

POLICY 2.9

TRADING HALTS, SUSPENSIONS AND DELISTING

Scope of Policy

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

The main headings in this Policy are:

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

1. Introduction

- 1.1 Once the shares of an Issuer become listed on the Exchange, they become available for public trading through the Exchange's computerized trading system. Trades are executed through Members and Participating Organizations in a continuous-auction trading forum.
- 1.2 An Exchange trading halt, suspension or delisting minimizes or prevents any further trading of the Listed Shares of the Issuer. Members and Participating Organizations are prohibited from dealing with the Listed Shares of any Issuer that is halted or suspended throughout the period of any halt or suspension (unless the security is interlisted on another exchange and the trade is done on that exchange) and are generally prohibited from conducting "off the floor" trades (i.e. trades not made through the facilities of the Exchange) of Listed Shares. Securities Laws generally prohibit the sale of securities other than through registered dealers, many of which are Members or Participating Organizations.
- 1.3 The Listing Agreement authorizes the Exchange to halt or suspend trading in an Issuer's Listed Shares or to delist Listed Shares without notice at any time if the Exchange believes it is in the public's best interest.

2. Trading Halts

- 2.1 The Exchange can order a trading halt for any one of the following reasons:
- (a) the Issuer is not in compliance with the terms of its Listing Agreement or Exchange Requirements;
 - (b) there has been a Material Change in the Issuer's affairs which could significantly affect the market price of its Listed Shares and:
 - (i) the Issuer has not issued a news release as required or has issued an inappropriate or incomplete news release; or
 - (ii) the Issuer has issued a news release but has not requested a halt pending public dissemination of the news, and the market reacts sharply; or
 - (c) circumstances exist which, in the opinion of the Exchange, could materially affect the public interest.
- 2.2 If there has been an undisclosed Material Change in the Issuer's affairs and the Issuer does not request a trading halt, the Exchange will halt trading in the Issuer's Listed Shares until the Issuer publishes and disseminates a news release. The Exchange together with the Issuer determines the time required to disseminate the news release and consequently the length of any trading halt. This will usually depend on the significance and complexity of the announcement and geographic distribution of shareholders.
- 2.3 The Surveillance Department co-ordinates trading halts with other North American exchanges and Nasdaq when an Issuer's Listed Shares are also listed or traded there. The North American exchanges will generally halt and resume trading in an interlisted security at the same time in each market. Stock markets, other than exchanges, may not halt trading and there is no mechanism for halting trading in securities traded in broker-dealer markets.
- 2.4 A trading halt should not reflect adversely on the Issuer, its management or the value of its Listed Shares. The halt does not affect the carrying value, for brokerage margin purposes, of the Issuer's Listed Shares. Nevertheless, a trading halt may be changed to a suspension at any time, if the reason for the halt is not addressed by the Issuer or if the Exchange deems a suspension to be in the public interest.

Surveillance Reviews

- 2.5 Most situations where a trading halt is appropriate are detected by the Exchange's computer trading surveillance system operated by the Surveillance Department. In reacting to any computer trading surveillance report, Surveillance staff have a number of alternatives including the following:

- (a) note the anomaly, knowing that the market is reacting to some recently released information;
- (b) check the Issuer's news releases and other Exchange files and, if necessary, contact the Issuer's directors or lawyers to seek relevant information. The Issuer, on its own initiative or on request from the Exchange, can issue another news release containing new information or clarifying previously disclosed information; or
- (c) if the Exchange cannot contact representatives of the Issuer and a material price change has occurred, or a material change in the bid or ask price has occurred, delay or halt trading in the Issuer's Listed Shares until satisfactory disclosure is made.

