

CANADIAN SECURITIES EXCHANGE  
PUBLIC INTEREST RULE AMENDMENT  
*CSE POLICIES*  
NOTICE AND REQUEST FOR COMMENTS

Notice 2021-005

December 9, 2021

CNSX Markets Inc. (“CSE” or the “Exchange”) is publishing, in accordance with the schedules to its recognition orders, as amended (the “Protocol”), proposed amendments (“Amendments”) to its policies and related forms for listed issuers (“Policies” and “Forms”). The proposed amendments are comprehensive, including significant changes subject to public comment and extensive housekeeping and consequential revisions. The public comment period will be 60 days.

In addition to general comments on the Amendments the Exchange is seeking specific comments on a number of the proposed significant changes, as well as other matters for which changes have not been proposed but are under consideration for future implementation. Please see Comments section for details.

## Description of the Public Interest Rule

These Amendments will introduce qualifications and requirements and financial reporting obligations that reflect requirements for non-venture issuers. The designation as “NV Issuer” and requirements would apply to Listed Issuers (Venture Issuers as defined in National Instrument 51-102 *Continuous Disclosure Requirements*) as if those issuers were listed on the Toronto Stock Exchange or NEO Exchange (i.e., a “non-venture” exchange). While it is the intention of the CSE to seek amendments to the relevant instruments to exclude these issuers from the definition of “venture issuer”, the Exchange requirements would apply to designated issuers upon implementation. These requirements would be imposed over and above those set out in applicable securities law.

The Policies and CSE’s Recognition Orders<sup>1</sup> permit listing of securities of reporting issuers in Canada. The Amendments include the introduction of requirements and provisions for listing Special Purpose Acquisition Corporations (“SPAC”), and Exchange Traded Funds including Closed End Funds. The Amendments also introduce additional corporate governance requirements for listed issuers, including security holder approval requirements. These additional requirements are consistent with requirements of other Canadian exchanges for venture issuers and non-venture issuers.

The significant changes include:

- 1) Listing qualifications and specific reporting requirements for “NV Issuers”
- 2) Listing criteria and requirements for closed end funds and exchange traded funds
- 3) Listing criteria and requirements for Special Purpose Acquisition Corporations
- 4) Explicit requirements for restricted securities and Take-over Bid Protections
- 5) New requirement for securityholder approvals of certain transactions or developments
- 6) Exchange Reviews of certain transactions
- 7) New requirements for Normal Course Issuer Bids (“NCIB”)

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<sup>1</sup> OSC CSE Recognition Order varied and restated on August 31, 2020; and BCSC CSE Recognition order dated April 25th 2019.

- 8) Filing requirements for Shareholder Rights Plans
- 9) Shareholder approval and policy requirements for Security Based Compensation plans

## Background

Launched as a quotation and trade reporting system in 2003, CSE was recognized as an Exchange in 2004. Comprehensive amendments to the CSE listing policies (“Policies”) were completed in 2008, and additional significant changes have been made in recent years to introduce new requirements for listed issuers. The CSE model for regulation has historically been based primarily on public disclosure by the listed issuers, rather than “review and approval” by the Exchange. The model has been referred to a “reliance model” and incorporates applicable corporate and securities law by reference into the Policies; the Policies are intended to provide specific listing requirement that supplement the legal obligations for public companies that are set out under applicable securities and corporate law.

CSE has listed almost 800 companies since launching, and there has been a significant increase in the listing of more established businesses over the past several years. It has become evident that certain regulatory principles and guidance would be more effectively applied at the exchange level. Some of these additional requirements are applicable to more established issuers which could be distinguished from the entrepreneurial enterprises for which the CSE model was originally intended.

IIROC’s requirements regarding margin eligibility (Rule 100.2(f)) require that *“Positions in securities listed on markets or market tiers with initial or ongoing financial listing requirements that do not include adequate minimum pre-tax profit, net tangible asset and working capital requirements, as determined by the Corporation [IIROC] from time to time, may not be carried on margin”*. The criteria for the proposed NV Issuer tier are intended to be similar to the “senior” or non-venture exchanges in Canada and the Exchange anticipates that IIROC will confirm margin eligibility for CSE listed securities with the NV designation.

## Housekeeping Rule Amendments

Extensive typographical, formatting, renumbering and other non-material changes support the significant changes and provide consistency and simplification throughout.

## New Forms

Several new forms have been introduced to support new requirements.

## Details of the Changes

The amendments are described in order in which they appear in the existing policies with descriptions intended to provide context for both housekeeping and significant changes.

Comparison of Proposed Significant Changes: All CSE Listed Issuers vs. NV Issuers

POLICY 1 - INTERPRETATION AND GENERAL PROVISIONS		
No Significant changes to Policy 1		
POLICY 2 - QUALIFICATIONS FOR LISTING		
Proposed Significant Changes	Description of Change Applicable to Existing CSE Issuers	Description of Change Applicable to NV Issuers

Eligibility Review – Issuers applying for listing concurrently with or immediately following the filing of a prospectus must first confirm listing eligibility with the Exchange	Applies to all applicants	
Treasury Orders – Every Listed Issuer must require that its transfer agent provide to the Exchange, a copy of each treasury order.	Applies to all applicants	
<b>APPENDIX 2A – EQUITY SECURITIES</b>		
Pursuit of Objectives and Milestones	Applies to all applicants	
Initial Listing Requirements	No change to existing qualifications	Proposed <i>additional</i> criteria are included in chart “Key Initial Listing Criteria”.
<i>NOTE: The Exchange is seeking specific comment on certain existing initial requirements and the proposed requirements for NV Issuers. Please see “Comments” for details.</i>		
Restricted Securities	Applies to all applicants, however the Exchange will generally object to the distribution of Superior Voting Securities of a Listed Issuer that is not an NV Issuer	Applies to all applicants
Introduction of Closed end Funds & ETFs	N/A	Proposed float and reporting requirements, issuers will be designated as NV Issuers.
Continued Listing Requirements	No change to existing requirements	Proposed <i>additional</i> requirements for NV issuers.
<b>APPENDIX 2B: DEBT SECURITIES</b>		
There are no significant changes to Appendix 2B		
<b>NEW APPENDIX 2C: SPECIAL PURPOSE ACQUISITION CORPORATIONS</b>		
<b>Proposed Significant Changes</b>	<b>Description of Change Applicable to Existing CSE Issuers</b>	<b>Description of Change Applicable to NV Issuers</b>
SPAC requirements are intended to be in all material aspects the same as existing requirements on other Canadian exchanges	N/A –	SPAC Issuers will be designated as NV Issuers.
<b>POLICY 3 – SUSPENSIONS AND INACTIVE ISSUERS</b>		
There are no significant changes to Policy 3		
<b>POLICY 4 - CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS</b>		
<b>Proposed Significant Changes</b>	<b>Description of Change Applicable to Existing CSE Issuers</b>	<b>Description of Change Applicable to NV Issuers</b>
<b>Securityholder Approvals</b>		

<i>Issuance of Securities</i>	Approval required for greater than 50% with a new control position, or issuance of 100%.	Approval required for greater than 25%.
<i>Acquisitions</i>	Approval required if the number of securities to be issued is greater than 50% of outstanding accompanied by the creation of a new Control Person, or 100% of the outstanding.	Approval required if the number of securities to be issued is greater than 25% of outstanding or if related person has 10% or greater interest in assets and securities to be issued are greater than 5% of outstanding.
<i>Dispositions</i> Security holders must approve a disposition that is more than 50% of the assets, business or undertaking of the Listed issuer	Approval Required	Approval Required
<i>NOTE: The Exchange is seeking specific comments on the thresholds for Exchange or security-holder approval for share issuances, acquisitions, and dispositions. Please see "Comments" for details.</i>		
<i>Shareholder Rights Plans</i>	Approval Required	Approval Required
<i>Rights Offering</i> approval is required where securities offered by way of rights offering are offered at a price greater than the Maximum Permitted Discount to the market price	Approval Required	Approval Required
<i>Security based compensation plans</i>	Approval Required	Approval Required
<i>Consolidations</i> Approval required for ratio greater than 1 new for 10 old.	Approval Required	Approval Required
Majority Voting Requirement for election of directors	N/A	Required
<b>POLICY 5 - TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS</b>		
<b>Proposed Significant Changes</b>	<b>Description of Change Applicable to Existing CSE Issuers</b>	<b>Description of Change Applicable to NV Issuers</b>
Annual Form 2A <i>Listing Statement</i>	Option of posting proposed CSE Form 5A <i>Annual Listing Summary</i> or Form 51-102 F2 <i>Annual Information Form</i>	Must file Form 51-102 F2 <i>Annual Information Form</i>
Form 7 <i>Monthly Progress Report</i>	No change to requirement	Form 7 not required
Deadlines for filing Quarterly Listing Statement and Annual Listing Summary or AIF	No changes to requirements	Quarterly Listing Statement and unaudited interim financial statements and MD&A required no later than 45 days from the last day of the relevant quarter. AIF to be filed no later than 90 days from the NV Issuer's financial year end.

<b>POLICY 6 – DISTRIBUTIONS AND CORPORATE FINANCE</b>		
<b>Proposed Significant Changes</b>	<b>Description of Change Applicable to Existing CSE Issuers</b>	<b>Description of Change Applicable to NV Issuers</b>
Advance (5-day) public notice of financing or acquisition	Applies to all Listed Issuers	Applies to all Listed Issuers
Requirements for financings below 5 cents (consistent with current practice, will require Exchange approval rather than exemption)	Applies to all Listed Issuers	Applies to all Listed Issuers
<b>Control Block Distributions</b> Additional guidance and specific filing requirements that are consistent with other exchanges	Applies to all Listed Issuers	Applies to all Listed Issuers
<b>Shareholder Rights Plans</b> introduces specific filing and Posting requirements, including public disclosure, shareholder approval and certain restrictions, similar to existing requirements of other exchanges	Applies to all Listed Issuers	Applies to all Listed Issuers
<b>Takeover Bids and Issuer Bids</b> introduces guidance, filing and disclosure requirements intended to align with securities law and the existing requirements on other exchanges	Applies to all Listed Issuers	Applies to all Listed Issuers
<b>Normal Course Issuer Bids</b> includes reporting requirements and specific trading restrictions and allowances that are consistent with other exchanges.	Applies to all Listed Issuers, block exemption not available.	Applies to all Listed Issuers
<b>Exchange Traded Fund Unit Creation and Redemption</b> requires an ETF to file a Notice of Creation or Redemption, within 10 days of the end of each month or more frequently in a format acceptable to the Exchange	Not applicable, issuers will be designated as NV Issuers	Applies to ETF issuers.
<b>POLICY 7 – (renamed) INVESTOR RELATIONS, PROMOTIONAL ACTIVITY, AND OTHER SIGNIFICANT TRANSACTIONS</b>		
<b>Proposed Significant Changes</b>	<b>Description of Change Applicable to Existing CSE Issuers</b>	<b>Description of Change Applicable to NV Issuers</b>
Compensation – to be paid in cash rather than shares. Options permitted if permitted by law, up to 2%.	Applies to all Listed Issuers	Applies to all Listed Issuers
Disclosure Requirements - Specific disclosure requirements have been added to emphasize existing CSE Form and Timely Disclosure requirements	Applies to all Listed Issuers	Applies to all Listed Issuers
<b>POLICY 8 – FUNDAMENTAL CHANGES AND CHANGES OF BUSINESS</b>		
There are no significant changes to Policy 8		
<b>POLICY 9 – (renamed) CORPORATE ACTIONS</b>		
There are no significant changes to Policy 9		
<b>POLICY 10 – SPECIALIST SECURITIES</b>		
<b>Proposed Significant Changes</b>	<b>Description of Change Applicable to Existing CSE Issuers</b>	<b>Description of Change Applicable to NV Issuers</b>

Section 1 is amended to “where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Listed Issuer must disclose how compliance has been established and, if germane to the compliance determination, who has established that the securities are in compliance with the stated requirements. The Exchange proposes to repeal the remaining sections.	Applies to all Listed Issuers	Applies to all Listed Issuers
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Details of the Amendments are attached as follows:

Appendix A – Details of the Housekeeping Changes

Appendix B – Blacklined Text of the Policies

Appendix C – Proposed Policies

Appendix D – Proposed New Forms

## Policy 1 Interpretation and General Provisions

Existing section:

- 1.2 – has been reformatted to 3 sections. The commentary beginning with “CSE believes recent advances in technology such as SEDAR and the Internet which facilitate instant, widespread and economical dissemination of information permit....” is outdated and has been deleted and the remainder of the section reformatted for grammar.
- 1.4 – The commentary describing issuer disclosure has been revised and clarified. None of the Amendments are intended to reduce the level or quality of disclosure required. There are significant changes to the requirements, being the repeal of:
  - The requirement to update the Listing Statement annually,
  - The requirement to file quarterly “any changes to the Listing Statement”; and
  - The requirement to update proposed distributions and transactions every two weeks.

