prompt disclosure is required of any material change to the proposed transaction, or to the previously disclosed information.

Examples of developments likely to require prompt disclosure as referred to above include the following:

(a) Changes in share ownership that may affect control of the company.

(b) Changes in corporate structure, such as reorganizations, amalgamations, etc.

(c) Take-over bids or issuer bids.

(d) Major corporate acquisitions or dispositions.

(e) Changes in capital structure.

(f) Borrowing of a significant amount of funds.

(g) Public or private sale of additional securities.

(h) Development of new products and developments affecting the company's resources, technology, products or market.

(i) Significant discoveries by resource companies.

(j) Entering into or loss of significant contracts.

(k) Firm evidence of significant increases or decreases in near-term earnings prospects.

(l) Changes in capital investment plans or corporate objectives.

(m) Significant changes in management.

(n) Significant litigation.

(o) Major labour disputes or disputes with major contractors or suppliers.

(p) Events of default under financing or other agreements.

(q) Any other developments relating to the business and affairs of the company that would reasonably be expected to significantly affect the market price or value of any of the company's securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Sec. 411.

Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as in the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the company. If disclosed, they should be generally disclosed. Reference should be made to National Instrument 51-102 *Continuous Disclosure Obligations (FOFI and Financial Outlooks)*.

Market Surveillance

Monitoring Trading

Sec. 412.

Market Surveillance maintains a continuous stock watch program which is designed to highlight unusual market activity, such as unusual price and volume changes in a stock relative to its historical pattern of trading. Where unusual trading activity takes place in a listed security, Market Surveillance attempts to determine the specific cause of such activity. If the specific cause cannot be determined immediately, company management will be contacted. Should this contact result in Market Surveillance staff becoming aware of a situation which requires a news release, the company will be asked to make an immediate announcement. Should the company be unaware of any undisclosed developments, Market Surveillance staff will continue to monitor trading and, if concerns continue, may ask the company to issue a statement that it is not aware of any undisclosed developments that would account for the unusual trading pattern.

Timing of Announcements

Sec. 413.

Market Surveillance has the responsibility of receiving all timely disclosure news releases from listed companies detailing material information concerning their affairs. The overriding rule is that significant announcements are required to be released immediately. Release of certain announcements may be delayed until the close of trading, subject to the approval of Market Surveillance. Company officials are encouraged to seek assistance and direction from Market Surveillance as to when an announcement should be released and whether trading in the company's shares should be halted for dissemination of an announcement.

Rumours

Sec. 414.

Unusual market activity is often caused by the presence of rumours. The Exchange recognizes that it is impractical to expect management to be aware of, and comment on, all rumours, but when market activity indicates that trading is being unduly influenced by rumours Market Surveillance will request that a clarifying statement be made by the company. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying such a situation. A trading halt may be instituted pending a "no corporate developments" statement from the company. If a rumour is correct in whole or in part, immediate disclosure of the relevant material information must be made by the company and a trading halt will be instituted pending release and dissemination of the information.

OSC Cease Trading Order

Sec. 415.

In certain circumstances trading in a listed security may be stopped by Market Surveillance as a result of a cease trading order being issued by the OSC. Such an order may be issued by the OSC where it is of the opinion that a halt in trading is in the public interest. However, Market Surveillance generally handles halts for the dissemination of announcements of material information. Additional information with respect to trading halts is included in Sections 420 to 423.

Announcements of Material Information

Pre-Notification to Exchange

Sec. 416.

The Exchange's policy requires immediate release of material information except in unusual circumstances. While Market Surveillance may permit certain news releases to be issued after the close of trading, the policy of immediate disclosure frequently requires that news releases be issued during trading hours, especially when an important corporate development has occurred. If this is the case, it is absolutely essential that company officials notify Market Surveillance prior to the issuance of a news release. Market Surveillance staff will then be in a position to determine whether trading in any of the company's securities should be temporarily halted. Also, if the Exchange is not advised of news releases in advance, any subsequent unusual trading activity will generate enquiries and perhaps a halt in trading.

Regardless of when an announcement involving material information is released, Market Surveillance must be advised of its content and supplied with a copy in advance of its release. Market Surveillance must also be advised of the proposed method of dissemination. Market Surveillance must be advised by telephone in advance if an announcement is ready to be made during trading hours, and submission of a written copy of the release should follow. Where an announcement is to be released after the Exchange has closed, Market Surveillance staff should be advised before trading opens on the next trading day. Copies may be filed through TMX LINX.

Market Surveillance coordinates trading halts with other exchanges and markets where a company's securities are listed or traded elsewhere. A convention exists that trading in a security traded in more than one market shall be halted and resumed at the same time in each market. Failing to pre-notify the Exchange of an imminent material announcement could disrupt this system.

Dissemination

Sec. 417.

After notifying Market Surveillance, a news release must be transmitted to the media by the quickest possible method, and by one that provides the widest dissemination possible. To ensure that the entire financial community is aware of the news at the same time, a wire service or combination of services must be used which provides national and simultaneous coverage.

The Exchange accepts the use of any news services that meet the following criteria:

- dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
- dissemination to all Participating Organizations; and
- dissemination to all relevant regulatory bodies.

Companies are also expected to use services such as Dow Jones and Reuters that provide wide dissemination at no charge to the issuer. However, companies should be aware that these services do not

carry all releases and may substantially edit releases they do carry. News services that guarantee that the full text of the release will be carried are required to be used.

