

March 2, 2023

Canadian Securities Exchange

Notice and Request for Comments

Proposed Amendments to CSE Form 2A Listing Statement

CNSX Markets Inc., operating the Canadian Securities Exchange (“CSE” or “Exchange”) is filing this Notice in accordance with the process for the Review and Approval of Rules and Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendices to the Exchange’s recognition orders (the “Protocol”).

CSE is proposing changes (“Amendments”) to CSE Form 2A Listing Statement (“Form 2A”, “Listing Statement” or “Form”) to clarify certain disclosure requirements of Form 2A. Form 2A is a comprehensive disclosure document that must be filed with all new listing applications. The purpose of Form 2A is to provide at the time of listing full, true and plain disclosure by providing a narrative format based on the requirements set out in Form 41-101F1 *Information Required in a Prospectus (Form 41-101F1)*. CSE is seeking feedback on the disclosure requirements of Form 2A and the use of Form 2A for certain types of listing applications.

DESCRIPTION OF THE CHANGES

The effect of the Amendments will be the replacement of the existing prescriptive Form with instructions and reference to disclosure requirements set out in securities law.

Cover Page: The proposed Form will include a cover page that includes the Issuer name, date, and a designated space for additional risk disclosure if required, similar to cover page disclosure in a prospectus. Given the aligned requirements of Form 41-101F1 and CSE Form 2A, additional language has also been added to remind readers that the Listing Statement is not a prospectus.

Reference to Prospectus: The current introduction to Form 2A states that the Exchange requires “prospectus level” disclosure in the document. This will be amended to “...provide the same disclosure as that required by...” Form 41-101F1, to reinforce the disclosure requirement and purpose of Form 2A.

General Instructions: The prescriptive instructions will be replaced with a paragraph describing the Disclosure Requirements of Form 2A.

Filing and Disclosure Requirements

The instructions confirm that a Listing Statement must include the disclosure required in Form 41-101F1 and provides specific circumstances for which that requirement may be met by the incorporation of existing disclosure documents such as a prospectus or Form 51-102F5 *Information Circular*.

EXPECTED DATE OF IMPLEMENTATION DATE

The Amendments are expected to be implemented following the comment period and OSC and BCSC approval.

RATIONALE

The proposed Amendments are not intended to reduce the level of disclosure required from an Issuer, but rather clarify the intent and requirements of Form 2A. The Listing Statement has remained largely unchanged since its introduction in 2003. While it does not replicate a Form 41-101F1, it contains the headings, subheadings and subject matter to be addressed.

For RTO transactions, the amended Listing Statement will provide full, true and plain disclosure of the private company that is effectively undertaking a “going public” transaction.

National Instrument 51-102 *Continuous Disclosure Obligations* requires full, true and plain disclosure on an ongoing basis for reporting issuers. These obligations are supported and enhanced by the continued listing requirements on each exchange in Canada. Movement from one exchange to another, or a secondary listing on another exchange, should not trigger a requirement for a prospectus level disclosure document. The amended Listing Statement would permit an issuer to rely on its existing disclosure record when preparing a Listing Statement.

EXPECTED IMPACT OF THE PROPOSED PUBLIC INTEREST RULE ON THE MARKET STRUCTURE, MEMBERS AND, IF APPLICABLE, ON INVESTORS, ISSUERS AND THE CAPITAL MARKETS

There will be no material impact on market structure, members, issuers or investors as a result of the Amendments. Issuer obligations will not change in some cases, whereas the effort and cost of preparing a listing statement in certain situations will be significantly reduced or eliminated. In the case of issuers resulting from a business combination, investors will have significantly more historical information in a single document, which may not be relevant to investors seeking disclosure only about the resulting issuer post-transaction.

EXPECTED IMPACT OF THE PUBLIC INTEREST RULE ON CSE’S COMPLIANCE WITH SECURITIES LAW AND IN PARTICULAR ON REQUIREMENTS FOR FAIR ACCESS AND MAINTENANCE OF FAIR AND ORDERLY MARKETS

The proposed Amendments to Form 2A are not expected to impact the CSE’s compliance with securities law, including the requirements for fair access or the maintenance of fair and orderly markets.

INTRODUCTION OF A FEE MODEL, FEATURE OR RULE THAT CURRENTLY EXISTS IN OTHER MARKETS OR JURISDICTIONS

The amended Form will be consistent with the requirements of other exchanges in Canada. The TSX V uses an exchange-specific form, whereas TSX and NEO simply require the disclosure required by a prospectus, Form 51-102F5 Information Circular or Form 51-102F2 Annual Information Form.

COMMENTS

Applications to the Exchange may be by Initial Public Offering (IPO), Reverse Takeover or other form of business combination (RTO), and existing listed companies moving from another exchange. Unlisted reporting issuers may complete a transaction immediately prior to listing. In certain cases, a non-offering prospectus (NOP) may be required based on the history of the issuer (e.g., reporting in a jurisdiction outside Canada). Existing listed companies and issuers resulting from an RTO use the Listing Statement as the principal disclosure document for listing. It has been the Exchange's objective with Form 2A Listing Statement to provide investors with comprehensive information *that is relevant at the time of listing*, relying on the availability of an issuer's continuous disclosure record on SEDAR for historical information.