The requirement to update the Listing Statement annually is replaced by a requirement to file a new form developed from the existing Form 2A – Listing Statement. The new Form 5A Annual Listing Summary omits certain information that is more significant at the time a company becomes a reporting issuer or listed company. Listed Issuers that are not NV issuers will have the option of filing the Annual listing Statement or a Form 51-102F2 *Annual Information Form* (“AIF”), but NV Issuers will be required to file an AIF.

The current requirement to include with quarterly financial statements “any changes to the Listing Statement” is unduly onerous and does not provide information not otherwise set out in the MD&A. The Listing Statement is not intended to be an evergreen document.

The requirement to update proposed distributions has not generally provided meaningful information to investors given that a large percentage of financings are closed shortly after a public announcement, with many issuers relying on confidential price protection to confirm pricing. Proposed amendments to Policy 6 include public disclosure by a Listed Issuer a minimum of 5 days prior to closing a financing.

The Exchange will be considering additional disclosure and review procedures related to financing activity and is seeking public comment on the appropriate level of issuer disclosure, Exchange review, and Exchange or shareholder approval.

Details of Policy 1 housekeeping changes are included in Appendix A.

## Policy 2 Qualification for Listing

There are no significant changes to Policy 2, except for the introduction of the “Eligibility Review” for issuers that file a prospectus to qualify for listing. This new requirement has been added in two parts, under “Eligibility for Listing” and “Required Documentation”. An issuer filing a prospectus to qualify for listing will be required to first submit documentation sufficient for the Exchange to determine that eligibility requirements have been or will be met prior to listing. A non-refundable fee will be payable and will be applied toward the initial listing fee. The amendments described below are housekeeping changes and include reference to the new requirements for NV Issuers described in Appendix A, which are considered significant changes.

Full details of housekeeping changes to Policy 2 are included in Appendix A

Section 15.1 – Full, True & Plain Disclosure. Further to the amended description of the Listing Statement in Policy 1 s1.4, this section is amended as follows: “As an overriding principle, the Listing Statement must contain full, true and plain disclosure of all material facts regarding the securities issued or proposed to be issued by the Listed Issuer. Disclosure must include such particulars and information which, according to the particular nature of the Issuer and the securities for which listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Issuer and of its profits and losses (and of any guarantee) and of the rights attaching to such securities and must set out such information accurately and in plain language.”

Additionally, “Issuer” has been changed to “Listed Issuer” and “guarantor” to “guarantee” and “listing” to “Listing”.

### Significant Change – Eligibility Review

New subsection 3 under “Eligibility for Listing”: “Eligibility of a particular issuer can usually be confirmed through discussions with the Exchange prior to an application. An issuer intending apply for listing concurrently with or immediately following the filing of a prospectus with a Securities Regulatory Authority must first receive confirmation from the Exchange that the eligibility requirements have been met by providing the information described in s. 2.3(1).”

The Eligibility Review process is further described in the new first paragraph under “Required Documentation”:

For the purpose of obtaining written confirmation of eligibility an issuer must submit a document with sufficient detail to determine that the eligibility requirements of the Exchange have been met or will be met prior to Listing. A draft prospectus will be accepted, provided the required information is included. For natural resource issuers, the relevant technical report is required. The Exchange will conduct a review (“Eligibility Review”) and provide a confirmation of eligibility or identify any conditions to be met prior to listing. The Eligibility Review is subject to a fee, which will be applied to the non-refundable portion of the listing fee.

The addition of the Eligibility Review will provide listing applicants with a reasonable measure of certainty that Exchange requirements will be met upon completion of a prospectus review or offering. It will also provide confirmation to commission staff that the Issuer has in fact applied to and received comments from the Exchange.

#### Significant Change – Treasury Orders

Existing 2.12 has been renumbered to paragraph (1) and new paragraph (2) “Treasury Orders” added to require delivery of treasury orders to the Exchange. The changes are consistent with the requirements of other exchanges with the exception that there is no specific requirement to indicate the date of Exchange acceptance of an application to issue the shares.

#### (2) Treasury Orders

- (a) Every Listed Issuer must require that its transfer agent provide to the Exchange, within five business days following the issuance of any securities, a copy of the applicable treasury order.
- (b) Each treasury order and reservation order submitted to the Listed Issuer’s transfer agent must contain the following information:
  - (i) the date of the treasury order;
  - (ii) the name and municipality of the transfer agent;
  - (iii) full particulars of the number and type of securities being issued or reserved for issuance;
  - (iv) the issue price per security or the deemed issue price;
  - (v) the balance of issued securities of the Listed Issuer following the issuance;
  - (vi) the names and addresses of all parties to whom the securities are being issued or are reserved for issuance;
  - (vii) the date of the Exchange acceptance, if applicable, of the issuance of such securities;
  - (viii) confirmation that the Issuer has received full payment for the securities and that the securities are validly issued as fully paid and non-assessable;
  - (ix) instructions that the wording of any legend required by applicable Securities Laws or by s. 6.1(4) of Policy 6 be imprinted on the face of the certificate (or if the face of the certificate has insufficient space, on the back of the certificate with a reference on the face of the certificate to the legend); and
  - (x) a legend describing the hold period required by s 6.1(4) of Policy 6.
- (c) Every treasury order must be signed by at least two directors or senior officers of the Issuer. The names and titles of each signatory must be printed beneath their respective signatures.

### Appendix 2A: Equity Securities (previously Policy 2 Appendix A: Equity Securities)

Existing section 1.1 has been amended and new paragraph “Pursuit of Objectives and Milestones” added to support the Exchange’s position that shell companies do not qualify for listing. The amendments are consistent with published guidance<sup>2</sup>. While the Exchange may rely on the

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<sup>2</sup> CSE Notice 2020-007 – Guidance – Continued Listing Requirements (<https://thecse.com/en/about/publications/notices/notice-2020-007-guidance-continued-listing-requirements>)



disclosure provided at the time of listing in determining whether an issuer is a shell company or an early stage business, a company that obtains a listing then fails to pursue the business described in the listing disclosure will not be permitted to change its business while listed on the exchange. The purpose of this restriction is to diminish the value, and therefore the incentive to deliberately list shell companies, while still permitting early stage projects to list.

New 2A.1(2) **Pursuit of Objectives and Milestones**

“The comprehensive disclosure provided in a Listing Statement describes the business objectives and milestones of a Listed Issuer and how available funds and management effort will be spent to achieve those objectives or reach those milestones. An issuer that has applied and been granted a listing based on the disclosure in a Listing Statement should diligently pursue those objectives or engage in the business activities described in that disclosure.”

**Significant change – float requirements for NV Issuers, exchange traded funds, closed end funds and structured products.**

The following two paragraphs were added to existing section 1.2.1:

- NV Issuer -- A Listed Issuer must have (i) a public float of at least 1,000,000 freely tradeable securities and (ii) at least 300 Public Holders each holding at least a Board Lot.
- Closed End Funds, Exchange Traded Funds and Structured Products must meet the minimum float requirements for an NV Issuer.

In addition to the float requirements for Structured Products, new definitions for “Structured Products” and “Financial Institution” provide the description of the securities and requirements for such issuers.

The additional listing criteria to establish a distinct tier or category of issuer has been introduced to address certain issues that arise from having companies listed on an exchange characterized as a venture exchange under securities law and national instruments that could qualify to list on a non-venture exchange. The distinction between venture and non-venture issuers in securities law is determined by the exchange on which an issuer is listed. Generally, an issuer that would qualify for a non-venture exchange would list on that exchange. This creates a potential for “regulatory arbitrage”; an issuer could choose to list on a venture exchange and be subject to less stringent reporting and corporate governance requirements. The introduction of the NV designation, with specific initial and continued listing and reporting requirements, is intended to eliminate a potential regulatory gap by effectively having venture and non-venture issuers listed on the same exchange. The public float and distribution requirements added to section 1.2.1 (above) are identical to the requirements for NEO issuers.

Key Initial Listing Criteria

Exchange	Public Float & Distribution				Business Requirements		
	Shares	% Issued	Public Holders	Public Float Value	Assets/Property or Revenue	Prior Expenditures or Development	Financial Resources
CSE	500,000	10%	150	N/A	Operating company with revenue from the sale of goods or services, or non-operating company with financial resources sufficient to carry out work plan or achieve stated objectives for 12 months.		Sufficient to meet 12 month objectives, minimum \$200,000
Mineral Exploration					Property Title or ability to earn interest in subject property	\$75,000 prior expenditures, \$100,000 phase 1 work program.	Sufficient to meet 12 month objectives, including work program, subject to minimum \$200,000
Energy Resource					Property Title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to acquire an interest in the property upon meeting specific objectives or milestones within a defined period; or  Title to an unproven property with prospects or the means and ability to acquire a significant interest in the property upon completion of a fully financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.	No requirement	Sufficient to meet 12 month objectives, including work program, subject to minimum \$200,000

Investment or Real Estate Issuer					Min \$2,000,000 with 50% invested in 2 investments, or \$4,000,000 assets	Disclosed investment policy and experienced management	Sufficient to meet 12 month objectives, subject to minimum \$200,000
<b>TSX-V Tier 1</b>	1,000,000	20%	250	N/A			
Mining					Assets: \$2,000,000 NTA Property: Issuer has material interest in a Tier 1 Property	(i) a work program with an initial phase of no less than \$500,000 as recommended in a Geological Report and (ii) satisfaction of other Tier 1 Property requirements	Adequate Working Capital and Financial Resources to carry out stated work program or execute business plan for 12 months following listing and \$200,000 in unallocated funds
Oil & Gas					Assets: no requirement Property: a) Exploration: \$3,000,000 in reserves of which a minimum of \$1,000,000 must be proved developed reserves and the balance probable reserves (b) Producing: \$2,000,000 in proved developed reserves	(a) Exploration: satisfactory work program (i) of no less than \$500,000 and (ii) which can reasonably be expected to increase reserves, as recommended in a Geological Report (b) Producing: no requirement	As above
Industrial, Technology or Life Sciences					\$5,000,000 NTA or \$5,000,000 revenue	History of operations or validation of business	As above
Investment or Real Estate Company					Real Estate: \$5,000,000 NTA Investment: \$10,000,000 NTA	Real Estate: no requirement Investment: disclosed investment policy	As above
<b>TSX-V Tier 2</b>	500,000	20%	200	N/A			
Mining					No requirement for revenue or asset value Must have Significant Interest or right to earn a Significant Interest in Qualifying Property	\$100,000 prior expenditures, phase 1 work program of \$200,000.	Adequate Working Capital and Financial Resources to carry out stated work program or execute business plan for 12 months following listing

							and \$100,000 in unallocated funds
Oil & Gas					No requirement	(a) Exploration: minimum of \$1,500,000 allocated by Issuer to a work program as recommended in a Geological Report except where Issuer has a joint venture interest and has raised \$5,000,000 in Prospectus offering  (b) Reserves: (i) satisfactory work program and (ii) in an amount of no less than \$300,000 if proved developed producing reserves have a value of less than \$500,000, as recommended in a Geological Report	As above
Industrial, Technology or Life Sciences					\$750,000 NTA or \$500,000 in revenue or \$2,000,000 Arm's Length Financing	history of operations or validation of business	As above
Investment or Real Estate Company					\$2,000,000 NTA or \$3,000,000 Arm's Length Financing, for Investment Company, 50% of available funds must be allocated to at least 2 specific investments	Real Estate: no requirement Investment: disclosed investment policy	As above
<b>CSE NV</b>	1,000,000	N/A	300		Must meet CSE listing requirements, plus one of the four standards for NV Issuers		
Equity Standard				\$10,000,000	No requirement		
Net Income Standard				\$5,000,000	\$400,000 net income		