Dissemination of news is essential to ensure that all investors trade on equal information. The onus is on the listed company to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this policy and shall be grounds for suspension of trading or delisting of the company's securities. In particular, the Exchange will not consider relieving a company from its obligation to disseminate news properly because of cost factors.

Content of Announcements

Sec. 418.

Announcements of material information should be factual and balanced, neither overemphasizing favourable news nor under-emphasizing unfavourable news. Unfavourable news must be disclosed just as promptly and completely as favourable news. It is appreciated that news releases may not be able to contain all the details that would be included in a prospectus or similar document. However, news releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or another. The company should be prepared to supply further information when appropriate, and the Exchange recommends that the name and telephone number of the company official to contact be provided in the release.

Misleading Announcements

Sec. 419.

While the policy of the Exchange is that all material information must be released immediately, judgment must be exercised by company officials as to the timing and propriety of any news releases concerning corporate developments, since misleading disclosure activity designed to influence the price of a security is considered by the Exchange to be improper. Misleading news releases send signals to the investment community which are not justified by an objective examination of the facts, and may detract from the credibility of the company. Announcements of an intention to proceed with a transaction or activity should not be made unless the company has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the company, or by senior management with the expectation of concurrence from the board of directors. Disclosure of corporate developments must be handled carefully and requires the exercise of judgment by company officials as to the timing of an announcement of material information, since either premature or late disclosure may result in damage to the reputation of the securities markets.

Trading Halts

When Trading May Be Halted

Sec. 420.

The Exchange's objective is to provide a continuous auction market in listed securities. The guiding principle is therefore to reduce the frequency and length of trading halts as much as possible.

Trading may be halted in the securities of a listed company upon the occurrence of a material change during normal trading hours, which requires immediate public disclosure. The determination that trading should be halted is made by Market Surveillance. Market Surveillance determines the amount of time necessary for dissemination in any particular case, which determination is dependent upon the significance and complexity of the announcement.

It is neither the intention nor practice of Market Surveillance to halt trading for all news releases from listed companies. A news release is discussed by Market Surveillance and the listed company prior to its release and a determination is made as to whether a trading halt is justified based upon the impact which the particular announcement is expected to have on the market for the company's securities.

A halt in trading does not reflect upon the reputation of management of a company nor upon the quality of its securities. Indeed, trading halts for material information announcements are usually made at the request of the listed company involved. Market Surveillance normally attempts to contact a company before imposing a halt in trading.

Requests for Trading Halts

Sec. 421.

It is not appropriate for a listed company to request a trading halt in a security if a material announcement is not going to be made forthwith.

When a listed company (or its advisors) requests a trading halt for an announcement, the company must provide assurance to Market Surveillance that an announcement is imminent. The nature of this announcement and the current status of events shall be disclosed to Market Surveillance, in order the staff can assess the need for and appropriate duration of a trading halt.

Length of Trading Halts

Sec. 422.

When a halt in trading is necessary, trading is normally interrupted for a period of less than two hours. In the normal course, the announcement should be made immediately after the halt is imposed and trading will resume within approximately one hour of the dissemination of the announcement through major news wires.

A trading halt in a security shall not normally extend for a period longer than 24 hours from the time the halt was imposed. This is a maximum time period intended to address unusual situations. The only exception to the 24-hour time limit is where Market Surveillance determines that resumption of trading would have a significant negative impact on the integrity of the market.

Failure to Make an Announcement Immediately

Sec. 423.

If trading is halted but an announcement is not immediately forthcoming as expected, Market Surveillance will establish a reopening time, which shall not be later than 24 hours after the time that the halt was imposed (excluding nonbusiness days). If the company fails to make an announcement. Market Surveillance will issue a notice stating that trading was halted for dissemination of news or for clarification of abnormal trading activity, that an announcement was not immediately forthcoming, and that trading will therefore resume at a specific time.

When Market Surveillance advises a company in applying this Section 423 that it will announce the reopening of trading the company should reconsider, in light of its responsibility to make timely disclosure of all material information, whether it should issue a statement prior to the reopening becoming effective to clarify why it requested a trading halt (if this is the case) and why it is not able to make an announcement prior to the reopening of trading.

Confidentiality

When Information May Be Kept Confidential

Sec. 423.1.

In restricted circumstances disclosure of material information concerning the business and affairs of a listed company may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the company.

Examples of instances in which disclosure might be unduly detrimental to the company's interests are as follows:

(a) Release of the information would prejudice the ability of the company to pursue specific and limited objectives or to complete a transaction or series of transactions that are under way. For example, premature disclosure of the fact that a company intends to purchase a significant asset may increase the cost of making the acquisition.

(b) Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the company is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.

(c) Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalization of the terms of the transaction.

Sec. 423.2.

It is the policy of the Exchange that the withholding of material information on the basis that disclosure would be unduly detrimental to the company's interests must be infrequent and can only be justified where the potential harm to the company or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the considerations that have given rise to the Exchange's immediate disclosure policy. While recognizing that there must be a trade-off between the legitimate interests of a company in maintaining secrecy and the right of the investing public to disclosure of corporate information, the Exchange discourages delaying disclosure for a lengthy period of time, since it is unlikely that confidentiality can be maintained beyond the short term.

Maintaining Confidentiality

Sec. 423.3.

If disclosure of material information is delayed, complete confidentiality must be maintained. In the event that such confidential information, or rumours respecting the same, is divulged in any manner (other than in the necessary course of business), the company is required to make an immediate announcement on the matter, Market Surveillance must be notified of the announcement in advance in the usual manner. During the period before material information is disclosed, market activity in the company's securities should be closely monitored. Any unusual market activity probably means that news of the matter is being disclosed and that certain persons are taking advantage of it. In such case, Market Surveillance should be advised immediately, and a halt in trading will be imposed until the company has made disclosure on the matter.

