Canadian Forum for Financial Markets
CFFiM
Forum Canadien des Marchés Financiers
FCMFi

RE: TORONTO STOCK EXCHANGE: PROPOSED AMENDMENTS TO CONTINUED LISTING REQUIREMENTS

October 26, 2026

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Schedule A

October 26, 2026

Attention:
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Dear Ms. Zhang:

RE: TORONTO STOCK EXCHANGE PROPOSED AMENDMENTS TO CONTINUED LISTING REQUIREMENTS

The Canadian Forum for Financial Markets (CFFiM)/Forum Canadien des Marchés Financiers (FCMFi) is dedicated to advancing proposals that foster healthy, competitive financial markets and a resilient Canadian economy.

The following is an analysis of the Toronto Stock Exchange's proposed amendments to the Company Manual, including Part V — Continued Listing Requirements (CLRs) and Part VII — Halting of Trading, Suspension and Delisting of Securities (the Consultation).

EXECUTIVE SUMMARY

The proposed CLRs do not yet demonstrate a more demanding, evidence-based standard for senior listings. The TSX estimates only limited immediate effects on existing issuers. Any proposed thresholds; should show that they will sustain financial viability, operational substance and market quality over time.

CFFiM recommends consistent senior-listing expectations across issuer categories, and cumulative assessments of financial substance, debt obligations and actual trading liquidity.

Sustained secondary-market trading should inform market-quality oversight. The TSX should coordinate continued listing reviews with its Market Making Program. Competitive market makers have incentives to improve liquidity through tighter spreads and deeper quotations; issuers have incentives to improve their businesses. Together, these mechanisms can enhance both issuance and secondary trading.

CFFiM also recommends retaining express going-concern indicators and independent Board-level review of material adverse listing decisions.

A. LIMITED IMPACT

The proposed CLRs appear to have limited impact. The TSX estimates that approximately 20 corporate issuers would be subject to delisting review under existing requirements, with an additional 15 potentially subject to review under the proposed amendments. Four of the additional issuers could face immediate

delisting reviews because of market-capitalization deficiencies, while the remaining eleven would generally receive 120-day cure periods.

Throughout the Consultation, the TSX emphasizes that individual amendments are not expected to produce meaningful increases in delistings. For example:

i) Diversified Issuers

The TSX proposes revising the financial conditions applicable to diversified issuers under proposed section 503 by establishing three alternative requirements: (i) minimum total assets of $10 million or tangible assets of $3 million; (ii) revenue of at least $5 million over the preceding 12 months; or (iii) commercialization and business-development expenditures of at least $2.5 million in the most recent financial year, excluding general and administrative expenses.[1]

Notwithstanding the proposed increases, the TSX's analysis indicates that the revised requirements would have virtually no immediate effect on the continued listing eligibility of existing diversified issuers. Based on its review of 2024 audited financial information, only one diversified issuer would fail all three proposed alternatives, representing approximately 0.15% of all TSX-listed corporate issuers as of February 28, 2026. The TSX further indicates that this issuer would ordinarily receive a 120-day cure period and that the amendments are not expected to materially increase delisting reviews.

Although the individual financial thresholds would increase, their alternative application would permit issuers to satisfy the continued listing requirements through any one of three measures.

ii) Market Capitalization

The TSX proposes increasing its minimum market-capitalization requirement from $3 million to $10 million, while permitting issuers valued between $5 million and $10 million to retain their listings if they satisfy specified trading thresholds. Of the thirteen existing issuers in that capitalization range, nine are expected to satisfy the proposed liquidity exception.

The Consultation does not demonstrate that this structure establishes a more demanding standard of financial and operational substance rather than principally preserves the continued listing eligibility of existing issuers.

Issuers that no longer satisfy the TSX's revised continued listing requirements may nevertheless remain eligible for listing on the TSX Venture Exchange (TSXV).[2]The availability of these existing downward-transfer mechanisms should be considered when assessing the consequences of higher TSX continued listing standards**.** The TSX should therefore maintain appropriately demanding senior-exchange standards while recognizing that qualifying issuers may continue trading on the TSXV under its separate eligibility requirements.