Market Value Standard				\$10,000,000 and market value of all securities of \$50,000,000	No requirement		
Assets and Revenue Standard				\$5,000,000	\$50,000,000 each		
<b>NEO</b>	1,000,000	N/A	300		No industry-specific requirements for corporate issuers in addition to standards below		
Equity Standard				\$10,000,000	No requirement	An operating history of at least two years (In lieu of an operating history, the Exchange may consider the following factors on a case-by-case basis: <ul style="list-style-type: none"> <li>• The nature of the proposed issuer's business and industry;</li> <li>• The proposed issuer's business plan;</li> <li>• The experience and qualifications of its Senior Management;</li> <li>• The type and quality of the issuer's assets; and</li> <li>• Such other factors that may be relevant to a going concern determination.</li> </ul>	Adequate working capital to carry on business and an appropriate capital structure
Net Income Standard				\$5,000,000	\$750,000 net income	\$750,000 net income in the last year or two of the last three years	As above
Market Value Standard				\$10,000,000 and market value of all	No requirement	No requirement	As above

				securities of \$50,000,000			
Assets and Revenue Standard				\$5,000,000	\$50,000,000 each	No requirement	As above
TSX <i>Non-exempt Issuers</i>	1,000,000	N/A	300	\$4,000,000			
Industrial							
Profitable				\$4,000,000	Assets: \$2,000,000 NTA (may qualify instead with the earnings & cash flow requirements for exempt issuer of \$300,000 and \$700,000)  Revenue: \$200,000 before taxes, \$500,000 pre-tax cash flow in the most recent fiscal year		adequate working capital to carry on the business and an appropriate capital structure.
Forecasting Profitability					Assets: \$7,500,000 NTA, Revenue: evidence, satisfactory to the Exchange, of earnings from ongoing operations for the current or next fiscal year of at least \$200,000 before taxes and extraordinary items, and  evidence, satisfactory to the Exchange, of pre-tax cash flow for the current or next fiscal year of at least \$500,000	merge	adequate working capital to carry on the business and an appropriate capital structure.
Technology				\$10,000,000 and market value of all securities of \$50,000,000	a minimum of \$10,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus	evidence, satisfactory to the Exchange, that the company's products or services are at an advanced stage of development or commercialization and that the company has the required management expertise	adequate funds to cover all planned development and capital expenditures, and general and administrative expenses for a period of at least one year.

						and resources to develop the business	
Research & Development				\$4,000,000	a minimum of \$12,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus	a minimum two-year operating history that includes research and development activities	adequate funds to cover all planned research and development expenditures, general and administrative expenses and capital expenditures, for a period of at least 2 years
Natural Resources							
Mining: Producing				\$4,000,000	Net Tangible Assets of \$4,000,000  Property: Proven and probable reserves to provide a mine life of at least three years, as calculated by an independent qualified person <sup>16</sup> , together with evidence satisfactory to the Exchange indicating a reasonable likelihood of future profitability supported by a feasibility study or documented historical production and financial performance	Either be in production or have made a production decision on the qualifying project or mine	Sufficient funds to bring the mine into commercial production, adequate working capital to fund all budgeted capital expenditures and carry on the business and an appropriate capital structure
Mining: Exploration				\$4,000,000	Net Tangible Assets of \$3,000,000  Property: an Advanced Property, detailed in a report prepared by an independent qualified person <sup>18</sup> . The Exchange will generally consider a property to be sufficiently advanced if continuity of mineralization is demonstrated in three dimensions at economically interesting grades.	A planned work programme of exploration and/or development, of at least \$750,000 <sup>19</sup> that is satisfactory to the Exchange, will sufficiently advance the property and is recommended by an independent qualified person	Sufficient funds to complete the planned programme of exploration and/or development on the company's properties, to meet estimated general and administrative costs, anticipated property payments and capital expenditures for at least 18 months.  Minimum working capital of \$2,000,000 and an appropriate capital structure.

					A company must hold or have a right to earn and maintain at least a 50% interest in the qualifying property. Companies holding less than a 50% interest, but not less than a 30% interest, in the qualifying property may be considered on an exceptional basis, based on programme size, stage of advancement of the property and strategic alliances. Where a company has less than a 100% interest in a qualifying property, the programme expenditure amounts attributable to the company will be determined based on its percentage ownership		
Producing Oil & Gas				\$4,000,000	Proved developed reserves of \$3,000,000	A clearly defined programme, satisfactory to the Exchange, which can reasonably be expected to increase reserves	Adequate funds to execute the programme and cover all other capital expenditures as well as general, administrative and debt service expenses, for a period of 18 months with an allowance for contingencies and an appropriate capital structure.
Oil & Gas Development Stage				Minimum market value of listed securities of \$200,000,000	Contingent resources of \$500,000,000	A clearly defined development plan, satisfactory to the Exchange, which can reasonably be expected to advance the property	Adequate funds to either: (A) execute the development plan and cover all other capital expenditures as well as general, administrative and debt service expenses, for a period of 18 months with an allowance for contingencies; or  (B) bring the property into commercial production, and adequate working capital to fund all budgeted capital expenditures and carry on the business.



Issuers will be designated at the time of listing and audited annual financial statements reviewed to verify continued listing standards have been met. The NV designation will be assigned by the Exchange and is not optional. The Exchange will conduct ad hoc reviews at the request of a Listed Issuer or in circumstances that reasonably suggest the designation should be applied or removed (such as a sale of business or a business combination). In such circumstances, the Exchange will exercise its discretion in the timing of the designation to provide a reasonable period to meet the filing requirements set out in the Exchange Policies.

The Exchange is seeking public comment on the listing criteria and the ongoing requirements specific to NV Issuers.

### **Significant Change – Restricted Securities**

The significant change to existing section 1.3, previously reserved for Restricted Securities, reflects existing practice by the Exchange, with the exception that the Exchange will generally object to the distribution of Superior Voting Securities of a Listed Issuer that is not an NV Issuer. The Amendments include requirements similar to the TSX and NEO Exchange, including coattail provisions and security holder approval for issuance of restricted and superior voting securities. “Superior Voting Securities” is a CSE defined term intended to capture multiple or super voting securities – or any class that results in another class being considered a restricted security.

### **Significant Changes – Listing Criteria for NV Issuers and funds**

New sections 2A.4(2) and 2A.4(3) are significant changes, setting out the standards for NV Issuers and exchange traded or closed end funds.

An NV Issuer must also meet at least one of the four standards set out in this section. The Exchange may, in its sole discretion, designate a Listed Issuer as a NV Issuer if the Listed Issuer is sufficiently advanced in capitalization or operations that it is near the thresholds of at least two of the four tests or the Exchange determines it would be in the public interest to do so. The standards are as follows, with market value being based on the number of outstanding securities and the IPO price or concurrent financing price:

(a) Equity Standard:

- (i) Shareholders’ equity of at least \$5,000,000, and
- (ii) Expected market value of Public Float of at least \$10,000,000; or

(b) Net Income Standard:

- (i) Net income of at least \$400,000 from continuing operations in the last fiscal year or in two of the last three fiscal years,
- (ii) Shareholders’ equity of at least \$2,500,000, and
- (iii) Expected market value of Public Float of at least \$5,000,000; or

(c) Market Value Standard:

- (i) Market value of all securities of at least \$50,000,000,
- (ii) Shareholders’ equity of at least \$2,500,000 including the value of any offering concurrent with listing, and
- (iii) Expected market value of Public Float of at least \$10,000,000; or

(d) Assets and Revenue Standard:

- (i) Total assets and total revenues of at least \$50,000,000 each in the last fiscal year or in two of the last three fiscal years, and
- (ii) Expected market value of Public Float of at least \$5,000,000.

The requirements for an NV Issuer are in addition to the basic listing requirements. In determining appropriate standards, CSE considered the specific minimum requirements of non-venture exchanges, specifically the TSX and NEO. The standards above result in basic listing criteria almost identical to NEO. They are identical to NEO with two exceptions:

- The Equity Standard does not include a requirement for “An operating history of at least two years”. NEO provides the following commentary along with that requirement: *The Exchange recognizes that an operating history of two years may not be available or applicable to a proposed issuer that would otherwise meet the Equity Standard. In lieu of an operating history, the Exchange may consider the following factors on a case-by-case basis:*
  - *The nature of the proposed issuer’s business and industry;*
  - *The proposed issuer’s business plan;*
  - *The experience and qualifications of its Senior Management;*
  - *The type and quality of the issuer’s assets; and*
  - *Such other factors that may be relevant to a going concern determination.*

It is the position of the Exchange, as currently reflected in CSE Policy, that operating history should be determined by the criteria noted above rather than a fixed period. Given that similar criteria are included in the general requirements under 2A.1(1) Business Development Prior to Listing, they apply to NV Issuers.

- The Net Income Standard for NEO listed issuer is \$750,000. The TSX requires, for a profitable company, “earnings from ongoing operations of at least \$200,000 before taxes and extraordinary items in the fiscal year immediately preceding the filing of the listing application”; and “pre-tax cash flow of \$500,000 in the fiscal year immediately preceding the filing of the listing application”.

CSE is proposing a net income standard of \$400,000 and is seeking comment on the each of the four proposed standards.

New section 4.2 added to set out the standards for closed end funds, and exchange traded funds:

#### Closed End Funds and Exchange Traded Funds

- a) Closed end funds must have a Minimum Net Asset Value of \$10,000,000;
- b) Exchange traded funds must have a Minimum Net Asset Value of \$1,000,000;
- c) An ETF or CEF must confirm to the Exchange that the net asset value will be published each trading day.

In determining appropriate standards, CSE considered the specific minimum requirements of non-venture exchanges. The proposed distribution requirements and minimum values for ETF and CEF are the same as proposed for NV Issuers, which are the same for NEO and TSX, with the exception that CSE proposes to include a minimum of 300 holders, which is not an explicit requirement on NEO and TSX.

## Significant Change – Issuers Meeting the Minimum Requirement for Mineral Exploration

- To further support the Exchange’s position on the deliberate listing/creation of shell companies, existing section 1.6.1 has been amended to include a requirement for an issuer meeting the minimum listing requirements with a single exploration project to include “disclosure of its objectives to pursue additional exploration projects or opportunities or to otherwise remain in the mineral exploration business.”

## Significant Changes – Continued Listing Requirements

The significant changes to introduce continued listing requirements for NV Issuers, closed end funds, exchange traded funds and structured products are set out in proposed new sections 2A.6(2) through 2A.6(5). The specific Standards set out are lower than the initial requirements, which is consistent with the approach taken by NEO and TSX. It is not the policy intention to have issuers frequently changing between Listed Issuer and NV Issuer status, and as such the continued requirements are in line with TSX or NEO basic continued listing requirements.

- Part B: **3 Application** has been amended to reflect the use of “Listed Issuer”, “Board” and “PIF”, “Persons”, “Equity Security” as defined terms; to remove form numbers from the now-defined form names, to replace Commission with “[applicable Securities Regulatory Authority](#)” and to clarify that the financial statements must be approved by the Listed Issuer’s Board and its audit committee “[\(or recommended to the board for approval, if the audit committee does not itself approve\)](#)”. “Listing Fees” has changed to lower case, as it is not a defined term.

## Appendix 2B: Debt Securities (previously Policy 2 Appendix B: Debt Securities)

There are no significant changes to Appendix 2B. Housekeeping changes are described in Appendix A

## New Appendix 2C: Special Purpose Acquisition Corporations

A SPAC is a blind-pool company that raises capital through an initial public offering, then has a defined period of time to complete a “qualifying acquisition” – a business. Proceeds of the IPO are held in escrow and there are a number of restrictions on the company and its principals until the qualifying acquisition is completed. Securities listed must have both redemption rights and liquidation rights. Following a transaction, the resulting issuer will be listed on the Exchange.

To qualify for a CSE listing, issuers must have an operating business that meet certain financial requirements, or a business plan with clearly defined objectives and milestones and the financial resources to achieve them. The Exchange has recently observed an increase in the number of companies going public by way of reverse mergers or reverse takeovers, and a corresponding increase in the costs involved with gaining control of a suitable public company. Unlike simple reverse takeovers, SPACs will generally provide “clean” public company shells; more experienced management teams; available capital and an existing retail and institutional shareholder base.