At any time when material information is being withheld from the public, the company is under a duty to take precautions to keep such information completely confidential. Such information should not be disclosed to any officers or employees of the company, or to the company's advisors, except in the necessary course of business. The directors, officers and employees of a listed company should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed. It is contrary to law under the OSA for any person in a "special relationship" with a company to make use of undisclosed material information. This point is discussed in Section 423.4.

Listed companies must comply with the provisions of section 75 of the OSA requiring confidential disclosure to the OSC of any "material change" that is not immediately being disclosed to the public.

Insider Trading

Law

Sec. 423.4.

Every listed company should have a firm rule prohibiting those who have access to confidential information from making use of such information in trading in the company's securities before the information has been fully disclosed to the public and a reasonable period of time for dissemination of the information has passed.

Insider trading is strictly regulated by Part XXI and sections 76 and 134 of the OSA and the Regulation under the Act. The securities laws of other provinces also regulate insider trading in their respective

jurisdictions. Insider trading in the securities of companies incorporated under the *Canada Business Corporations Act* is also regulated by Part Xl of that Act. The definition of an "insider" will vary from statute to statute, but in any case will include directors and senior officers of the company and large shareholders. In Ontario directors and senior officers of any company that is itself an insider of a second company are considered insiders of that second company. It is recommended that directors and officers of listed companies be fully conversant with all applicable legislation concerning insider trading.

The OSA requires insiders who own securities of a listed company to file an initial report with the OSC upon becoming insiders and to report all trades made in the securities of the company of which they are insiders.

In addition, section 76 of the OSA prohibits any person or company in a "special relationship" with a listed company from trading on the basis of undisclosed material information on the affairs of that company. Those considered to be in a "special relationship" with a listed company include those who are insiders, affiliates or associates of the listed company, a person or company proposing to make a take-over bid of the listed company, and a person or company proposing to become a party to a reorganization, amalgamation, merger or similar business arrangement with the listed company. A person or company in a "special relationship" also includes those involved, or which were involved, in the provision of business or professional services for the listed company, including employees.

An indefinite chain of "tippees" is created by including in the "special relationship" category persons or companies who acquire information from a source known to them to have a "special relationship" with the listed company.

In any situation where material information is being kept confidential because disclosure would be unduly detrimental to the best interests of the company, management is under a duty to take every possible precaution to ensure that no trading whatsoever takes place by any insiders or persons in a "special relationship" with the company, such as lawyers, engineers and accountants, in which use is made of such information before it is generally disclosed to the public. Similarly, undisclosed material information cannot be passed on or "tipped" to others who may benefit by trading on the information.

In the event that Market Surveillance is of the opinion that insider or improper trading may have occurred before material information has been disclosed and disseminated, the Exchange requires an immediate announcement to be made disclosing the material information of which use is being made.

Guidelines—Disclosure, Confidentiality Guidelines and Employee Trading

Sec. 423.5.

Companies listed on the Exchange must comply with two sets of rules:

- securities law governing corporate disclosure, confidentiality and employee trading
- the Exchanges policy on timely disclosure (Sections 406 to 423.4), which expands on the requirements of securities law.

Collectively, these rules are referred to as the Disclosure Rules. Compliance with them is essential to maintaining investor confidence in the integrity of the Exchanges market and its listed companies.

Each listed company should establish a clear written policy to help it comply with the Disclosure Rules. The guidelines in Sections 423.6 to 423.8 are intended to help companies establish their policies. They should be viewed as a means to an end (compliance with the Disclosure Rules) and not as an end in themselves.

These guidelines are not hard and fast rules, and will not be appropriate for every listed company. The TSX recognizes that company policies will vary depending on the company's size and corporate culture.

Every company's policy, however, should:

- describe the procedures to be followed and spell out the consequences of violations
- be updated regularly
- be brought to the attention of employees regularly.

The policy should also give specific guidance in the following areas:

- disclosing material information
- maintaining the confidentiality of information
- restricting employee trading.

Disclosing Material Information

Sec. 423.6.

The Disclosure Rules state that material information is information about a company that has a significant effect, or would reasonably be expected to have a significant effect, on the market price of the company's securities. A company must disclose material information to the public immediately. For exceptions, please see Section 423.7, "Maintaining the Confidentiality of Information".

Guidelines

The Exchange suggests that the company's policy include provisions to assist management in determining:

- if the information is material and must therefore be disclosed
- when and how the material is to be disclosed
- the content of any press release disclosing the information.

Specific corporate officers should be made responsible for disclosing material information.

These officers would:

- be completely familiar with the company's operations
- be kept up to date on any pending material developments
- have a sufficient understanding of the disclosure rules to be able to decide whether or not a piece of information is material
- be responsible for communications with the media, shareholders and securities analysts

- have back-ups assigned, in case they are unavailable.

To assist these officers, it might be helpful for them to have access to a file containing all relevant public information about the company, including news releases, brokerage research reports and debriefing notes following analyst contacts.

Different corporate officers may be designated for different circumstances. For example, a specific employee might be designated as a corporate spokesperson for a particular area of operations or a particular press release. At the same time investor relations personnel might be designated as the contact for shareholders, the media and analysts, but not have the authority to issue a particular press release.