Unusual Price Fluctuations

- 2.6 If the market price of Listed Shares has increased or decreased dramatically in a relatively short period of time and the price change does not appear to be the result of a fully disclosed Material Change in the affairs of the Issuer, the Exchange will halt trading in the Listed Shares "pending clarification of the market activity."
- 2.7 The review procedures which the Exchange will employ in the case of unusual price fluctuations have been designed to:
 - (a) ensure that all material information concerning the change(s) in question has been accurately disclosed;
 - (b) ascertain if there have been, or are, trading irregularities in the stock;
 - (c) ascertain if there has been any inappropriate or undisclosed investor relations activities relating to the Issuer; and
 - (d) ascertain the adequacy of the public distribution of the stock.
- 2.8 After completing its review, the Exchange will take the appropriate action, which may include:
 - (a) if the review establishes that the minimum distribution standards of the Exchange's Tier Maintenance Requirements are not met, requiring the Issuer to complete a public distribution of its Listed Shares as a condition of continued listing;
 - (b) if the review establishes that a Material Change has occurred and that no public disclosure has been made or that prior disclosure has not been accurate or adequate, requiring the Issuer to issue a news release; or
 - (c) if the conduct of any director, officer or investor relations provider prompted the Exchange halt or review, assessing the suitability of that person.

3. Trading Suspensions

3.1 Reasons for Suspension

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

- (a) the Issuer's Listed Shares are halted and the reason for the halt is not adequately addressed by the Issuer;
 - (b) the Issuer has made public announcements and there is substantial market interest but the Issuer has not filed current financial statements. In this case, the suspension will normally continue until the market has current financial information with which to assess the Issuer's announcements. The suspension may be carried out by the Exchange alone or in conjunction with a Cease Trade Order imposed by a Securities Commission;
 - (c) a Securities Commission issues a Cease Trade Order relating to the Issuer. In this case the trading suspension will not be revoked by the Exchange until the Commission rescinds its Cease Trade Order and the Exchange examines the Issuer for compliance with the Tier Maintenance Requirements;
 - (d) an Issuer significantly fails to meet Tier Maintenance Requirements or has failed to meet the Tier Maintenance Requirements in the time permitted by the Exchange;
 - (e) a VCP or CPC has failed to carry out a Qualifying Transaction (as defined in their respective policies) or a JCP has failed to complete a Major Transaction (as defined in ASE Circular No. 7) within 18 months after listing;
 - (f) the Issuer has breached the terms of its Listing Agreement or has otherwise failed to comply with Exchange Requirements;
 - (g) the Issuer's circumstances appear to warrant a delisting, but the Exchange decides to allow the Issuer some time to reorganize its affairs in order to meet Minimum Listings Requirements or Tier Maintenance Requirements, as appropriate; and
 - (h) an Issuer fails to comply with a direction or requirement of the Exchange to make application for and obtain reporting issuer status in Ontario when it has a Significant Connection to Ontario.
- 3.2 When the Exchange decides to suspend an Issuer's Listed Shares, it will issue an Exchange Notice describing the reasons for the suspension. A trading suspension order will remain in effect until the circumstances giving rise to it have been settled to the satisfaction of the Exchange.
- 3.3 When the Listed Shares of an Issuer are suspended, the carrying value attributable to those Listed Shares, for brokerage margin purposes, must be fixed at zero.

Reinstatements

- 3.4 An Issuer whose Listed Shares have been halted or suspended for up to 10 business days can be reinstated for trading if it submits a plan (a “reinstatement submission”) to meet the Tier Maintenance Requirements in a reasonable period of time and the Exchange is satisfied with the public disclosure of its affairs.
- 3.5 An Issuer whose Listed Shares have been halted or suspended for between 10 and 90 days must make application for reinstatement and demonstrate to the Exchange that it meets the Tier Maintenance Requirements and is otherwise in good standing before the Exchange will reinstate trading.
- 3.6 An Issuer whose Listed Shares remain halted or suspended for a period of more than 90 days must meet the following requirements in order to be reinstated for trading:
- (a) the Issuer must make an application for reinstatement of trading, demonstrating that it meets the Exchange’s Minimum Listings Requirements and is otherwise in good standing, including attendance at a pre-filing conference and obtaining sponsorship. If the Issuer had Tier 1 Issuer status before the suspension and wishes to regain Tier 1 status, the appropriate Tier 1 Issuer requirements must be met to regain that status instead of Tier 2 Issuer status;
 - (b) an Issuer that has been subject to a cease trade order or whose Listed Shares have not traded for 12 months must file a reinstatement submission, including a Prospectus, as required, accompanied by all supporting documentation and the appropriate filing fees; and
 - (c) the Issuer must receive approval for reinstatement from the Exchange, which will conduct a review of any compliance problems or investigations, the planned steps to achieve the Minimum Listings Requirements, the Issuer’s new business proposal and whether it appears to be in the interest of the investing public to permit continued listing.
- 3.7 The Exchange issues notices to Issuers that have been suspended for more than 90 days. Once a notice has been issued to the Issuer, it will have the period of time specified by the Exchange to file a reinstatement submission and correct deficiencies. An Issuer who fails to attain trading status by the deadline can be delisted immediately.
- 3.8 The Exchange will generally not apply sections 3.4, 3.5 and 3.6 to trading halts carried out in the normal course, including halts in connection with a Change of Business, Reverse Take-Over or a Qualifying Transaction.