While CSE Policies did not previously support any type of blank-cheque or blind-pool program, SPAC offerings include investor protections significantly greater than those of a simple capital pool, including prospectus requirements for both the IPO and the qualifying acquisition, and redemption and liquidation rights for public shareholders.

As the number and capitalization of CSE listed companies continue to grow, the Exchange has proposed these policy initiatives to help provide guidance and clarity. The introduction of explicit SPAC requirements will confirm that a SPAC may elect the most cost-effective listing, subject to the same requirements and regulation regardless of the listing venue.

The proposed SPAC requirements, which are intended to be in all material aspects the same as existing requirements on other Canadian exchanges, are in Appendix C to Policy 2.

## Policy 3 Suspensions and Inactive Issuers

There are no significant changes to Policy 3. Housekeeping amendments are described in Appendix A. Consequential amendments to section 3.5 **Application of Continued Listing Requirements** have been made to include reference to the continued listing requirements for NV Issuers, and to 3.5(1) include removal of the NV designation as an action to be taken by the Exchange.

### 3.5 Application of Continued Listing Requirements

For the purpose of this section, “applicable continued listing requirements” means, for all Listed Issuers the requirements set out in 2A.6(1) “Minimum” and for NV issuers, the requirements set out in 2A.6(2) “NV Issuer”

A Listed Issuer must meet the applicable continued listing requirements to remain listed in good standing. The Exchange may remove the NV designation, designate a Listed Issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet applicable continued listing requirements.

#### (1) Notification

A Listed Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will:

- a) for an NV Issuer, remove the NV designation;
- ab) suspend the Listed Issuer pending delisting in 90 days;
- bc) assign the Listed Issuer to a different industry classification; or
- ed) designate the Listed Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the Listed Issuer.

## Policy 4 Corporate Governance and Miscellaneous Provisions

Policy 4 is renamed to “Corporate Governance, [Securityholder Approvals](#) and Miscellaneous Provisions”. There are both housekeeping and significant changes to Policy 4. Details of the housekeeping amendments are in Appendix A.

### Significant Changes to Policy 4

New sections (13) through (16) are significant changes that set out new security holder voting requirements. The basic requirements set out in (13) are common to other exchanges, and sections (14) through (16), which apply to NV Issuers, introduce majority voting requirements that are similar to TSX and NEO requirements including an exemption for majority-controlled issuers.

Two new sections have been added, clarifying the Exchange’s current position with respect to suitability:

- (7) Duties of Officers and Directors
  - a) Officers and directors of a Listed Issuer are responsible for ensuring that Listed Issuer complies with applicable Exchange Requirements, corporate and securities laws.
  - b) Each officer and director must act honestly and in good faith in the best interests of the Listed Issuer.
  - c) Officers and directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (8) Further to 2A.1(2) Pursuit of Objectives and Milestones, a history of involvement with Listed Issuers that fail to pursue the business objectives disclosed in the listing disclosure documents may lead the Exchange to object to a person acting as an officer or director of a Listed Issuer.

### Significant Change – Securityholder Approvals

New section 4.6 Securityholder Approvals is a significant change, describing new requirements for securityholder approval generally, and specific transactions that must be approved by securityholders. The General Requirements in proposed 4.6(1) and the specific requirements for NV Issuers are intended to be consistent with the existing requirements on other exchanges. Sections 4.6(2) and 4.6(3) include distinct requirements for Listed Issuers and NV Issuers. The current CSE requirement for securityholder approval applies only to Fundamental Changes.

For the sale of securities and the issuance of securities for acquisitions, the Exchange has considered its existing requirements and those of other exchanges. While the proposed requirement for NV Issuers is similar to the non-venture exchanges, the Exchange is seeking public comment on the implementation of a basic securityholder approval requirement for Listed Issuers. The proposed thresholds include two tests – one requiring a change of control, the other an absolute threshold of 100% of the securities outstanding. Security holders must approve a disposition that is more than 50% of the assets, business or undertaking of the Listed issuer. Please see the specific questions at the end of this Notice.

Consistent with the requirements of other exchanges, security holder approval requirements have been added in proposed sections 4.6(4) through 4.6(7) as follows:

4.6(4) requires security holder approval of the adoption of, or amendments to, a security-based compensation arrangement or plan, as described in new s. 6.5;

4.6(5) stipulates that security holder approval is required where securities offered by way of rights offering are offered at a price greater than the Maximum Permitted Discount to the market price;

4.6(6) requires security holders' approval of the adoption of or amendments to a shareholder rights plan as described in new s. 6.9; and

4.6(7) is a reminder that that any transaction subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") must comply with any requirements for formal valuations and minority security holder approval.

4.6(8) is a requirement for shareholder approval of a consolidation at a ratio of greater than 10 to 1. The Exchange is seeking comment on this specific requirement.

## Policy 5 – Timely Disclosure, Trading Halts and Posting Requirements

There are no significant changes to Policy 5, other than the proposed financial reporting requirements for NV Issuers, intended to align with non-venture issuers. The specific amendments are described in Appendix A.

## Policy 6 Distributions (renamed to Distributions and Corporate Finance)

There are both significant changes and housekeeping changes to Policy 6.

### Significant Changes

Section 2.1 **Private Placements** has been amended to include reference to the new securityholder approval requirement, and to separate the existing and amended pricing requirements into a new subsection (2).

The requirements for pricing, in new 6.02(2) Pricing, have been amended to reflect the use of "Post" as a defined term and to define the discount as the "Maximum Permitted Discount". The section has been divided into paragraphs (a), (b) and (c). The addition of new subparagraph (c) reflects current considerations and conditions imposed by the Exchange when providing exemptions to the \$0.05 minimum price. Requiring the Listed Issuer to request a price from the Exchange will ensure compliance with the pricing requirements and conditions and facilitate recording and monitoring of financing activities. While the Exchange may object to a financing or impose additional conditions, in the normal course exemptive relief would no longer be required.

The Exchange is considering additional review procedures or disclosure requirements with respect to financing activity and is seeking public comment on the appropriate level of review or approval.

Section 2.4 has been amended to clarify that a financing must close within 45 days unless an extension is granted, and to include additional information that must be provided when

requesting price protection. Several of the items reflect existing practice, and two additional items require that the issuer provide an indication of anticipated insider involvement, and disclose any significant information not already included, such as: “any upcoming shareholders meeting for which a record date has been or is shortly expected to be determined, any pending mergers, acquisitions, take-over bids, changes to capital structure or other significant transactions, and any details regarding potential dissident shareholders and/or proxy contests.”

Section 2.5 has been amended, in addition to housekeeping changes, to include a new requirement that “a Listed Issuer must announce an intention to complete a private placement at least 5 business days prior to closing.”

This disclosure requirement will provide opportunity for any party, including the Exchange or a Securities Regulatory Authority, to object in circumstances such as those described in the amended section 2.4 that may or may not have been disclosed.

### **Significant Changes – Acquisitions**

Existing section 3.1 has been amended to clarify the pricing requirements, refer to the new security holder approval requirements, and duplicate the new 5-day notice period for private placements.

### **Significant Changes – Incentive Stock Options becomes Security Based Compensation Arrangements**

The significant amendments to section 5 “Incentive Stock Options”, which has been renamed “Security Based Compensation Arrangements”, are intended to introduce security holder approval requirements and additional filing, Posting and reporting requirements similar to requirements of other exchanges.

### **Additional Significant changes:**

Existing section 8 – Control Block Distributions has been amended to add subtitle “Sale From a Control Position”, to provide additional guidance, and to introduce specific filing requirements that are consistent with other exchanges.

New section 6.09 Shareholder Rights Plans introduces specific filing and Posting requirements, including public disclosure, shareholder approval and certain restrictions, each of which is similar to the existing requirements of other exchanges.

New section 6.10 Takeover Bids and Issuer Bids introduces guidance, filing and disclosure requirements intended to align with securities law and the existing requirements on other exchanges. Section 6.10(3) Normal Course Issuer Bids includes reporting requirements and specific trading restrictions and allowances that are consistent with other exchanges, with certain allowances for block purchases permitted only for NV Issuers.

New Section 6.11 Exchange Traded Fund Unit Creation and Redemption requires an ETF to file a Notice of Creation or Redemption, within 10 days of the end of each month or more frequently in a format acceptable to the Exchange.”

## Policy 7 Significant Transactions and Developments

Policy 7 has been renamed “Investor Relations, Promotional Activity, and other Significant Transactions. .

### **Significant Change – Compensation to be paid in cash.**

For investor relations or promotional activity, restrictions have been added confirming that compensation must be paid in the form of cash, rather than shares. Options are permitted, and the permitted percentage has been increased from 1% to 2% of outstanding shares. The previous restriction was more stringent than other exchanges and the change results in the same allowance as the TSX Venture Exchange.

### **Significant Change – Disclosure Requirements**

Specific disclosure requirements have been added to emphasize existing CSE Form and Timely Disclosure requirements. The proposed requirements, along with the definition of “promotional activity”, are consistent with proposed BC Instrument 51-519 *Promotional Activity Disclosure Requirements*.

Details of housekeeping changes are in Appendix A.

## Policy 8 Fundamental Changes and Changes of Business

There are no significant changes to the requirements set out in Policy 8.

A new section has been added to support the additions to Policy 2 with respect to the pursuit of milestones and objectives, reinforcing the Exchange’s position on shell companies:

“The Exchange may, in its discretion, determine that a transaction or series of transactions is or is not a fundamental change, notwithstanding the definition of Fundamental Change. A Listed Issuer should diligently pursue or engage in the business activities described in its Listing Statement before considering any proposed transaction that may be considered a Fundamental Change, including a Change of Business. Notwithstanding the approval requirement of section 8.9 of this Policy, the Exchange will exercise its discretion and is likely to object to a Fundamental Change or Change of Business proposed by a Listed Issuer that has not, in the view of the Exchange, adequately pursued its stated business objectives. In such cases the Issuer may have to delist from the Exchange to pursue the transaction, with no guarantee the issuer will requalify following the transaction.”

## Policy 9 Name Change, Stock Splits and Share Consolidations

Policy 9 will be renamed “Corporate Actions”. Changes to Policy 9 are considered housekeeping in that they clarify existing practice. The detailed changes are in Appendix A



## Policy 10 Specialist Securities

“Important” has been removed from the note advising that all securities are subject to the requirements in Policy 2.

- Section 1 is amended as follows:
  - “Where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Listed Issuer must disclose how it compliance has been established and, if relevant-germane to the compliance determination, who has established that the securities are in compliance with the stated requirements.
- The remainder of the Policy has been deleted as it provided guidance for a specific type of security. No such security has ever been listed nor has an application been submitted to list such a security, and the requirements of section 1 are sufficient to address any disclosure requirements.

## New Forms

The following new forms have been created to support the reporting requirements introduced in the amendments. In each case, the form requirements are consistent with the existing requirements on other exchanges, except for the Annual Listing Statement, which is not required by other exchanges. The Annual Listing Statement is derived from the Form 2A Listing Statement but does not include certain information related to share distribution and historical transactions that is not necessary for an existing listed company with a continuous disclosure history.

- Notice of ETF Creation or Redemption
- Notice of Issuer Bid
- Notice of Normal Course Issuer Bid
- Report of Purchases Normal Course Issuer Bid
- Notice of Proposed Stock Options
- Notice of Take-Over Bid
- Annual Listing Summary

Housekeeping amendments are detailed in Appendix A to this Notice. The full text of the Amendments are attached as Appendix B, and the Amended Policies and new forms are attached as Appendices C and D.

### **Expected Date of Implementation of the Proposed Public Interest Rule**

The Amendments will be effective following approval of the Ontario Securities Commission and British Columbia Securities Commission.

Upon implementation of the Amendments the criteria for NV Issuers will be effective for all new listings. The Exchange will commence reviews of existing Listed Issuers that appear to meet any of the four tests. Each affected Listed Issuer will be provided with notice and references to the explicit requirements for NV Issuers. Consideration will be given to the timing of the NV

designation in relation to each Listed Issuer's fiscal year.

## **Rationale**

The addition of specific requirements for Normal Course Issuer Bids ("NCIB"), Restricted Securities and Take-over Bid Protections, Shareholder Rights Plans, Security Based Compensation plans and the introduction of security holder approvals and certain corporate governance guidance and requirements will provide consistency with other Canadian exchanges and requirements under securities law. The administration of these requirements is suitable to the more direct oversight of an exchange in its gatekeeper role.