The names of the designated officers, the names of their back-ups, and their areas of responsibility should be given to Market Surveillance. Market Surveillance may need to contact them in the event of unusual trading in the company's securities.

Avoid situations where:

- delays occur because the person responsible for disclosure is unavailable or cannot be located
- employees other than designated spokespersons comment on material corporate developments.

Maintaining the Confidentiality of Information

Sec. 423.7.

The Disclosure Rules allow that if the early disclosure of material information would be unduly detrimental to the company, that information may be kept confidential for a *limited* period of time. To keep material information completely confidential, companies should:

- not disclose the information to anybody, except in the necessary course of business
- make sure that if the information has been disclosed in the necessary course of business, everyone understands that it is to be kept confidential
- make sure that there is no selective disclosure of confidential information to third parties, for example, in a meeting with an analyst. This is *tipping*, which is prohibited under securities law.

In the event that selective disclosure of confidential information inadvertently occurs, the company must immediately disclose the information publicly by issuing a press release.

Guidelines

The Exchange suggests that a company's policy might:

- limit the number of people with access to confidential information
- require confidential documents to be locked up and code names to be used if necessary
- make sure that confidential documents cannot be accessed through technology such as shared servers
- educate all staff about the need to keep certain information confidential, not to discuss confidential information when they may be overheard, and not to discuss investment in the

company, for example, in an investment club, when they are aware of confidential information (so that they don't influence the investments of other people, when they themselves are not allowed to trade).

Restrictions on Employee Trading

Sec. 423.8.

The Disclosure Rules require that employees with access to material information be prohibited from trading until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. This period may vary, depending on how closely the company is followed by analysts and institutional investors.

This prohibition applies not only to trading in company securities, but also to trading in other securities whose value might be affected by changes in the price of the company's securities. For example, trading in listed options or securities of other companies that can be exchanged for the company's securities is also prohibited.

In addition, if employees become aware of undisclosed material information about another public company such as a subsidiary, they may not trade in the securities of that other company.

In the case of pending transactions, the circumstances of each case should be considered in determining when to prohibit trading. In some cases, prohibition may be appropriate as soon as discussions about the transaction begin. The definition of materiality helps determine when trading should be prohibited in the case of pending transactions. Trading must be prohibited once the negotiations have progressed to a point where it reasonably could be expected that the market price of the company's securities would materially change if the status of the transaction were publicly disclosed. As the transaction becomes more concrete, it is more likely that the market will react. This prohibition on trading will often come into effect before the point in time when it must be disclosed publicly. In all situations, it is a judgment call as to when employee trading should be restricted.

Guidelines

The Exchange suggests that a company's policy address trading blackouts. Trading blackouts are periods of time during which designated employees cannot trade the company's securities or other securities whose price may be affected by a pending corporate announcement. A trading blackout:

- prohibits trading before a scheduled material announcement is made (such as the release of financial statements)
- may prohibit trading before an unscheduled material announcement is made, even if the employee affected doesn't know that the announcement will be made
- prohibits trading for a specific period of time after a material announcement has been made.

It is easiest to implement a policy on trading blackouts that applies to scheduled announcements, such as the release of financial statements. In this case the policy might:

- prohibit trading by employees for a certain number of days before and after the release of financial statements

- provide "open windows", which are limited periods of time following the release of financial statements during which employees may trade.

It is more problematic to implement a policy on trading blackouts for unscheduled announcements. A company should make the following decisions about its policy on trading blackouts according to its particular circumstances:

- should the policy apply to employees other than those already prevented from trading by insider trading rules (for example, senior employees not directly involved in the material transaction)?
- would telling an employee not to trade tip them off as to the content of the pending announcement?

If a company decides to implement a preannouncement blackout policy, it might want to consider one of the following options:

- without giving a reason, instruct employees not to trade until further notice if there is a pending undisclosed material development
- require employees to obtain approval before trading, on the understanding that this approval will be denied if any material information has not been disclosed.

A company policy on post-announcement trading blackouts should:

- state whether the blackout rules apply to all staff or only to those involved in the material transaction
- allow the market time to absorb the information before employees can resume trading. The amount of time that the market needs to absorb the information and set a new price level will depend upon the size of the company and to what extent it is tracked by analysts and investors.

The Exchange also suggests that a company:

- circulate some basic do's and don'ts about employee trading to all their staff
- designate a contact person who is familiar with the disclosure rules and who can help employees determine whether or not they may trade in a given circumstance
- set expiry dates for the exercise of stock options and other such compensation plans so that the expiry dates normally would fall after the release of financial statements
- educate employees about any additional specific trading restrictions that may apply to them (for example, section 130 of the *Canada Business Corporations Act* generally prohibits insiders of CBCA companies from selling that company's shares short, or from buying or selling put or call options on the shares. Insiders of companies which have to report under the U.S. *Securities Exchange Act of 1934* may be subject to other restrictions, such as liability to account (for short swing profits.)
- decide whether employees who are subject to more stringent trading restrictions, and who are not required by law to file insider trading reports, should have to report details of their trading to the company

- decide whether the company should review insider trading reports to make sure that employees have complied with company policy and disclosure rules.

Electronic Communications Disclosure Guidelines

Sec. 423.9.

The Internet allows for relevant information to be instantaneously and simultaneously available to an investor. But the Internet also poses regulatory challenges. In a world in which information is more readily available than ever, it is more important than ever that it be accurate, timely and up-to-date. With this in mind, TSX has developed these electronic communications guidelines to assist listed issuers to meet their investors' informational needs.