The recommendations that follow are provided as solutions for consideration:

[1]Consultation, (PDF pp. 4–6), s. 3, Diversified Issuers.
[2]TSXV Policy 2.3, Listing Procedures (March 31, 2026), s. 4, TSX Issuers Listing on TSX Venture Exchange, https://www.tsx.com/en/resource/423. Transfers remain subject to TSXV eligibility and discretion.

B. RECOMMENDATIONS

I. PRODUCE ADDITIONAL EVIDENCE IN SUPPORT OF PROPOSED CONTINUED LISTING REQUIREMENTS

Recommendation: The TSX should substantiate any proposed quantitative CLRs through evidence demonstrating that the selected thresholds appropriately support financial viability, operational substance and market quality over time for a senior exchange. These are distinguished from thresholds that merely minimize the number of existing issuers affected.

The analysis should include ongoing business activity and assess market quality through sustained liquidity, public participation and effective price discovery.

The evidence should disclose the underlying sample sizes and comparison groups supporting the Consultation's findings, compare the proposed thresholds with reasonable alternatives, and assess both their effectiveness and their impact on the number of issuers that would fail.

Analysis: An appropriate senior-exchange standard requires judgment about issuer scale, financial substance and market participation. The exercise of that judgment must be informed by evidence demonstrating the consequences and effectiveness of the selected thresholds relative to the evidence and the reasonable alternatives.

The Consultation does not currently disclose sufficient evidence to establish why the particular thresholds were selected or whether they will maintain the financial viability, operational substance and market quality expected of Canada's senior exchange over time.

The TSX reports reviewing market conditions, historical data, existing issuers, previous delistings, sector-specific considerations and international senior-exchange standards. Its principal historical analysis examines issuers subject to delisting reviews over five completed years, supplemented by 2024 audited financial information for corporate issuers listed as of February 28, 2026. This provides a basis though the Consultation does not disclose the underlying sample sizes, appropriate comparison groups, subsequent outcomes or alternative-threshold testing needed to assess strength. Examples of missing data and analysis are set out in Schedule A.

II. INCLUDE ADDITIONAL FACTORS IN EVALUATING LIQUIDITY AND CAPITALIZATION

Recommendation: The TSX should include additional factors in evaluating liquidity and capitalization. In particular, it is recommended that the TSX:

- Require more timely and continuous assessment of the specific operational viability tied to key success factors rather than periodic quarterly disclosure as additive to a going concern analysis.
- Continue to expressly recognize quick assets, total assets or accountants' and auditors' going-concern disclosures.
- Consider contingent liabilities, derivative positions, material write-downs of (in)tangible assets and material changes in product demand.

We support requiring active and substantial operations. Relevant evidence may include revenues,

expenditures and demonstrable progress in the principal business and tax classification alone (e.g., active v. passive business income).

Analysis: The TSX states that its five-year historical review found that every issuer subject to a delisting review for failure to meet the general financial CLRs exhibited at least one of three conditions:

1. Impending liabilities without sufficient liquidity to pay them.
2. Insufficient cash to continue operations.
3. Insufficient capitalization to support long-term viability. [3]

The financial conditions identified by the TSX as indicators of potential issuer distress are longstanding and fundamental business risks. [4]

The proposed amendments replace the existing going-concern criteria under sections 709 and 710(a)(i) with an operational-viability standard under section 502(a). While capitalization, working capital, cash flow and earnings remain expressly recognized, the revised provision no longer specifically identifies quick assets, total assets or accountants' and auditors' going-concern disclosures. Although these factors remain available for consideration under the non-exhaustive standard, the TSX has substantiated removing their express recognition, which should remain.

The proposed reliance on market capitalization raises the distinction between market valuation and underlying business quality. For issuers with highly uncertain prospects, market capitalization may reflect call-option-like valuations, where the possibility of an exceptionally favourable outcome supports a substantial share price despite limited demonstrated operating substance. A market-derived valuation should not substitute for substantive evidence of financial resilience, operating capability and development progress.