The additional listing criteria to establish a distinct tier or category of issuer has been introduced to address certain issues that arise from having companies listed on a venture exchange that could qualify to list on a non-venture exchange. The distinction between venture and non-venture issuers in securities law is determined by the exchange on which an issuer is listed. It is generally anticipated that an issuer that would qualify for a non-venture exchange would list on a "non-venture" exchange, but the distinction does not in any way create such a requirement. This allows for possible regulatory arbitrage, as an eligible issuer could choose to list on a venture exchange and be subject to less stringent reporting and corporate governance requirements. The introduction of the NV designation with specific initial and continued listing and reporting requirements is intended to address the regulatory gap by effectively having venture and non-venture issuers listed on the same exchange.

The introduction of the NV designation is also intended to provide margin eligibility for qualified CSE listed securities. Further to the previous reference (see "Background") to the current IIROC Rule 100.2(f), IIROC Rule 5130, effective December 31, 2021 will define "Canada and United States listed equity securities eligible for margin" as:

*"Securities (other than bonds, debentures, rights and warrants) listed on any acceptable exchange or market tier in Canada or the United States with adequate minimum pre-tax profit, net tangible asset and working capital requirements, as determined by IIROC."*

As previously noted, it is anticipated that upon implementation of these amendments IIROC will confirm margin eligibility for price-eligible NV Issuers.

## **Expected Impact of the Proposed Public Interest Rule on the Market Structure, Members, Investors, Issuers and the Capital Markets**

There will be no material impact on market structure or members, other than with respect to the anticipated margin eligibility for securities of NV Issuers. There will be additional compliance effort for issuers, consistent with what is required for listing on other non-venture exchanges. The Amendments are intended to foster investor confidence and market integrity.

## **Expected Impact of the Public Interest Rule on CSE's Compliance with Ontario and British Columbia Securities Law**

The proposed amendments are not expected to impact the CSE's compliance with securities law, including the requirements for fair access. The proposed amendments

are considered to be essential to the maintenance of fair and orderly markets and investor protection.

### **Imposed Requirements by the Public Interest Rule on Members and Service Vendors**

No technology changes will be required as a result of the proposed amendments. NV securities will be identified as such on the securities master file sent out by the Exchange prior to the commencement of each trading day. Vendors and other downstream participants may elect to separately identify these securities. No mandatory fields or tags in the data feeds will be created to support the NV designation.

### **Introduction of a Fee Model, Feature or Rule that Currently Exists on Other Exchanges**

The Amendments are consistent with the requirements of other exchanges in Canada. The introduction of the NV Issuer differs in that the policy intention is to distinguish between Listed Issuers and NV Issuers in a manner similar to venture and non-venture issuers. The venture/non-venture designation is determined in securities law by the exchange on which a security is listed and therefore no exchange has both listed on the same platform. The implementation of the NV Issuer designation will not result in NV Issuers being considered non-venture under securities law, and in that respect is similar to other exchanges imposing additional specific requirements based on an exchange-designated tier structure.

### **Comments**

The CSE is requesting comments on the proposed amendments and is seeking specific comments on the issues described below.

### **Listing Criteria**

#### **Shareholder Distribution**

The Exchange is not currently proposing changes to the minimum listing requirements with respect to shareholder distribution, but continues to review the simplicity of the current requirements. Recognizing that a smaller public float and fewer public holders can potentially create liquidity issues, it is our position that a prescriptive arbitrary number of holders (e.g. the current requirements on all Canadian Exchanges) does not, itself, address such concerns. Current requirements stipulate that there must be a minimum number of public holders with a “boardlot”, as defined by UMIR. For shares trading between 10 cents and \$1, a boardlot is 500 shares. A shareholder is therefore included for the purposes of meeting the requirement if they have an investment that ranges in value from \$50 to \$500 based on the most recent issue price at the time of listing. A holder that purchased shares in an early financing could have an investment of as little as \$2.50 and be included in the number of holders necessary to qualify. Ostensibly, the purpose behind the distribution requirements is to ensure that price discovery and liquidity can develop in the secondary market. For that to occur, there must be bids and offers sufficient to support a healthy price discovery process. This is supported by a “normal distribution” of shares across the shareholder base. If the majority of shareholders hold the minimum number of shares to meet the basic distribution requirement, we would not consider that to be a normal distribution. With a large portion of the shareholder base holding the minimum

number of shares, it is unlikely those shares will ever go to market, regardless of the number holders. This can have a significant detrimental impact on liquidity and price volatility. Various prospectus-exempt distribution strategies have developed that appear to be solely or primarily employed to meet the shareholder distribution requirements, raising concern about abuses or potential abuses of certain prospectus exemptions in an effort to broaden the shareholder base.

1. The Policies currently provide that the Exchange may not consider the minimum float distribution to be met if a significant number of public holders (of the required 150) hold the minimum number of shares (i.e., the boardlot).
  - a) *Should the “significant number” be defined, the minimum number of shares be increased (note that the requirement for a boardlot is standard on Canadian exchanges), or should the Exchange review the distribution to determine if there is a “normal distribution” across the shareholder base?*
  - b) *Are there specific types of distributions, that should be discouraged, discounted, or disallowed when considering if the float requirements have been met, and if so, could this be achieved through changes to the number of holders and minimum number of shares?*
2. The minimum number of public holders proposed for CSE NV Issuers is the same as NEO and TSX. The current minimum public float requirement is 10% held by 150 public holders, compared with 20% held by 200 (TSX Venture, Tier 2), 250 (TSE Venture, Tier 1). The CSE minimum listing requirements are intended to facilitate listing at an earlier stage.
  - a) *Are the current 10% public float and 150 public holder requirements appropriate and, if not, what are appropriate thresholds and why? b) Are there other factors the CSE should consider in determining the appropriate minimum public float?*

### Mineral Exploration Projects

The Exchange is not currently proposing to change the minimum listing requirements for mineral exploration issuers. The Amendments include additional guidance and restrictions to discourage the deliberate listing of “shell companies”, similar to the guidance provided in CSE Notice 2020-007 – Guidance – Continued Listing Requirements (“CSE Listing Guidance”)<sup>3</sup>.

3. The “prior expenditures” requirement is intended to demonstrate that a mineral exploration project has sufficient potential to have justified a minimum level of work, or to demonstrate that an issuer is committed to the mineral exploration business. The current requirement is for \$75,000 in expenditures in the most recent 3 years, which is lower than the TSX Venture Exchange requirement of \$100,000. While CSE has not proposed any changes to the requirements, we are seeking specific feedback on the following:
  - a) *The time period – is it appropriate to link this requirement to a time period? If so, is 3 years appropriate, and should the time period be immediately prior to listing/applying to list?*
  - b) *Is a specific level of expenditures necessary, or should other quantifiable measures be introduced?*

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<sup>3</sup> Notice 2020-007 – Guidance – Continued Listing Requirements (<https://thecse.com/en/about/publications/notices/notice-2020-007-guidance-continued-listing-requirements>)

- c) *Should the minimum requirement for prior expenditures be higher than \$75,000, and why?*
4. The Exchange's objective is to provide listing to early-stage projects. The minimum budget for a recommended phase 1 program is currently \$100,000 which is less than the TSX Venture Exchange requirement of \$200,000.
- a) *Is the current CSE minimum budget for future work in this requirement appropriate? Why or why not?*
- b) *Is the approach appropriate, or could an alternative approach provide comfort regarding the potential of a mineral exploration project and the issuer's commitment to exploration?*
- c) *Would increasing the prior expenditures and/or phase 1 budget requirements prevent or reduce the likelihood of deliberately listing a company to be used as a shell following listing?*
- d) *As noted above, the Exchange seeks to limit or prevent the deliberate listing of a mineral exploration company for the purpose of using it as a shell company rather than pursuing the business of mineral exploration. Are there any additional controls or restrictions that will discourage this deliberate practice, such as suspension/delisting? Please note there is similar discussion and request for comment below for issuers other than mineral exploration companies.*

#### Issuers with Little or No Operating History

There are two principal concerns with respect to listing companies that may be considered "shell" companies. The company could be used as a listing vehicle for another company instead of pursuing the disclosed objectives and milestones on which investors have relied to make decisions; and shell companies may be more susceptible to targeted promotional campaigns and manipulative trading schemes.

The Exchange does not have and is not proposing a program similar to the TSX Venture Exchange Capital Pool Company program. One of the stated objectives of the CSE is to provide access to low-cost capital for entrepreneurs, or for companies at earlier stages than on other exchanges. This may facilitate the inappropriate strategy of listing a company that meets the basic listing criteria with no real intention to pursue the stated business objectives. Further to the CSE Listing Guidance, the Exchange is proposing additional requirements and guidance as to when the Exchange will exercise its discretion and object to a transaction. It has always been the Exchange's position that with proper disclosure, early-stage companies can be listed companies. The role of the Exchanges, Market Regulator and securities regulators should be investor protection, not investment protection.

5. *Should there be a defined period of operations or level of business activity before a company can qualify for listing? Should financial statement history be considered? Are there other factors to consider in order to determine whether a company has an appropriate level of business operations to qualify for listing? If so, please explain.*

## Exchange and Shareholder Approvals

The current CSE Policies include by reference all requirements under securities law and corporate law, including shareholder approval requirements. As such, the Policies only explicitly require Exchange and shareholder approval for a Fundamental Change transaction even though other transactions or corporate actions may otherwise require shareholder approval under securities law or corporate law. For a fundamental change, the Exchange approval does not represent an endorsement of the transaction itself, but rather the conditional listing approval of the resulting issuer. This is the only transaction for which such approvals are currently required by the Exchange. The Amendments introduce several new security holder approval requirements based on certain thresholds, including for financings, acquisitions and dispositions for Listed Issuers and NV issuers.

A summary of the thresholds proposed in 4.6(2) and 4.6(3) are set out below. *For the full text of the amended sections please see the amended Policy 4.*

Sale of Securities – shareholder approval would be required for an issuance (fully diluted) of 25% of the total number of securities or votes outstanding (non-diluted) for an NV Issuer, or for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes outstanding (non-diluted) accompanied by a new control position OR 100% of the total number of securities outstanding.

Approval is also required if Related Persons would receive, in addition to any securities issued in the previous 12 months, 10% of the securities or votes outstanding (non-diluted).

For Acquisitions and Dispositions, securityholders of Listed Issuers other than investment funds must approve an acquisition if

a Related Person of an NV Issuer or a group of Related Persons of an NV Issuer has a 10% or greater interest in the assets to be acquired and the total number of securities issuable (calculated on a fully diluted basis) are more than 5% of the total number of securities or votes of the NV Issuer outstanding (calculated on a non-diluted basis); or the total number of securities issuable (calculated on a fully diluted basis) is more than

- 1) 25% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) for an NV Issuer; or
- 2) for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) accompanied by a change of control or 100% of the total number of securities or votes outstanding;

Securityholders must approve a disposition that is more than 50% of the assets, business or undertaking of the Listed Issuer.

6. *Should all share issuances be reviewed by the Exchange in advance of closing?* Other than ensuring price compliance and determining if additional approval or disclosure requirements have been triggered, please comment on which aspects of a proposed financing should be reviewed or approved.
7. For an Issuer that is not an NV Issuer, the proposed thresholds for sales of securities and acquisitions include two tests – one requiring a change of control, the other an absolute threshold of 100% of the securities outstanding. Security holders must approve a

disposition that is more than 50% of the assets, business or undertaking of the Listed issuer.