Section 423.11 (Applicable Disclosure Guidelines) reminds issuers that applicable disclosure rules apply to all corporate disclosure through electronic communications and must be followed by each issuer. Disclosure of information by an issuer through its web site or e-mail will not satisfy the issuer's disclosure obligations. The issuer must continue to use traditional means of dissemination. Section 423.12 (Electronic Communications Guidelines) sets out the guidelines that apply directly to the Internet and other electronic media. The overall objective of the guidelines is to encourage the use of electronic media to make investor information accessible, accurate and timely. The challenge of regulating electronic media is to ensure that regulatory concerns are addressed without impeding innovation.

Sec. 423.10.

These guidelines should be read with TSX's Timely Disclosure requirements and related guidelines ("TSX Timely Disclosure Policy").

Web sites, electronic mail ("e-mail") and other channels available on the Internet are media of communication available to listed issuers for corporate disclosure. Each of these media provides opportunities for an issuer to broadly disseminate investor relations information. There are, however, a number of issues that an issuer must consider when it goes online. Investor relations information that is disclosed electronically using these new media should be viewed by the issuer as an extension of its formal corporate disclosure record. As such, these electronic communications are subject to securities laws and TSX standards and should not be viewed merely as a promotional tool.

TSX strongly recommends that all listed issuers make investor relations information available on their web site.

Current securities filings of listed issuers such as financial statements, Annual Information Forms, annual reports and prospectuses are maintained on SEDAR. In addition, TSX maintains a profile page on each listed issuer on its web site ("tsx.com"). Further, many news wire services post listed issuer news releases on their web sites. Since these various sites are not all connected, it may be difficult and time consuming for an investor to search the Internet and obtain all relevant investor relations information about a particular issuer. If an issuer creates its own web site, it can ensure that all of its investor relations information is available through one site and can provide more information than is currently available online. For example, SEDAR contains only mandatory corporate filings, while an issuer's site

may carry a wealth of supplemental information, such as fact sheets, fact books, slides of investor presentations, transcripts of investor relations conferences and webcasts.

Disclosure by the Internet alone will not meet an issuer's disclosure requirements and an issuer must continue to use traditional means of dissemination.

Electronic communications do not reach all investors. Investors who have access to the Internet will be unaware that new information is available unless the issuer notifies them of an update.

Applicable Disclosure Standards

Sec. 423.11.

Distribution of information via a web site, e-mail or otherwise via the Internet is subject to the same laws as traditional forms of dissemination such as news releases. In establishing electronic communications, an issuer should have special regard to disclosure requirements under all applicable securities laws. Issuers should refer to TSX Timely Disclosure Policy, National Policy 51-201 *Disclosure Standards*, National Policy 11-201 *Electronic Delivery of Documents*, and National Policy 47-201 *Trading Securities Using the Internet and Other Electronic Means*. Issuers should be aware of disclosure requirements in all jurisdictions in which they are reporting issuers. Also, there are constant developments regarding electronic disclosure of material information by issuers and issuers must be aware of the impact of all such developments on their disclosure practices.

These standards apply to all corporate disclosure through electronic communications and must be followed by each issuer.

1. *Electronic communications cannot be misleading*—An issuer must ensure that material information posted on its web site is not misleading. Material information is misleading if it is incomplete, incorrect or omits a fact so as to make another statement misleading. Information may also be misleading if it is out of date.

    (a) *Duty to correct and update*—A web site should be a complete repository of current and accurate investor relations information. Viewers visiting a web site expect that they are viewing all the relevant information about an issuer and that the information provided to them by the issuer is accurate in all material respects. An issuer has the duty to include on its web site all material information and to correct any material information available on its web site that is misleading. It is not sufficient that the information has been corrected or updated elsewhere.

    It is possible for information to become inaccurate over time. An issuer must regularly review and update or correct the information on the site.

    (b) *Incomplete information or material omissions*—Providing incomplete information or omitting a material fact is also misleading. An issuer must include all material disclosed information. It must include all news releases, not just favourable ones. Similarly, documents should be posted in their entirety. If this is impractical for a particular document, such as a technical report with graphs, charts or maps, care must be taken to ensure that an excerpt is not

misleading when read on its own. In such circumstances, it may be sufficient to post the executive summary.

(c) *Information must be presented in a consistent manner*—Investor relations information that is disclosed electronically should be presented in the same manner online as it is offline. Important information should be displayed with the same prominence and a single document should not be divided into shorter, linked documents that could obscure or "bury" unfavourable information. While issuers may divide a lengthy document into sections for ease of access and downloading, issuers must ensure that the full document appears on the site, that each segment is easily accessible and that the division of the document has not altered the import of the document or any information contained in it.

2. Electronic communications cannot be used to *"tip" or leak material information*—An issuer's internal employee trading and confidentiality policies should cover the use of electronic forms of communication. Employees must not use the Internet to tip or discuss in any form undisclosed material information about the issuer.

   An issuer must not post a material news release on a web site or distribute it by e-mail or otherwise on the Internet before it has been disseminated on a news wire service in accordance with TSX Timely Disclosure Policy.

3. *Electronic communications must comply with securities laws*—An issuer should have special regard to securities laws and, in particular, registration and filing requirements, which may be triggered if it posts any document offering securities to the general public on its web site. If a listed issuer is considering a distribution of securities, it should carefully review its web site in consultation with the issuer's legal counsel in advance of and during the offering. The Internet is increasingly becoming an important tool to communicate information about public offerings to shareholders and investors. Nevertheless, the release of information and promotional materials relating to a public offering before or during the offering is subject to restrictions under securities laws. Documents related to a distribution of securities should only be posted on a web site if they are filed with and receipted by the appropriate securities regulators in the applicable jurisdictions. All promotional materials related to a distribution of securities should be reviewed with the issuer's legal advisors before they are posted on a web site to ensure that such materials are consistent with the disclosure made in the offering documents and that the posting of such materials to a web site is permitted under applicable securities laws.