Form 2A is not reviewed by, nor is a receipt issued by a securities regulatory authority and as such it may not be relied upon for any purpose other than as a disclosure document for listing an existing reporting issuer. Specifically, a CSE Form 2A, regardless of the disclosure therein, does not:

- Serve as an Information Circular for the purpose of a meeting of shareholders,
- qualify securities for distribution,
- qualify an issuer as a reporting issuer, or
- qualify an issuer for a short-form prospectus offering.

When an issuer listed on another Canadian exchange applies to list on the CSE the issuer must meet the initial listing requirements of the CSE. It can generally be determined that a company meets those requirements through the Issuer's continuous disclosure record. CSE is seeking specific comment on the disclosure requirements for an issuer transferring from another exchange to the CSE:

If there is no distribution, transaction or change of business to be reviewed, please comment on the level of public disclosure required at the time of a transfer to a different exchange, i.e., prospectus level disclosure document vs. news release announcing the transfer.

Comments should be in writing and submitted no later than April 3, 2023 to:

Mark Faulkner
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CNSX Markets Inc.
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Email: Mark.Faulkner@thecse.com

A copy of the comments should be provided to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON, M5H 3S8
Fax: 416.595.8940
Email: marketregulation@osc.gov.on.ca

Larissa M. Streu
Manager, Corporate Disclosure
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, BC, V7Y 1L2
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Questions

Questions about this Notice or CSE Policy may be directed to Listings@thecse.com or:

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Appendix A – Text of the Proposed Form 2A Listing Statement

FORM 2A

LISTING STATEMENT

A CSE Form 2A (Listing Statement) is required for all initial applications for listing and for applications for listing from Issuers resulting from a Fundamental Change, as defined in Policy 8 - *Fundamental Changes and Change of Business*. The Listing Statement is intended to provide the same disclosure as that required by Form 41-101F1 *Information Required in a Prospectus* (Form 41-101F1).

General Instructions

Prepare the Listing Statement as set out below, including the Cover Page and any required Cover Page disclosure. In each case, the requirements for financial statements and MD&A apply as set out in section 2, *Filing and Disclosure Requirements*.

Subject to Exchange acceptance, the disclosure requirements of the Listing Statement may be met by incorporating by reference in the Listing Statement other documents that have been filed on the issuer's filer profile for SEDAR.

1. Cover Page

a) Title, Issuer and Date:

CSE FORM 2A LISTING STATEMENT

[Issuer Name]

[Date]

“This Listing Statement is intended to provide full, true and plain disclosure about the Issuer. It is not, and is not to be construed as, a prospectus. It has not been reviewed by a securities regulatory authority and no securities are being sold or qualified for distribution by the filing of this Listing Statement.”

b) Cover page risk disclosure: Disclose risk factors relating to the issuer and its business, as required.

Documents Incorporated by Reference: If applicable, list all documents incorporated by reference in the Listing Statement. Clearly identify the document being incorporated by reference, including the

date of the document and the date it was filed on SEDAR. If an excerpt of a document is incorporated by reference, clearly identify the excerpt in the Listing Statement by page number and paragraph of the document.

2. Filing and Disclosure Requirements

- (a) Subject to subsections 2(b), (c) and (d), a Listing Statement must include the disclosure required in Form 41-101F1.
- (b) Subject to section 3, an issuer may meet the requirement in subsection 2(a) by including or incorporating by reference in the Listing Statement a prospectus of the issuer for which a final receipt has been issued by a securities regulatory authority in Canada.
- (c) Subject to section 3, a reporting issuer, including an issuer recently delisted from another exchange in Canada, may meet the requirement in subsection 2(a) by including or incorporating by reference in the Listing Statement a Form 51-102F5 *Information Circular* (Form 51-102F5), provided the information circular contains prospectus-level disclosure in accordance with section 14.2 of Form 51-102F5 and was filed on SEDAR and sent to shareholders in connection with an application to list an issuer resulting from a transaction or proposed transaction that is a business combination with an issuer, including but not limited to a business acquisition, reverse takeover, merger or plan of arrangement.
- (d) Subject to section 3, where a reporting issuer is listed on another exchange in Canada immediately prior to listing on the Exchange, the issuer may meet the requirement in subsection 2(a) by incorporating by reference in the Listing Statement all documents the issuer was required to file under National Instrument 51-102 *Continuous Disclosure Obligations* since the end of the issuer's most recently completed financial year-end or the previous year-end if the issuer has not yet filed audited financial statements for its most recently completed financial year-end, provided that:
 - (i) the issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction; and
 - (ii) if the issuer has recently completed a transaction described in subsection 2(c) or proposed a Fundamental Change or Change of Business as defined in Policy 8, the documents incorporated by reference must include a prospectus as described in 2(b) or Form 51-102F5 with the disclosure described in 2(c); and
 - (iii) the existing continuous disclosure record of the issuer adequately describes the current business of the issuer and demonstrates that the issuer qualifies for listing and meets the initial listing standards.

3. Supplemental disclosure

If the documents referred to under subsections 2(b), 2(c) and 2(d) are not current as at the date of the Listing Statement, the issuer must include in the Listing Statement any supplemental disclosure necessary to ensure that the Listing Statement is current as of the date of the Listing Statement.

Examples of supplemental disclosure include financial statements for an issuer or a reverse takeover acquirer for the most recently completed period if those financial statements are not already included in the Listing Statement.

Guidance

Issuers should refer to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*, in particular:

- Part 4 General Content of a Long Form Prospectus
- Part 5 Content of a Long Form Prospectus (Financial Statements)