- a) *Please comment specifically on the proposed thresholds for shareholder approval of a financing, acquisition, or disposition.*
  - b) *Is Exchange approval necessary for significant acquisitions or dispositions? If so, at what threshold should Exchange approval be required?*
  - c) *Should there be an explicit requirement for shareholder approval of a new control position?*
  - d) *Should there be a requirement for Exchange approval of a new control position?*
  - e) *Should there be an explicit requirement for shareholder approval for all transactions that would materially affect control and not just those that create a new control person?*
  - f) *Should exchange approval also be required for all transactions that materially affect control?*
  - g) *For a sale of securities, shareholder approval is proposed for an issuance meeting the thresholds whether by private placement or prospectus offering. Should shareholder approval requirements differ depending on offering type?*
8. *Please comment on the proposed shareholder approval thresholds for the proposed NV Issuers, specifically whether shareholders should approve a new control position and whether Exchange approval is also necessary.*
9. *While disclosure obligations are intended to provide specific detail with respect to related party transactions, there may be additional benefit to a requirement for Exchange review or approval. Please comment on the appropriate level of review by the Exchange in determining whether the consideration appears fair, and whether the other party has title to the relevant asset(s).*
10. In Policy 6, existing s. 2.4 has been amended to clarify that a financing must close within 45 days unless an extension is granted, and to include additional information that must be provided when requesting price protection. Several of the items reflect existing practice, and two additional items require that the issuer provide an indication of anticipated insider involvement, and disclose any significant information not already included, such as: “any upcoming shareholders meeting for which a record date has been or is shortly expected to be determined, any pending mergers, acquisitions, take-over bids, changes to capital structure or other significant transactions, and any details regarding potential dissident shareholders and/or proxy contests.”

Existing section 2.5 has been amended, in addition to housekeeping changes, to include a new requirement that “a Listed Issuer must announce an intention to complete a private placement at least 5 business days prior to closing.” This disclosure requirement will provide opportunity for any party, including the Exchange or a Securities Regulatory Authority, to object in circumstances such as those described in the amended section 2.4 that may or may not have been disclosed. The proposed policies also include a general requirement for shareholder approval where, in the opinion of the Exchange, the Transaction would “materially affect control of the issuer.” (4.6(1)(h)). The disclosure

necessary for the Exchange to make this determination must be provided by an Issuer requesting confidential price protection as per proposed 6.2(4)(b) with respect to control, and 6.2(4)(f) with respect to relevant information.

The purpose of the additional disclosure is to assist the Exchange in determining whether a private placement may be undertaken as a defensive tactic.

- a) *Should Exchange or shareholder approval be required for an issuance of shares that appears to be undertaken as a defensive tactic?*
- b) *Should an issuer be required to provide the information required by proposed 6.2(4)(b) to the Exchange for all share issuances, or should it be included in the public notice required 5 days in advance of closing, as required in proposed 6.2(5)?*
- c) *In the application of (a) and (b), what factors, should the Exchange consider when determining whether to deny an Issuer from undertaking a financing?*

### Consolidations

New section 4.6(8) requires shareholder approval for a share consolidation at a ratio greater than 10 old shares to 1 new share. This is consistent with the requirements of the TSX Venture Exchange. TSX and NEO do not have explicit requirements for shareholder approval.

11. *Companies incorporated in certain jurisdictions may not have any shareholder approval requirements under corporate law. Please comment on whether it is appropriate to include shareholder approval requirements that are not included in corporate law.*
12. *If the Exchange implements a shareholder approval requirement for consolidations, should all Listed Issuers be subject to the same requirement?*

### NV Issuer Requirements

The Exchange is seeking public comment on the listing criteria and the ongoing requirements specific to NV Issuers. Following the implementation of the Amendments, and in consideration of any further amendments necessary to distinguish between Listed Issuers and NV Issuers, the Exchange intends to recommend changes to the applicable securities laws to have NV Issuers considered as non-venture issuers (i.e., included in the definition of “venture issuer” in NI51-102).

13. The Exchange is seeking public comment on:
  - a) *The initial and continued listing criteria for the NV Issuers;*
  - b) *The reporting requirements for NV issuers, including the financial statement reporting requirements and the exemption from filing a CSE Form 7 Monthly Progress Report.*
  - c) *Note that the Exchange proposes to introduce the NV requirements irrespective of changes to the definition of “venture issuer” in securities law. Please describe any concerns in having both venture and a tier or category similar to non-venture issuers listed on one exchange.*



## **Emerging Markets Issuer Requirements**

On March 20, 2012, the OSC published the results of the Emerging Markets Issuer Review ("OSC EMIR Report") in Staff Notice 51-719, which identified material disclosure deficiencies in more than 60% of the issuers. On November 9, 2012, the OSC subsequently published Staff Notice 51-720 - *Issuer Guide for Companies Operating in Emerging Markets* ("OSC EMI Guide")<sup>4</sup>. The OSC EMI Guide did not propose or require the implementation of emerging markets issuer requirements, but rather highlighted potential areas of risk, identified key questions that directors and management should address and outlined the expectations of OSC Staff with respect to the existing disclosure regime for reporting issuers.

The CSE continues to view the OSC EMI Guide and the OSC EMIR Report as beneficial guidance to all issuers, not just those with operations in emerging markets, and subsequently adopted the guidance by reference through its publication on May 10, 2013 of Notice 2013-002 - *CNSX - Issuer Guidance - Disclosure Obligations*<sup>5</sup>, and later through amendments to Policy 4. The stated purpose of the OSC EMI Guide included:

“This Guide is intended to help clarify the existing continuous disclosure requirements under securities legislation for emerging market issuers other than investment funds who are reporting issuers in Ontario. It should not be considered legal advice and is not intended to create new legal obligations or modify existing ones.

Policy 4 includes guidance for the eight areas of concern highlighted in the OSC EMI Guide. Further, it:

- confirms that the Exchange considers the guidance in Policy 4 and in the OSC EMI Guide to be consistent with existing disclosure requirements;
- describes the application of the guidance in the context of original and continued listing requirements;
- includes specific requirements to demonstrate clear title or right to assets or operations, relevant licenses or permissions, title opinions and legal opinions;
- includes a specific requirement for the majority of a Listed Issuer’s audit committee to be financially literate, subject to a minimum of three financially literate members; and
- requires disclosure in the Listing Statement that is consistent with the OSC EMI Guide.

OSC Staff Notice 51-719 recommended that exchanges should, among other things, assess (i) “whether additional listing requirements are needed for EM issuers to address specific risks associated with them, or if additional exchange review procedures are required to assess if significant risks are present and how those risks could be addressed”, and (ii) “assess whether the extent of reliance on third parties in conducting due diligence is appropriate in the listings process or whether additional due diligence steps are warranted”

Given the principles in the OSC EMI Guide and the current guidance and requirements in Policy 4, the Exchange has not proposed any additional prescriptive requirements relating to Emerging Markets Issuers.

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<sup>4</sup> [http://www.osc.gov.on.ca/documents/en/Securities-Category5/sn\\_20121109\\_51-720\\_issuer-guide.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category5/sn_20121109_51-720_issuer-guide.pdf).

<sup>5</sup> <http://thecse.com/en/about/publications/notices/notice-2013-002-cnsx-issuer-guidance-disclosure-obligations>

14. *Please comment on whether the OSC EMI Guide, existing continuous disclosure requirements and the current guidance and requirement in Policy 4 are appropriate to address EMIR concerns, or whether additional prescriptive requirements should be proposed by the Exchange.*

Comments should be in writing and submitted no later than February 7, 2022 to:

Mark Faulkner  
Vice President, Listings and Regulation  
CNSX Markets Inc.  
100 King Street West, Suite 7210,  
Toronto, ON, M5X 1E1  
Fax: 416.572.4160  
Email: [Mark.Faulkner@thecse.com](mailto: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](mailto:marketregulation@osc.gov.on.ca)

Larissa M. Streu  
Senior Legal Counsel, Corporate Finance  
British Columbia Securities Commission  
701 West Georgia Street  
P.O. Box 10142, Pacific Centre  
Vancouver, BC, V7Y 1L2  
Email: [lstreu@bcsc.bc.ca](mailto:lstreu@bcsc.bc.ca)

## **Questions**

Questions about this Notice or CSE Policy may be directed to [Listings@thecse.com](mailto:Listings@thecse.com) or:

Mark Faulkner  
Vice President, Listings and Regulation  
CNSX Markets Inc.  
100 King Street West, Suite 7210, Toronto, ON, M5X 1E1  
Email: [Mark.Faulkner@thecse.com](mailto:Mark.Faulkner@thecse.com)

# Appendix A – Details of Housekeeping Changes

## Policy 1

In existing section:

- 1.4 - “prepare and post” has been amended to the defined term “Post”, “Listed” added to reflect the defined term “Listed Issuer, and developments to “Developments”
- 2.1 – Redundancy – “...have been put in place to serve as guidelines” has been replaced with “include requirements and guidelines”, and “for qualification for listing of” has been changed to “to list”
- 3.1 – references in 3.1 (c) through (f) have been amended to include the full titles of the applicable rules or instruments and redundancies deleted.
- 3.2 definitions have been added or amended as follows:
  - “affiliated entity” deleted
  - “Amendment of Warrant Terms” has been added to refer to Form 13
  - “Annual Listing Statement” has been added to refer to new Form 5A or Form 51-102F2
  - “Application Letter” has been added to refer to Form 1A
  - “Average Daily Trading Volume” added to support new NCIB requirements
  - “Award or Grant” added to support new requirements for Security Based Compensation Plans
  - “BCSC” has been added
  - “Beneficial Holders” has been capitalized
  - “Board” added to mean Board of Directors
  - “CSE Board” has been amended for clarification
  - “Board Lot” has been amended to include reference to UMIR
  - “Builder Shares” existing definition from Policy 2 added and amended to exclude SPAC
  - “by-laws” amended for capitalization
  - “Clearing Corporation” amended to reflect legal name of CDS
  - “Certificate of Compliance” amended to reflect “Post” as a defined term
  - “Change of Business” added from existing definition in Policy 8
  - “Change of Control” added from existing definition in Policy 8, and “...results in new shareholders holding greater than 50% of the voting securities of the Listed Issuer..” added for certainty
  - “Circular Bid” added
  - “Closed End Fund” or “CEF” added
  - “Control Block Holder” has been amended for clarity and use of defined terms
  - “Common Shares” added
  - “Dealer” amended to correct the use of undefined “Participant”
  - “Decision” amended to remove redundant “including any committee of the Exchange”
  - “Developments” added from existing definition in Policy 7
  - “Disqualify, Disqualification and disqualified” amended for capitalization and use of defined terms
  - “EMI” added to describe emerging markets issuers.
  - “Equity Security” added

- “ETF” added
- “NV Issuer” added to describe an issuer that has qualified and been identified as such by the Exchange
- “Exchange Requirements” amended to include “The electronic version of the Rules and the Policies, as published on the CSE’s website, shall be the definitive version of such if the website so indicates.”
- “Financial Institution” has been added
- “Founding Security Holders” added to support SPAC requirements
- “Freely Tradeable” capitalized
- “Fundamental Change” has been added from the existing definition in Policy 8
- “Handbook” has been amended to update to reference to the Chartered Professional Accountants of Canada”
- “Inactive Issuer” has been added to reflect the continued listing requirements set out in Policy 2
- “Independent Director” has been added
- “IIROC” has been amended to remove “or any successor organization”
- “Investor Relations Activities” has been amended to replace “legislation” with “law” and correct numbering.
- “IPO” has been added
- “Issuer” and “Listed Issuer”, have been amended to mean both an issuer that has securities listed and an issuer that has applied for listing, as the context requires.
- “Listing” has been added
- “Listing Application” has been added to refer to Form 1B
- “Listing Statement” has been amended to include both the CSE Form 2A and a “current prospectus for which a receipt has been issued”
- “Major Acquisition” has been added from the existing definition in Policy 8 and amended to clarify the revenue test
- “Market Regulator” has been amended to refer to “applicable Securities Regulatory Authority” rather than “Commission” and “securities laws” rather than “the Securities Act”
- “Material Information” has been amended to capitalize the term and align the definition with securities laws.
- “Materially Affect Control” has been added to support new shareholder approval requirements
- “Maximum Permitted Discount” has been added to refer to the existing calculation.
- “Non-voting Securities” has been added.
- “Normal Course Issuer Bid” or “NCIB” has been added to support the new requirements.
- Each of the following have been added to refer to the applicable forms:
  - Notice of ETF Creation or Redemption
  - Notice of Formal Issuer Bid
  - Notice of Normal Course Issuer Bid
  - Notice of Proposed Consolidation or Reclassification
  - Notice of Prospectus Offering
  - Notice of Proposed Issuance of Listed Securities
  - Notice of Proposed Stock Options
  - Notice of Proposed Transaction
  - Notice of Take-Over Bid