   Anyone, anywhere in the world can access a web site. Special regard should be made to foreign securities laws, some of which may be stricter than Ontario laws. Foreign securities regulators may take the view that posting offering documents on a web site that can be accessed by someone in their jurisdiction constitutes an offering in that jurisdiction unless appropriate disclaimers are included on the document or other measures are taken to restrict access. Reference should be made to the guidelines issued by other jurisdictions such as those issued by the U.S. Securities and Exchange Commission for issuers who use Internet web sites to solicit offshore securities transactions and clients without registering the securities in the United States.

Electronic Communication Guidelines

Sec. 423.12.

TSX recommends that listed issuers follow these guidelines when designing a web site, establishing an internal e-mail policy or disseminating information over the Internet.

Unlike the disclosure rules which are applicable to all electronic communications, these guidelines are not hard and fast rules which must be followed. Aspects of these guidelines may not be appropriate for every issuer. An issuer should tailor these guidelines to create an internal policy that is suitable to its particular needs and resources.

Each listed issuer should establish a clear written policy on electronic communications as part of its existing policies governing corporate disclosure, confidentiality and employee trading. Please refer to TSX Timely Disclosure Policy.

TSX suggests that the policy describe how its electronic communications are to be structured, supervised and maintained. The policy should be reviewed regularly and updated as necessary. To ensure that the policy is followed, it should be communicated to all individuals of the issuer to whom it will apply.

1. *Who should monitor electronic communications*—TSX recommends that one or more of the officers appointed under the issuer's disclosure policy be made responsible for maintaining, updating and implementing the issuer's policies on electronic communications. Reference should be made to TSX Timely Disclosure Policy. These officers should ensure that all investor relations information made available by the issuer on the web site, broadcast via e-mail or otherwise on the Internet complies with applicable securities laws and internal policies. This responsibility includes ensuring the issuer web site is properly reviewed and updated.
2. What should be on the web site?
   (a) *All corporate "timely disclosure" documents and other investor relations information*—TSX recommends that issuers take advantage of Internet technologies and make available through an issuer web site all corporate "timely disclosure" documents and other investor relations information that it deems appropriate. As stated, however, the posting of such documents and information on the web site does not fulfill the issuer's obligation to disseminate such information through a timely news release.

   An issuer may either post its own investor relations information or establish links to other web sites that also maintain publicly disclosed documents on behalf of the issuer such as news wire services, SEDAR and stock quote services. "Investor relations information" includes all material public documents such as: the annual report; annual and interim financial statements; the Annual Information Form; news releases; material change reports; information regarding DRIPs; declarations of dividends; redemption notices; management proxy circulars; and any other communications to shareholders.

   TSX recommends that an issuer post its investor relations information, particularly its news releases, as soon as possible following dissemination. Documents that an issuer files on SEDAR should be posted concurrently on its web site, as suggested in National Policy 51-

201 *Disclosure Standards* or the issuer could create a hyper-link to the SEDAR web site. If an issuer chooses to link to SEDAR or to a news wire web site, a link can be provided directly to the issuer's page on that site, provided that the terms and conditions of the site to which the link is provided do not place restrictions on "deep-linking", or object to "framing"[1]. An issuer providing deep-linking from its web site to a third party web site should consult its legal advisors to assess the legal issues surrounding deep-linking and to ensure the proposed link is effected properly. The practice of deep-linking has given rise to a number of legal issues, including whether permission from the third party must be sought in order to access a web site other than through the homepage and whether the issuer may incur liability in sending a user to a third party site bypassing any disclaimers posted on the homepage of the third party site.

Links to other web sites should be checked regularly to ensure they still work, are up-to-date and accurate. In addition, a disclaimer should be included on the issuer's web site, preferably via a pop-up window, clearly stating that the viewer is leaving the issuer web site and that the issuer is not responsible for the content, accuracy or timeliness of the other site.

(b) *All supplemental information provided to analysts and other market observers but not otherwise distributed publicly*—TSX recommends that an issuer that distributes non-material investor relations information to analysts and institutional clients make such supplemental information available to all investors. Supplemental information includes such materials as fact sheets, fact books, slides of investor presentations and transcripts of management investor relations speeches and other materials distributed at investor presentations. Posting supplemental information on a web site is a very useful means of making it generally available.

Keeping in mind that an issuer should design its web site to meet its business needs, TSX recommends that an issuer post all supplemental information on its web site, unless the volume or format makes it impractical. If this is the case, the issuer should describe the information on the web site and provide a contact for the information so that an investor may contact the issuer directly either to obtain a copy of the information or to view the information at the issuer's offices.

In addition to any supplemental information provided by the issuer to analysts, TSX recommends that whenever an issuer is making a planned disclosure of material corporate information in compliance with TSX Timely Disclosure Policy and related guidelines, it should also consider providing dial-in and/or web replay or make transcripts of the related conference call available for a reasonable period of time after the call.

(c) *Investor relations contact information*—TSX suggests that an issuer provide an e-mail link on its web site for investors to communicate directly with an investor relations representative of the issuer. The issuer policy should specify who may respond to investor inquiries and should provide guidance as to the type of information that may be transmitted electronically. When distributing information electronically the issuer must adhere to TSX

and legislative disclosure requirements in order to minimize the potential of selective disclosure of information.