4. Delisting

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

Voluntary

- 4.2 An Issuer may at any time request that the Exchange delist all or any class of its Listed Shares from trading on the Exchange. The Issuer must submit to the Exchange:
- (a) a written request for delisting, specifying the Listed Shares to be delisted and the reason(s) for the request; and
 - (b) a copy of the directors' resolution authorizing the delisting.
- 4.3 Typically a class of Listed Shares will be delisted at the request of the Issuer when the Issuer has redeemed its shares or a successful take-over bid for the shares has been completed. In most instances the Listed Shares of the Issuer requesting a delisting are listed on another recognized stock exchange or stock market, or no longer held by a sufficient number of shareholders. In these circumstances, and where the request is made for valid reasons, the Exchange will not object to the delisting so long as the above submission is delivered to the Exchange.
- 4.4 Delisting requests are occasionally made by interlisted companies in order to proceed with a transaction which the Exchange has not accepted for filing or which the Exchange finds objectionable. In these circumstances, in addition to filing a copy of the directors' resolution and paying the prescribed delisting fee, the Issuer must issue a news release detailing the reasons for the delisting.
- 4.5 If the Listed Shares of the Issuer are not interlisted on another recognized stock exchange or stock market, the Exchange will consider the merits of each individual delisting application. The Exchange will need confirmation that the Issuer's Public Shareholders, and the investing public generally, will not be prejudiced by the delisting. The Exchange can require that the Issuer issue a news release disclosing its plans and can delay the delisting to facilitate settlement of trades and allow shareholders to sell to willing purchasers.
- 4.6 Unless the Exchange is satisfied that a satisfactory alternative market exists for the Listed Shares, the Exchange will require minority shareholder approval for the delisting application.
- 4.7 In most cases, the Exchange will issue an Exchange Notice 10 days before a voluntary delisting occurs.

Involuntary

- 4.8 Each Exchange initiated delisting is reviewed on the basis of relevant facts and circumstances. The following are examples of circumstances which warrant a delisting:
- (a) the Issuer has failed to meet MLR or TMR (as directed by the Exchange) in the time permitted;
 - (b) the Issuer has sold or otherwise disposed of its principal operating assets, has ceased to be an operating company or has discontinued a substantial portion of its operations or business;
 - (c) the Issuer has breached the Listing Agreement or has otherwise failed to comply or is unwilling to comply with Exchange Requirements;
 - (d) the Issuer has failed to pay its annual sustaining fee, filing fees or any other charge due to the Exchange when due; or
 - (e) a suspended Issuer has failed to proceed with a reactivation plan as required by the Exchange.
- 4.9 Notwithstanding the above, if an Issuer's Listed Shares are suspended for 12 months, the Issuer may be delisted.
- 4.10 Following delisting from the Exchange, a Company is still a Reporting Issuer under the applicable Securities Laws. Accordingly, a delisted Issuer must continue to file financial statements and material change reports with the appropriate Securities Commission and to otherwise comply with the applicable Securities Laws.

5. Reviews and Appeals

- 5.1 If an Issuer wishes a decision of the Exchange to be reviewed or appealed, the Issuer should consult Exchange Rules for the Review and Appeal Procedures.
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