- “OSC” has been added
- “OSC” EMI Guide has been added to refer to the OSC Staff Notice 51-720
- “Outside Director” is amended to reflect change from Issuer to Listed Issuer.
- “Permitted Investments” has been added to support SPAC requirements
- “Person” has been added
- “Policy” is amended to simplify and also to reflect definition of CSE Board and Decision
- “Post” amended to capitalize and change “CNSX” to “Exchange”
- “Preferred Shares” or “Preference Shares” added.
- “Principal Security Holder” has been added
- “Promoter” has been added
- “Promotional Activity” has been added to support new requirements in Policy 7
- “Public Float” added.
- “Qualifying Acquisition” has been added to support SPAC requirements
- “Quarterly Listing Update” amended to “Quarterly Listing Statement”
- “Registered Holders” has been capitalized
- “Regulation” has been amended to refer to the applicable Securities Act, rather than Ontario only.
- “Related Entity” has been deleted.
- “Related Person” has been expanded to be consistent with existing definitions
- “Report of Purchase Normal Course Issuer Bid” added for new form
- “Restricted Securities” added
- “Restricted Voting Securities” added
- “Rules” added to mean CSE Trading Rules
- “Security Based Compensation Arrangement” added to support expanded requirements for incentive options and other agreements.
- “Securities Act” amended to include Ontario and British Columbia
- “Securities Regulatory Authorities” added
- “SEDAR” amended to refer to the definition in NI 13-101
- “SEDI” added to refer to definition in NI 55-102
- “significant connection to Alberta” amended to remove “or an issuer applying to become listed on the Exchange”, reflecting change from Issuer to Listed Issuer
- “Significant Transaction” added from definition in Policy 7 and amended to reflect the use of defined term Financial Institution.
- “SPAC” added to support new requirements
- “SPAC Builder Shares” added to support new requirements
- “Stock Option” capitalized
- “Structured Products” added
- “Subordinate Voting Securities” added
- “Superior Voting Securities” added
- “Take-Over Bid” added
- “Trading and Access Systems” amended to use Person as a defined term.
- Trading Day amended to reflect Business Day as a defined term
- “UMIR” deleted
- “Unrelated Director” capitalized and amended for clarity
- “Volume-weighted-average-price” or “VWAP” added to support minimum price changes in Policy 6.

- 4 – Rules of Construction - changes reflect the use of defined terms “Exchange”, “Regulation”, “Person”, “Policy” and “Rule”
- 5.1 has been amended to reflect the change to “CSE Board” from board and “Person” and “Listing” as defined terms.

## Policy 2

### Existing section:

- 1.1 – ~~“and apply to both new applicants and listed Issuers, except where otherwise provided in this Policy”~~ has been removed, reflecting the change from “Issuer” to “Listed Issuer”. The discussion of the minimum requirements has been amended to replace “with a view to pursuing” with “taking into consideration” and the final sentence amended for grammar, and listing has been amended to Listing as a defined term.
- 1.2(b)(i) and (ii) have been amended to replace “legislation” with “law” and include references to the exemption in NI45-106 that corresponds to 73(1)(a) of the Ontario Securities Act. Listing has been capitalized as a defined term.
- 1.2(c) has been amended to reflect use of the defined term “Securities Regulatory Authority”, to describe capital pools, and replace “securityholder” with “security holder”
- 1.3 has been amended to replace “the fee and payment schedule prescribed by the Exchange from time to time, plus applicable taxes” with “the Exchange’s fee schedule”.
- 2.1 has been amended to use “issuer” generally, for use of the defined term “Equity Securities, and to include an additional Appendix for SPACs.
- 2.2 has been amended to reflect the use of defined term “Listed Issuer” and to replace “represented” with “held out”
- 3.1 has been amended to use “issuer” generally, for use of the defined term “Equity Securities, and to include an additional Appendix for SPACs.
- 4.1 Limited Liability has been amended to reflect that securities “must” (rather than “should”) be fully paid and non-assessable
- 5.1 is amended to use “Listed Issuer” in place of “Issuer”.
- 6 – Final Documentation has been amended to confirm that a prospectus may be provided as a listing statement, to reflect the change from Issuer to Listed Issuer, and defined terms Listing and Business Days, and to reformat the description of the legal opinion, with no changes to the requirements.
- 7.1 has been amended to remove subtitle “access” and the requirement to “have high speed access to the Internet.”
- 7.2 has been amended to remove subtitle “postings”, reflect the use of “Listed Issuer” and “Listing”, and to replace “Prior to the first day of trading, the Issuer must post on the Exchange website”, “Post the following:”  
Additional changes to the section include the new requirement to upload material contracts to SEDAR and grammatical changes to remove redundancies or add clarity. The requirement to upload to SEDAR is considered housekeeping because it is consistent with securities law and current CSE practice.
- 7.3 has been amended to capitalize “Post” and delete “data” from “data format”
- 8 – Posting Officer – 8.1 has been amended to define “Posting Officer” and reflect the use of Post as a defined term. The requirement for one Posting Officer and alternate has been amended to two Posting Officers.
- 8.2 has been amended to use “Post” as a defined term.

- 9.1 has been amended to clarify the actions that may be taken by the Exchange in the event that a Listed Issuer fails to meet requirements: "...failing which the Listed Issuer may be subject to suspension, delisting, or such other action as the Exchange may determine appropriate for the situation"
- 9.1(b) is amended to confirm that the Listed Issuer must remain in good standing "in each jurisdiction in which" the Listed Issuer is a reporting issuer or equivalent.
- 9.1(d),(e),(g) have been amended to use "Post" as a defined term, (f) for the use of "Listing"
- 9.1(h) has been amended to show "Equity Securities" and "Listing" as defined terms and update reference to Appendix A.
- 9.2 has been amended to reflect the use of "Significant Connection" as a defined term; replace "securityholders" with "security holders", use "Registered Holders and "Beneficial Holders as defined terms, and remove redundant phrases "~~as a result of complying with section 92 a) above or otherwise~~" and "~~or its successor instruments.~~"
- 10.1 has been amended to refer directly to any "requirement" rather than any "of the above criteria" and "or it is otherwise in the public interest"
- 12.1 – has been amended to reflect the use of "Listed Issuer" and "Certificates must name..." has been amended to "Where certificates are issued, they must name..."
- 13.1 – "Valid CUSIP" has been amended to "Valid ISIN"
- 13.2—"All certificates must..." has been amended to "Certificates must..."; "legislation" has been changed to "law" and "Listed" added to Issuer.
- 13.3 – "CUSIP number" has been replaced with "valid ISIN" and non-certificated changed to "uncertificated"
- 14.1 – "...securities of the Issuer must be qualified for and entered into..." has been amended to "...securities to be listed must be eligible for and deposited into..."

#### New Sections

- 2.16 through 2.18 regarding suitability have been moved from Appendices A & B to the body of the Policy and titled "Prior Violations". The intent of the requirements is unchanged. "Securities Regulatory or other authority" has been amended to "Securities Regulatory Authority or other Authority" and "listing" to "Listing".
- 2.19 ISIN Eligibility has been added to require that "A Listed Issuer must confirm in writing to the Exchange that its securities to be listed have been made eligible in the Clearing Corporation prior to the start of trading such securities." This is consistent with current administrative practice.

## Policy 2 Appendix A

Housekeeping changes to existing sections:

- "Important Note" in the preface has been deleted as redundant.
- The clarification statement about equity securities has been amended as follows to reflect the use of "Equity Securities" as a defined term:  
"For the purposes of this Appendix, ~~equity securities~~ Equity Securities include any securities that are convertible into ~~equity securities and any other security that the Exchange deems to be an equity security~~ Equity Securities."
- An introductory paragraph has been added with reference to the new requirements:

“In addition to meeting the minimum listing requirements at the time of listing, an issuer meeting the NV Issuer requirements set out in this Appendix 2A may be considered by the Exchange to be an NV Issuer”.

Existing section:

- 1.1 has been amended as follows to reflect existing guidance: “An issuer. The qualifications for Listing are intended to allow for early stage businesses that are well managed and are adequately financed with clearly stated objectives. An issuer that appears to be a shell company or a blind pool company” with little or no operating history, a limited history of financing, or minimal expenditures to develop the business or proposed business in which ~~they operate or intend to operate~~ it operates or intends to operate may be considered ineligible for Listing. In such cases the Exchange will also consider the relevant experience of the Board and senior management of the issuer. Listing expenses or fees for professional services associated with Listing do not qualify as business development expenditures.
- 1.2 has been reformatted and “public holder” capitalized as a defined term. “securityholder” is replaced with “security holder” and person, persons, and equity security capitalized as defined terms. The requirements are unchanged.
- 1.2.1 has been amended to reflect Public Holder, Board Lot, Equity Securities, and Freely Tradeable as defined terms, and two separate the section into three sections for Minimum Float and the introduction of additional thresholds for NV Issuer and exchange traded funds, closed end funds and structured products.
- 1.2.2 has been amended to reflect the use of Public Float as a defined term, and to refer to minimum float distribution requirements in the context of the new additional requirements. “public securityholders” has been amended to “Public security holders”
- 1.4 -- title “Basic Qualifications” added, section renumbered to (4), Issuer amended to “issuer” and “Listing” capitalized throughout.
- 1.4(c) has been amended to remove “as per Policy 8” in reliance on defined terms “Fundamental Change” and “Change of Business”, and “an issuer” has been changed to “a Listed Issuer”.
- 1.4(d) “an ETF or CEF” has been added to reflect the addition of those securities in new section 2A.4(3).
- 1.5 has been amended for grammar and to add “financial” before “statement” and to capitalize “Listing”
- 1.6 has been amended for grammar and to include “prototypes, clinical trials or sponsorships” as items the Exchange will consider when reviewing a history of development of a business.
- 1.6.1 has been amended to reflect the use of defined term Listed Issuer, and to include the full titles of National Instruments 43-101 and 51-101. Paragraph (a) has been reformatted to include two subparagraphs, including the additional disclosure requirement described above and reflect the use of defined terms.
- 1.7 – the heading “Investment and Real Estate Companies – Additional Requirements” has been amended for consistency. Further amendments include replacing “should” with “must”, “securityholders” with “shareholders” and the deletion of the redundant “In addition to meeting the applicable qualification criteria above”.
- 1.8 through 1.10 have been moved to the body of Policy 2 as new sections 2.16, 2.17 and 2.18.



- 2.1 has been amended to reflect the use of “Listed Issuer”
- 2.2 the definition of “Builder Shares” has been amended to reflect the use of “Listed Issuer” and “Person”, and to exclude SPAC from this definition. A separate definition has been added for SPAC Builder Shares. The definition has been moved to Policy 1, and the section renamed to Builder Shares & Low Priced Shares, and guidance included to confirm that notwithstanding the specific restrictions set out in existing section 2.4, the Exchange may determine that the number of Builder Shares combined with shares issued at or near the Builder Share threshold price appears to be excessively dilutive or imbalanced. In such cases the Exchange may object unless adjustments are made.
- 2.3 Pricing has been amended to reflect the use of “Listed Issuer” and “IPO” as defined terms, and to introduce a minimum price per share of \$1.50 for NV Issuers. The price was determined based on the price thresholds for margin eligibility. NEO Exchange has a minimum price of \$2.00.
- 2.4 has been amended to reflect the use of “Fundamental Change” and “Person” as defined terms and to include “or issued” after “granted”.
- 2.5 Substantial Float has been amended to reflect the use of “Listed Issuer”, “Board”, “Board Lot” and “Free Trading as defined terms and to replace “holders” with “shareholders” and to change “provisions” to “requirements” in reference to the preceding paragraphs.
- 2.7 has been amended to reflect the use of “Listing” and “Developments” as defined terms.
- 2.8 Escrow has been amended to include the full title of NP 46-201 and to reflect the use of defined terms “Stock Options”, “Listed Issuer”, “Listing” and “Fundamental Change”
- 2.9 Continued Listing Requirements has been amended to include “Minimum Requirements” and additional requirements for NV Issuers, closed end funds, exchange traded funds and structured products. The existing requirements are unchanged, however the section has been amended to reflect the use of defined terms “Equity Securities”, “Public Float” and “Board Lot”, “Listed Issuer”, “Listing” and to replace “securityholders” with “security holders”. With respect to the assets requirement, “~~No prescribed requirement however~~” has been amended to “no specific value” before “however, the Exchange may determine that a Listed Issuer no longer meets the continued listing requirements...”
- 3.1 is amended to reflect the use of defined terms “Listing”, “Application Letter”, “Equity Securities”, “PIF”, “Securities Regulatory Authority”, “Persons”, “Board” and “Listed Issuer”.