To assure rapid distribution of material information to internet users who follow the issuer, an issuer may consider establishing an e-mail distribution list, permitting users who access its web site to subscribe to receive electronic delivery of news directly from the issuer. Alternatively, an issuer may consider using software that notifies subscribers automatically when the issuer's web site is updated. The issuer must note, however, that any electronic distribution of material information must be made after the information has been disseminated on a news wire service.

(d) Online conferences—TSX recommends that issuers hold analyst conference calls and industry conferences in a manner that enables any interested party to listen either by telephone and/or through a web cast, in accordance with s. 6.7(1) of National Policy 51-201 *Disclosure Standards*.

If an issuer chooses to participate in an online news or investor conference TSX suggests that participation by the issuer in such online conferences should be governed by the same policy that the issuer has established in respect of its participation in other conferences such as analyst conference calls.

3. What should not be distributed via electronic communications

(a) Employee misuse of electronic communications—Access to e-mail and the Internet can be valuable tools for employees to perform their jobs; however, TSX recommends that clear guidelines should be established as to how employees may use these media. These guidelines should be incorporated into the issuer's disclosure, confidentiality and employee trading policy. Employees should be reminded that their corporate e-mail address is an issuer address and that all correspondence received and sent via e-mail is to be considered corporate correspondence.

Appropriate guidelines should be established about the type of information that may be circulated by e-mail. An issuer should prohibit its employees from participating in Internet chat rooms[2], newsgroups[3A] or social media[3B] in discussions relating to the issuer or its securities. As stated in s. 6.13 of National Policy 51-201 *Disclosure Standards*, an issuer should also consider requiring employees to report to a designated issuer official any discussion pertaining to the issuer which they find on the Internet. Moreover, communications over the Internet via e-mail may not be secure unless the issuer has appropriate encryption technology. Employees should be warned of the danger of transmitting confidential information externally via unencrypted e-mail.

(b) Analyst reports and third party information—As a general practice, TSX recommends that an issuer not post any investor relations information on its web site that is authored by a third party, unless the information was prepared on behalf of the issuer, or is general in nature and not specific to the issuer. For example, if an issuer posts an analyst report or consensus report on its web site, it may be seen to be endorsing the views and conclusions of the

report. By posting such information on its site, an issuer may become "entangled" with the report and be legally responsible for the content even though it did not author it. This could also give rise to an obligation to correct the report if the issuer becomes aware that the content is or has become misleading (for example, if the earnings projection is too optimistic).

While TSX recommends that issuers refrain from posting analyst and consensus reports on their web sites, it recognizes that some issuers take a different view. If an issuer chooses to post any third party reports on its web site, TSX recommends that extreme caution be exercised. An issuer's policy on posting analyst reports should address the following concerns:

- permission to reprint a report should be obtained in advance from the third party, since reports are subject to copyright protection;
- the information should clearly be identified as representing the views of the third party and not necessarily those of the issuer;
- the entire report should be reproduced so that it is not misleading;
- any updates, including changes in recommendations, should also be posted so the issuer's web site wilt not contain out-of-date and possibly misleading information;
- all third party reports should be posted.

Instead of posting third party reports on its web site, an alternative approach is for an issuer to provide a list of all analysts who follow the issuer or all consensus reports issued regarding the issuer together with contact information so that investors may contact the third party directly. If an issuer chooses to provide its investors with a list of analysts and other third party authors, the list should be complete and include all analysts and other third party authors that the issuer knows to follow it, regardless of the content of their reports. Since issuers are not obligated to keep track of every third party that follows them or develops a consensus report regarding the issuer, it may be onerous to compile an accurate and complete list that is not misleading to investors.

Concerns also exist regarding the posting of media articles, including radio, television and online news reports, about an issuer on the issuer's web site. TSX recommends that issuers refrain from posting media articles on their web sites as it is very difficult for an issuer to ensure that it is posting all relevant articles to its web site. If an issuer chooses to do so, it must make every effort to ensure that all significant articles concerning the issuer are posted to the web site and that negative and positive articles are given similar prominence. Also, given the frequency with which media articles may appear, the issuer will have to regularly update the articles posted on its web site.

(c) Third party links—As stated above, an issuer may establish hyperlinks between its web site and third party sites. If an issuer creates a hyperlink to a third party site, there is a risk that a viewer will not realize that be or she has left the issuer's web site. TSX recommends that the issuer include a disclaimer stating clearly that the viewer is leaving the issuer website

and that the issuer is not responsible for the content, accuracy or timeliness of the other site.

(d) *The blurred line between investor and promotional information*—TSX recommends that an issuer clearly identify and separate its investor information from other information on its web site. In particular, promotional, sales and marketing information should not be included on the same web pages as investor relations information. An issuer's web site should clearly distinguish sections containing investor relations information from sections containing other information.

4. *When should information be removed from a web site?*—Care should be taken to make sure that information that is inaccurate or out-of-date no longer appears on the web site. The currency of information on a web site will vary depending on the nature of the information. An issuer may retain on its web site its annual financial statements for a full year while removing other information such as frequent product releases more quickly. An issuer should review the types of information it posts on its web site and develop a consistent policy for the posting and removal of such different types of information. Issuers may delete or remove inaccurate information from the web site, as long as a correction has been posted. In addition, TSX recommends that issuers establish an archiving system to store and provide access to information that is no longer current. An electronic archive is a repository of information which has been removed from the web site but which can still be accessed from the web site through a link. To assist investors in determining the currency of the information on the site, TSX recommends that an issuer date the first page of each document as it is posted on the web site.