III. ENSURE CONSISTENT CONTINUED LISTING STANDARDS ACROSS ISSUER CATEGORIES

Recommendation: The TSX should clearly define the common financial, operational and market-quality expectations that every issuer must satisfy to retain the benefits and credibility of a senior listing and demonstrate how its industry-specific requirements uphold those expectations. In particular, the TSX should demonstrate whether materially different tests of economic viability provide sufficient and comparable assurance of underlying business substance across issuer categories.

The objective is to ensure that every issuer meets a consistently demanding standard of financial and operational quality appropriate to Canada's senior exchange, regardless of listing category.

Analysis: The TSX proposes establishing common financial and operational viability requirements for all

[3]Consultation, p. 3, s. 2(a), Financial Condition that Ensures Operational Viability.

4.Oscar Gelderblom and Joost Jonker, “Completing a Financial Revolution: The Finance of the Dutch East India Trade and the Rise of the Amsterdam Capital Market, 1595–1612,” Journal of Economic History 64, no. 3 (2004): 641–672, https://doi.org/10.1017/S002205070400292X; Lodewijk Petram, The World’s First Stock Exchange (University of Amsterdam dissertation, 2011); Vienna Stock Exchange, “250 Years: History of Wiener Börse” (founded 1771; first joint-stock listing 1818); UK Insolvency Act 1986, s. 123; UK Government, Corporate Financial Distress Guidance Note.

listed issuers under section 502,[5] while introducing materially different CLRs for diversified, mining and oil and gas issuers under sections 503–505.[6] The TSX should demonstrate that these materially different requirements, considered together, establish comparably rigorous standards of continued listing eligibility across issuer categories.

While greater industry specialization may improve the relevance of individual requirements, it also risks fragmenting the common standard of financial and operational quality that a senior TSX listing should represent.[7] From an investor protection perspective, the TSX's senior-exchange designation should convey a coherent standard of issuer quality, notwithstanding differences in industry and business maturity.

The most significant difference is structural. Diversified issuers can satisfy their category-specific requirements through a single financial or expenditure measure. Mining and oil and gas issuers must satisfy cumulative requirements addressing different aspects of their businesses:

> Diversified: Section 503: Satisfy any one of three alternatives: $10 million in total assets or $3 million in tangible assets; $5 million in annual revenue; or $2.5 million in annual commercialization and business development expenditures.
>
> Mining: Section 504: Maintain a qualifying mining property or demonstrate ongoing viability and satisfy either $1 million in annual exploration and development expenditures ($2 million over two years) or $5 million in annual commodity revenue ($10 million over two years).
>
> Oil and gas: Section 505: Maintain at least $80 million in proved and probable reserves, with proved reserves representing more than 50% of total reserves and satisfy a forward-looking 12-month break-even funding test.

The following inconsistencies arise:

- Mining property ownership versus oil and gas break-even requirements**:** Mining issuers are subject to property ownership requirements, while oil and gas issuers must satisfy a reserve-based break-even test. The break-even test represents a higher standard, a distinction that may not be apparent to most investors. Technology businesses are not subject to an equivalent requirement.
- Inconsistent investment and development expenditure requirements**:** A mining issuer may retain its listing with a mining property valued at only $1 million, notwithstanding the capital-intensive and costly nature of mining operations. By contrast, diversified issuers are required to maintain at least $2.5 million in business-development expenditures. A reasonable minimum level of investment over a defined period, whether through business development, resource enhancement or other qualifying expenditures, should apply across all issuer categories to ensure consistency in senior-listing standards.
- Inconsistent resource requirements: Oil and gas issuers must satisfy minimum reserve requirements. Comparable mineral-resource requirements are not imposed on mining issuers .

[5]Consultation, proposed s. 502, general financial and operational requirements.
[6]Consultation, pp. 2–4, s. 2, Financial Conditions Applicable to All Issuers.
[7]Consultation, pp. 6–10, s. 4, resource issuer categories.

