

No sponsor, no problem: TSXV drops sponsor requirement for listing transactions

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The TSX Venture Exchange (TSXV) has removed its longstanding requirement for issuers to engage a sponsor in connection with listing transactions effective March 31, 2026. Previously, sponsors would conduct due diligence and provide a report to the TSXV as part of its review process. The change affects transactions such as reverse takeovers, qualifying transactions and direct listings.

What you need to know

- The TSXV has eliminated its requirement for issuers to engage a sponsor in connection with listing transactions, effective March 31, 2026.
- TSXV Policy 2.2 and all related sponsorship forms and guidance have been removed from the TSXV Corporate Finance Manual.
- Issuers are no longer required to prepare or file a sponsor report as part of the TSXV review process.
- The change is expected to reduce transaction costs and simplify execution for certain types of transactions.
- The TSXV will continue to review transactions and disclosure and may request additional information or supporting materials as part of its process.

Background

Under the prior TSXV framework, a sponsor (typically an investment dealer) was required for many new listing applications on the TSXV, including in connection with reverse takeovers, qualifying transactions and changes of business. In practice, the sponsor acted as an independent diligence gatekeeper for the TSXV. The sponsor's role typically involved, among other things:

- Conducting a comprehensive due diligence review of the issuer and the issuer's business, including a review and assessment of its business plan and the overall suitability of the issuer for listing and compliance with TSXV requirements;
- A review and assessment of the directors and management of the issuer and their compliance with exchange requirements and continuous disclosure obligations pursuant to applicable securities laws;

- An assessment of the proposed transaction and the consideration proposed to be paid and/or issued under the transaction, together with an assessment as to whether such consideration and the share structure would be reasonable; and
- An assessment of the working capital of the issuer and whether the issuer will have sufficient funds to fund operations.

The sponsor would prepare and file a Sponsor Report which summarized the sponsor's diligence, identified deficiencies or concerns, and provided a recommendation to the TSXV. The process was iterative and often involved multiple rounds of comments and follow-ups with the TSXV, the issuer and its advisors. As a result, sponsorship could add meaningful cost, timing and coordination complexity to a transaction.

Although the requirement remained in place until March 31, 2026, the TSXV had signaled for some time that it intended to move away from the requirement. In a [2016 notice to issuers](#), the TSXV indicated its intention to eliminate the requirement for sponsorship and, in certain contexts, was already amenable to waiver applications.

Comparison to other exchanges

The TSXV's removal of the sponsor requirement brings it more closely in line with the Canadian Securities Exchange and Cboe Canada, which both do not require sponsorship and rely on a disclosure-based review model. By contrast, the Toronto Stock Exchange continues to require sponsorship in certain circumstances. In those cases, the sponsor performs a diligence and reporting function like the former TSXV regime.

Practical considerations for issuers

The removal of the sponsor requirement is expected to reduce transaction costs and streamline execution, particularly for those transactions that historically required sponsorship. Issuers will no longer need to prepare sponsor-related deliverables, which should simplify transaction timelines and reduce coordination with third parties. However, issuers should not expect a reduced level of scrutiny. The TSXV continues to exercise broad discretion in its review process and may request additional disclosure or supporting materials where appropriate. In the absence of a formal sponsor, issuers and their advisors may also expect the practical burden of addressing TSXV comments to shift more directly to the issuer and its counsel.

Looking ahead

Market participants will be watching closely to see how the TSXV conducts its review process in practice following the formal elimination of the sponsor requirement, including whether its approach differs from that taken historically in transactions where a waiver would previously have been granted. This change is consistent with the TSXV's broader efforts to streamline its processes and modernize its framework.

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