   TSX recommends that the issuer's policy establish a minimum retention period for material corporate information that it posts on its web site. Different types of information may be retained for a different period of time. For example, the issuer may decide to retain all news releases on the site for a period of one year from the date of issue. In contrast, the issuer may decide that investors would want to access its financials for a longer period (e.g., two years for quarterlies and five years for annuals).

   Issuers should also maintain a log of the date and content of all material information that it has posted and removed from the web site. Issuers should also try to ensure that the information posted on their web site is made available in a manner that makes it accessible by others so that it can be used for subsequent reference and is capable of being retained (e.g., printer friendly versions and save/download buttons).

5. *Rumours on the Internet*—Rumours about the issuer may appear in chat rooms, newsgroups, and on social media. Rumours may spread more quickly and more widely on the Internet than by other media. Market Surveillance monitors chat rooms, news groups, and social media to identify rumours about TSX listed issuers that may influence the trading activity of their stocks. TSX Timely Disclosure Policy addresses how an issuer should respond to rumours. An issuer is not expected to monitor chat rooms, news groups or social media for rumours about itself. Nevertheless, TSX recommends that the issuer's standard policy for addressing rumours apply to those on the Internet.

Whether an issuer should respond to a rumour depends on the circumstances. TSX suggests that the issuer should consider the market impact of the rumour and the degree of accuracy and significance to the issuer. In general, TSX recommends against an issuer participating in a chat room, newsgroup or social media to dispel or clarify a rumour as such action may give rise to selective disclosure concerns and may create the expectation that the issuer will always respond. Instead, the issuer should issue a news release to ensure widespread dissemination of its statement.

If an issuer becomes aware of a rumour in a chat room, newsgroup or on social media or any other source that may have a material impact on the price of its stock, it should immediately contact Market Surveillance. If the information is false and is materially influencing the trading activity of the issuer's securities, it may consider issuing a clarifying news release. The issuer should contact Market Surveillance so that they can monitor trading in the issuer's securities. If Market Surveillance determines that trading is being affected by the rumour, it may require the issuer to issue a news release stating that there are no corporate developments to explain the market activity.

6. *Legal disclaimers*—Corporate disclosure by electronic communications gives rise to many legal issues. The use of legal disclaimers on corporate web sites is commonplace. It is in the best interests of an issuer to consult with its legal advisors to discuss the appropriateness and effectiveness of including legal disclaimers about the accuracy, timeliness and completeness of the information posted on its web site. Issuers should also review with their legal advisors the placement and wording of legal disclaimers on web sites. It is critical that disclaimers be easily visible to all users of the web site and that they be written in plain language such that the content of the disclaimer is easily and quickly read and understood.

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[1] Displaying the content or page(s) of a third party web site within the overall design of an issuer's web site, which gives the impression that the third party content is part of the issuer's site.

[2] A chat room is a live electronic forum for discussion among Internet participants.

[3]A A newsgroup is an electronic bulletin board on which internet participants may post information.

[3B] Social media includes electronic communication through which users create or participate in online communities to share information, ideas and other content, or to participate in social networking.

Maintaining Site Integrity

Sec. 423.13.

Electronic communications on the Internet are not always secure. TSX recommends that an issuer establish procedures to assure maximum security of its web site and email. As electronic technologies evolve, security measures also evolve. To ensure the security of its electronic communications, TSX suggests that an issuer:

- review and update its security systems regularly;

- be aware that it might be possible for unauthorized persons to alter the content of the site;
- monitor the integrity of its web site address to make sure that the site is accessible and has not been altered.

TSX Monitoring of the Internet

Sec. 423.14.

TSX regularly monitors listed issuer web sites as well as chat rooms, news groups, and social media on the Internet. TSX has the capability to review alterations to listed issuer web sites and to perform random searches of the Internet to identify active discussions relating to listed issuers. However, such monitoring can never be exhaustive. Issuers are responsible for maintaining their web site and should continue to make Market Surveillance aware of significant rumours or problems relating to Internet discussions.

C. Company Reporting Forms

Sec. 424.

On June 1, 2001, the Exchange discontinued its requirements for listed companies to complete and file an Annual Questionnaire. The Annual Questionnaire has been replaced by the following forms (collectively the "Company Reporting Forms"):

- FORM 1—Change in Outstanding and Reserved Securities
- FORM 2—Change in General Company Information
- FORM 3—Change in Officers/Directors/Trustees
- FORM 4—Personal Information Form
- FORM 5—Dividend/Distribution Declaration
- FORM 8—Change in Investor Relations Contact
- FORM 9—Request for Extension or Exemption for Financial Reporting/Annual Meeting
- FORM 10—Change in Principal Business (deleted and combined with FORM 2 as of May 29, 2006)
- FORM 11—Notice of Private Placement
- FORM 12—Notice of Intention to Make a Normal Course Issuer Bid (pending final approval of Sections 628-629 & 629.2-629.3)
- FORM 13—Notice of Intention to Make a Debt Substantial Issuer Bid (pending final approval of Sections 628-629 & 629.2-629.3)
- FORM 14 A&B—NCIB Monthly Reporting Forms (pending final approval of Sections 628-629 & 629.2-629.3)

See Appendix H: Company Reporting Forms for filing instructions.

Sec. 425. (Repealed.)