The TSX supports its proposed thresholds primarily through historical delisting reviews and estimates of their immediate impact on existing issuers. The Consultation reports that:

> Diversified : Only one issuer would fail all three proposed financial alternatives, representing approximately 0.15% of all TSX-listed corporate issuers.[8]
>
> Mining: Six additional resource issuers would fail the revised exploration-expenditure requirements. The TSX also reports that 83% of mining issuers with exploration expenditures below $1 million in its five-year delisting-review analysis were reviewed for failure to satisfy general financial CLRs.[9]
>
> Oil and gas issuers: Three issuers would be affected, including one already undergoing a delisting review.[10]

These findings identify associations between certain financial or operating measures and issuer distress. They do not demonstrate whether the combined requirements under sections 502–505 impose comparably rigorous standards across industries.

IV. TIE LISTING REQUIREMENTS TO MARKET REALITIES

CLRs should be thought of as protecting new shareholders in the secondary market as the prospectus and its information disclosure was the basis for purchasing new issues or originally issued stock from treasury.

a. Recognize Secondary Market Trading

Meaningful levels of secondary-market trading provide an important mechanism for disseminating information and facilitating price discovery, particularly where financial information is limited. Through the price-discovery process, market participants incorporate available public information into share prices, providing a real-time assessment of a company's value. Accordingly, the TSX should introduce specific continued-listing criteria that recognize substantial secondary-market trading activity as an independent indicator of market interest, liquidity and price discovery. Trading activity should supplement, not replace, the recommended firm $10 million equity market-capitalization floor or the issuer's financial and operational requirements.

Substantiate Public Float and Liquidity Requirements

The TSX proposes requiring issuers to maintain publicly held securities with a market value equal to the greater of $2 million or 10% of total market capitalization. [11]

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[8]Consultation,(PDF pp. 4–5), s. 3, introductory impact assessment.
(PDF p. 7), s. 4(a), exploration/development expenditure. Three issuers failed the existing expenditure requirement; six additional resource issuers would fail the proposed test, and 83% is drawn from the selected five-year review population.
(PDF p. 9), s. 4(b), oil and gas. Three affected issuers include one already under review; the net incremental effect is two (approximately 0.30% of corporate issuers).
[11]Consultation, (PDF pp. 11–12), s. 5(c), Public Float; proposed s. 508.

We support linking public-float requirements to issuer size.

The TSX should demonstrate that these thresholds provide sufficient liquidity or reasonable opportunities for investors to exit their positions, particularly as issuer valuations decline. An issuer may satisfy the proposed requirements while experiencing limited trading activity, wide bid-ask spreads or substantial price impact when investors seek to sell. The result is securities evolving into quasi – private companies with no liquidity and a public listing.

The TSX should therefore disclose:

- Public-float distribution: The number of issuers with public floats of 10–15%, 15–20%, 20–25% and above 25%, differentiated by market capitalization.
- How substantially issuers exceed the proposed requirements, measured in both dollar value and percentage terms.
- Historical trading value, trading frequency, bid-ask spreads and available market depth for issuers at different public-float levels, particularly during periods of declining valuations.
- Whether higher minimum float values, higher percentages for smaller issuers or complementary trading-liquidity requirements would materially improve investors' ability to exit positions.

b. Assess Cumulative Requirements

The criteria in proposed section 502 does not establish how it would be applied where debt obligations exceed equity value.

It is recommended that the TSX establish three cumulative requirements for continued listing:

- A firm $10 million minimum equity market capitalization, without the proposed $5 million–$10 million trading-liquidity exception.
- A separate minimum tangible-assets requirement of $3 million, subject to clearly justified industry-specific alternatives for asset-light issuers. The TSX should also assess net tangible assets after liabilities, so that gross asset values do not obscure the extent of shareholders' residual financial interest.
- A documented assessment of financial leverage and debt-servicing capacity, including net debt relative to equity market capitalization, liquidity, operating cash flow, debt maturities and refinancing obligations. Where debt materially exceeds equity market capitalization, the TSX should specifically assess the issuer's ability to service and refinance its obligations and the residual economic protection available to shareholders. High leverage should trigger additional scrutiny rather than automatic disqualification.

c. Link Market – Making Program

The TSX proposes introducing a minimum average closing share price of $0.05. It also proposes permitting issuers with market capitalization between $5 million and $10 million to satisfy the continued listing market-capitalization requirement if they maintain either average daily trading volume of at least 5,000

shares or average daily trading value of at least $15,000 over 30 consecutive trading days.[12] This is $250 in daily trading volume, which does not reflect a senior security.

In addition, the number of transactions a day should exceed a quantity which effectively makes many Tier B securities "trade by appointment".

It is recommended that the TSX use the market-making program to address persistent liquidity deficiencies before resorting to delisting. This would apply to the following:

- Tier B securities (average daily value traded on TSX below $1 million over the preceding 12 months, recalculated quarterly)
- B9 and B10 securities, the two lowest average-daily-value deciles within Tier B (B10 alone is the bottom decile),
- Have a market value of less than $10mm

This standard creates a competitive process, where the market maker has a common interest in promoting liquidity through tighter spreads; and the issuer in continuing to grow and upgrade the business. The liquidity standard of Tier B has been at the current low level of $1mm in daily trading for almost 25 years. The listings process and market making process working better together could enhance both issuance and secondary trading.

V. MAINTAIN BOARD OVERSIGHT

The proposal consolidates internal reviews under a single senior TSX officer and eliminate the further appeal to the TSX Board of Directors.

This would remove an existing level of internal oversight and concentrate final internal review authority in one senior officer. The TSX states that Board-level review has been used only once in the past two decades, that the senior-officer review may consider new evidence and arguments, and that statutory review under section 21.7 of the Securities Act (Ontario) remains available within 30 days. Those safeguards do not eliminate the risk of bias and error in concentrated decision-making.

CFFiM recommends retaining Board appeal for material adverse listing decisions.

VI. MAINTAIN GOING CONCERN INDICATORS

The TSX states:

> "TSX considers a framework shifting away from 'going concern' indicators towards a focus on real-time assessment of operational viability, to be a necessary modernization of its oversight

[12] Consultation, (PDF p. 11), ss. 5(a)–(b); Appendix B, proposed s. 508 and footnotes 7–8 (PDF pp. 41–42). Footnote 8 erroneously refers to average closing price when defining trading value. TSX, Market Making Program Guide, v. 3.4 (effective November 3, 2025), https://www.tsx.com/ebooks/en/market-making/ (market-making classifications and performance).

process."

It also states:

> "TSX notes that assessing an issuer's ability to meet obligations as they come due allows for a more accurate stability assessment in real-time."[13]

The concept of real-time in capital markets trading has a very distinct meaning to mean "tick-by-tick" or at the latest quote. Introducing the language of "real-time" for what is really fundamental data disclosure, risks misleading or confusing the timeliness of information dissemination. Going concern indicators should be maintained.

C. CONCLUSION

CFFiM supports updating the TSX's CLRs. Higher nominal thresholds and limited immediate delisting effects do not, by themselves, establish stronger senior-exchange standards. The success of reforms is whether they improve the quality, integrity and credibility of Canada's senior public market over time. not simply how few issuers they initially affect.

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[13]Consultation, p. 3, s. 2(a), comparative table, notes to proposed s. 502(a).

SCHEDULE A

EXAMPLES OF MISSING DATA

The TSX proposes revised expenditure, revenue and reserve requirements intended to establish meaningful ongoing business activity. Examples of missing data are considered below:

i) Assets — Proposed section 503(a)

The TSX proposes increasing the minimum total-assets requirement from $3 million to $10 million, with a $3 million tangible-assets alternative. The Consultation reports that 25.81% of issuers in its five-year delisting-review analysis had assets below $10 million, and that 64.52% of those issuers became subject to insolvency proceedings.[14] This establishes an association between low assets and insolvency within the reviewed population. However, the Consultation does not disclose the underlying number of issuers, corresponding insolvency rates among issuers with assets above $10 million, or outcomes for issuers not subject to delisting reviews. It also does not compare the proposed $10 million threshold with alternatives or provide equivalent evidence supporting the $3 million tangible-assets alternative.

ii) Revenue — Proposed section 503(b)

The TSX proposes increasing the annual revenue threshold from $3 million to $5 million.
The Consultation reports that 48.4% of issuers in its five-year delisting-review analysis had revenue below $5 million and were vulnerable to operational shortfalls. [15]However, the underlying sample size, subsequent outcomes and corresponding results for issuers above $5 million are not disclosed and there is no comparative testing of alternative revenue thresholds.

iii) Commercialization and business development — Proposed section 503(c)

The existing $1 million research-and-development expenditure test would be replaced with a broader $2.5 million commercialization and business-development expenditure requirement.
The TSX attributes the increase to higher operating costs and the need to distinguish substantive development activity from maintenance-level expenditures.[16] However, it does not disclose historical evidence connecting the selected threshold to subsequent commercialization progress, business development or operational viability, or compare it with alternative expenditure levels.

iv) Mining issuers — Proposed section 504

The TSX proposes increasing minimum exploration and development expenditures from $350,000 to $1 million annually, with a $2 million two-year alternative. Minimum commodity revenue would increase from $3 million to $5 million annually, with a $10 million two-year alternative. The Consultation reports that 83% of mining issuers with exploration expenditures below $1 million in its five-year delisting-review analysis were also reviewed for failure to satisfy general financial CLRs. Six additional resource issuers

[14]Consultation,(PDF p. 5), s. 3(a), Assets.
[15]Consultation,(PDF p. 5), s. 3(b), Revenue.
[16]Consultation,(PDF pp. 5–6), s. 3(c), Commercialization.

would fail the revised exploration-expenditure requirements.[17] The Consultation does not disclose the underlying sample size, corresponding outcomes for mining issuers above the threshold, or whether the selected expenditure levels reliably distinguish viable projects from those experiencing sustained deterioration.

v) Oil and gas issuers — Proposed section 505

The TSX proposes requiring at least $80 million in proved and probable reserves, with proved reserves representing more than 50% of the total, together with a forward-looking break-even funding test.
The Consultation reports that all oil and gas issuers in its five-year delisting review with reserves below $80 million also failed one or more general financial CLRs. The proposed requirements would affect three issuers, including one already undergoing a delisting review.[18]However, the underlying historical sample size, outcomes for issuers above the proposed reserve threshold and comparative results for alternative reserve levels are not disclosed.

vi) Market capitalization — Proposed section 508(a)

The Consultation reports that 45% of issuers failing one or more general financial CLRs had market capitalization below $10 million. All issuers in the five-year delisting review with market capitalization below $3 million also failed at least one general financial CLR. 62.50% of those issuers below $3 million entered formal insolvency proceedings.[19] The TSX should disclose the underlying issuer counts and subsequent financial and market-quality outcomes across capitalization ranges.

vii) Liquidity exception — Proposed section 508(a)(ii)

The proposed exception permits issuers valued between $5 million and $10 million to retain their listings if they satisfy average daily trading volume of 5,000 shares or average daily trading value of $15,000 over 30 consecutive trading days. The Consultation does not disclose the historical trading distributions underlying these thresholds, the persistence of qualifying trading activity or subsequent market-quality outcomes for issuers above and below the proposed levels. It also does not establish whether the two alternatives identify issuers with comparable liquidity characteristics or whether different thresholds would provide stronger evidence of sustained market support.

viii) Public float and distribution — Proposed sections 508(c) and (d)

The TSX proposes requiring public float equal to the greater of $2 million or 10% of market capitalization, while retaining the existing minimum of 500,000 freely tradable securities and 150 public securityholders. The Consultation states that most issuers already exceed the proposed public-float requirement and that existing distribution thresholds remain appropriate.[20] However, it does not disclose historical comparisons demonstrating that these levels support sustained liquidity, public participation and effective price discovery. Relevant measures include trading frequency, dollar trading value, bid-ask spreads, available measures of market depth, public float and the persistence of liquidity during weaker market conditions.

[17] Consultation, (PDF p. 7), s. 4(a), mining issuer requirements and impact analysis.
18. Consultation, (PDF p. 9), s. 4(b), oil and gas issuer requirements and impact analysis.
[19]Consultation, (PDF p. 11), s. 5(a), Market Capitalization.
[20]Consultation, (PDF pp. 11–12), ss. 5(c)–(d), Public Float and Distribution.