## Appendix 2B: Debt Securities (previously Policy 2 Appendix B: Debt Securities)

Housekeeping changes changes to Appendix 2B:

- “Important Note” in the preface has been deleted as redundant..
- The introductory paragraph has been amended to change “Medium Term Notes” to “medium term notes” as it is not a defined term and to replace CNSX with “the Exchange.”
- The General section has been amended to reflect the use of “Listed Issuer” and “Equity Securities” as defined terms.

#### Existing section:

- 1.4 and 1.5 have been amended to reflect the use of “Equity Securities” and “Listed Issuer” as defined terms.
- Sections 1.6, 1.7 and 1.8 regarding suitability have been moved to the body of Policy 2 as sections 2.16, 2.17 and 2.18.
- Part B: **2 Application** has been amended to reflect the use of “Listed Issuer”, “Board”, “PIF”, “Persons”, “Equity Security”, “Listing” as defined terms; to remove form numbers from the now-defined form names, to replace Commission with “applicable Securities Regulatory Authority” and to clarify that the financial statements must be approved by the Listed Issuer’s Board and its audit committee “(or recommended to the board for approval, if the audit committee does not itself approve)”. “Listing Fees” has changed to lower case, as it is not a defined term.
- 2.2 Listing Statement – has been amended for clarity : “The Listing Statement is required to be submitted to the Exchange ~~shall comprise: a) a document that contains all of the information required by Form 2A; or b)~~ in the case of a tranche issued pursuant to a programme, a term sheet shall be submitted.”
- 2.3 Supporting Documents has been amended by deleting (Form 1B – Debt Securities) in reliance on “Listing Application” as a defined term.
- 2.4 Pre-approval of issuance programmes – has been amended to reflect the use of “Listed Issuer” and “Listing” and to correct a reference from “these listing Rules” to “Exchange Policy” and current “amount” to “number” of securities.
- 2.5 has been edited for grammar, with commas added to “and, in any event,”

### Policy 3 Suspensions and Inactive Issuers

There are no significant changes to Policy 3. The following housekeeping amendments have been made to existing sections:

- 1.1 is amended by replacing “...believes it is in the public interest” to “...has determined it is in the public interest to do so.”
- 2.1 has been amended to replace “order a trading halt” to “halt trading”
- 3.1 deletion of “or the Exchange considers it in the public interest to do so” as redundant due to inclusion in 1.1
- 3.2 is reformatted with a division into additional subparagraphs
- 3.3 is amended to for grammar and to replace “legislation” with “law”
- 3.5 Application of Continued Listing Requirements is amended to include reference to the continued listing requirements for NV Issuers, and to 3.5(1) include removal of the NV designation as an action to be taken by the Exchange.
  
- 4.1 is reformatted to two sections and 4.2(c) is amended to replace “believes” with “has determined”
- 5 Application of Continued Listing Requirements has been amended such that continued listing requirements is not a defined term, applying to all requirements, and “Issuer” is replaced with “Listed Issuer”.

- 5.1 Notification has been amended to reflect the use of “Listed Issuer” as a defined term. The following guidance has been added to clarify the intention and application of the inactive designation: “The policy intent of the 9-month period is to permit the Listed Issuer time to demonstrate that it is pursuing the business objectives as described in its Listing Statement and that its failure to meet a continued listing requirement is temporary. An Issuer that discloses, directly or indirectly, that it is not pursuing its stated business objectives or actively operating its described business has acknowledged that it is inactive, and therefore the reason for the 9-month period does not apply. In such cases, the inactive designation may be applied by Exchange immediately, or at any time following the Exchange becoming aware of the disclosure.”
- 5.2 Restrictions has been amended to reflect the use of defined terms “Listed Issuer” and “Exchange”, to replace “to provide” with “for the provision of” and delete “for the issuer.” as redundant.
- 5.3 and 5.4 are amended to reflect the user of “Listed Issuer”, “Listing” and “Listing Statement” and replace “CLR” with “continued listing requirements”.

## Policy 4 Corporate Governance and Miscellaneous Provisions

Policy 4 is renamed to “Corporate Governance, [Securityholder Approvals](#) and Miscellaneous Provisions”.

- The introduction is amended to reflect the use of “Board” rather than board of directors and the specific guidance to “See section 4 Guidance of Issuers with Principal Business Operations or Operating Assets in Emerging Markets” has been deleted

Housekeeping changes to existing section:

- 2.1 to reflect the use of “Board” rather than “board of directors”
- 2.2 Specific examples to the *Business Corporations Act (Ontario)* and the *Canada Business Corporations Act* have been removed. Further amendments reflect the use of defined terms “Listed Issuer”, “Outside Director”, “Unrelated Directors” and “Board”.
- 2.3 has been amended to use “Board” as a defined term
- 2.4 has been simplified as follows:
  - “Every ~~Board of directors~~ should examine its size and, ~~with a view to determining the impact of the number of directors upon effectiveness,~~ undertake where appropriate, [a program](#) to reduce or increase the number of directors to a number which facilitates more effective decision-making.”
- 2.5 has been amended to clarify the existing guidance for position descriptions. “Achieving” replaces “meeting” with respect to corporate objectives and guidance to suggest that that Board committees have written charters has been included.
- 2.6 has been amended to reflect the use of “Board” and “Outside Directors” as defined terms and to remove an example from the *Business Corporations Act (Ontario)*. The paragraph describing National Instrument 52-110 *Audit Committees* and the Companion Policy has been separated and forms a new section.
- 2.7 is amended to use Listed Issuer instead of CNSX Issuer and to change verb tense for consistency and to modify “in-depth discussions between directors ~~on the audit committee,~~ management and external auditors” to clarify the scope of the requirement.

- 2.7(a) is amended to make the language more consistent with Part 2 of NI 52-110CP and (b) is created by amending by replacing existing text ~~“The role of audit committees is continuing to evolve. Boards of directors”~~ with: “National Instrument 52-110 Audit Committees requires that the audit committee also be responsible for managing, on behalf of the shareholders, the relationship between the issuer and the external auditors. In particular, it provides that an audit committee must have responsibility for: (i) overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or related work; and (ii) recommending to the board of directors the nomination and compensation of the external auditors.” and appending it to the previous section.
- 2.9 are amended to reflect the use of “Board” and “Independent Director” as defined terms and to replace “chairperson” with “chair”.
- 2.10 has been amended to provide for the use of “52-110” to mean National Instrument 52-110 *Audit Committees*, to use “Outside Directors” and “Unrelated Directors” as defined terms, and to delete the guidance to ~~“See section 4 Guidance of Issuers with Principal Business Operations or Operating Assets in Emerging Markets”~~
- 2.11 and 2.12 are amended to reflect the use of defined terms “Board”, “Listed Issuer” and “Listing Statement” and to replace “legislation” with “law”.
- 3.2 to 3.6 are amended to reflect the use of defined terms “PIF”, “Listed Issuer”, “Listing”, “Significant Connection to Alberta” and “Disqualify”, and for formatting.
- 3.3 With respect to collection of personal information, “such” has been deleted from modifying “information” and “current or proposed” added to “directors and officers”. With respect to suitability, current practice has been clarified by confirming that the Listed Issuer “may not appoint, and must remove or cause the resignation...”.
- 3.5 Management has been amended to remove capitals from chief executive officer and chief financial officer, as they are not defined terms.
- 3.6 The requirement for the CFO to have “experience with and knowledge of Canadian corporate governance laws and reporting requirements has been repeated to apply to a board collectively. “Listed Issuer” replaces “Issuer”.
- 4 – the heading has been amended to include “Listed” issuer and the introductory paragraph has been amended to be more concise: ~~“TheA primary focus of the initial and ongoingcontinued listing requirements of the Exchange is disclosure. Appropriate guidance about what constitutes meaningful disclosure will help address specific challenges or concerns about listed companies with their principal business operations or operating assets in emerging markets appropriate level of disclosure.~~ While relevant to all ~~issuers~~Listed Issuers, the guidance contained in this section is primarily intended for ~~issuers whose directing management is largely outside Canada; and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern EuropeEMIs.”~~
- 4.1 The specific reference to OSC Staff Notice 51-720 is deleted to rely instead on the defined term “OSC EMI Guide”. “Listed companies” is corrected to “Listed Issuers” and “own” is deleted from “assess their own approach”.
- 4.1(a) – “issuer” is amended to “Listed Issuer”, “legislation” replaced with “law” and “CSE Form 2A” removed from “Listing Statement”. An endnote reference has been added to provide a reference to a specific section in the Listing Statement.

- 4.1(b) is amended to reflect the use of “Board” as a defined term and to make minor grammatical changes.
- 4.1(c) amended to use “Listed Issuer”
- 4.1(d) and 4.1(e) “board” amended to “Board”, “legislation” to “law”, “included” to “prescribed, and deletion of “CSA Form 2A” to describe “Listing Statement”. An endnote has been added to refer to specific item in the Listing Statement.
- 4.1(f) is amended to change “advisable to” to “advisable for” Listed Issuers
- 4.1(g) is amended for grammar, and to reflect the use of “Board” and “Listed Issuer” as defined terms.
- 4.1(h) Oversight of the external auditor is amended by inserting “external” before each instance of auditor and “Listed” before Issuer.
- 4.2 is amended to rely on definitions of “Listed Issuer” and “OSC EMI Guide” and to replace “legislation” with “law”.
- 4.3(a) is simplified by removing “CSE Form 2A-” from “Listing Statement” and replacing “listing applicants” with “Listed Issuers”.
- 4.3(b) amended to reflect the use of “Material Information” as a defined term and to remove “CSE Form 9” and “CSE Form 10” from the names of the specific forms.
- 5.1, 5.2 and 5.3 have been amended to reflect the use of defined term “Listed Issuer” and remove “CSE Form 2A” from “Listing Statement.”

## Policy 5 – Timely Disclosure, Trading Halts and Posting Requirements

There are no significant changes to Policy 5, other than the proposed financial reporting requirements for NV Issuers, intended to align with non-venture issuers. The following housekeeping amendments have been made to existing sections:

### Existing section:

- 1.1 and 1.3 are amended to reflect the use of Material Information as a defined term.
- 1.3 is amended to remove outdated discussion such as “Recent advances in the technology of information”, “and the internet”. “lies at the heart of the Exchange” is replaced with “is fundamental”, and “listing” is replaced with “Listing”.
- 1.4 is amended to replace “CNSX Issuers” with “Listed Issuers”, to add references to NI51-102 and to replace “legislation and Commission rules” with “law”.
- 2.1 is amended to reflect the use of Material Information as a defined term.
- 2.3 is amended to remove “...but are not limited to, the following” and the penultimate item in the list amended to replace “or” with “and”. “Issuer” has been updated to “Listed Issuer” throughout, and Developments and Takeover Bids capitalized as defined terms.
- 2.4 is amended to be more precise: “Disclosure is only required where a development is material within the scope of Material Information. Announcements of ~~an intention to proceed with~~ a transaction or activity should be made when ~~the~~ decision ~~has been made~~ to proceed ~~with it~~ by the Listed Issuer’s ~~board of directors~~Board, or by senior management (with the expectation of concurrence from the ~~board of directors~~Board) has been made.”
- 2.5 is amended to remove “fact” from “...this fact must be disclosed” and to replace “generally” with “publicly”.
- 3.1 is amended to reflect the use of “Listed Issuer” as a defined term
- 3.2 is amended to reflect the use of “Material Information” as a defined term and to encourage Listed Issuers to contact the Exchange: “Proposed transactions or events may

be subject to additional requirements. Listed Issuers should review the Exchange Policies, and communicate with the Listings & Regulation Department of the Exchange regarding any questions.

- 4.1 has been amended for clarity, with “or” replacing “and/or” in describing the effects of rumours, “a Listed Issuer” has been added to clarify the use of “management” and “material information” has been capitalized as a defined term.
- 5.1 has been amended to reflect the use of “Material Information” and “Persons” as defined terms.
- 6.1 has been amended for clarity.
- 6.3 has been amended for clarity and the use of “Listed Issuer”, “Policy”, “Disqualification” and “Listing” as defined terms.
- 6.4 has been amended as follows “CNSX Listed Issuers must simultaneously post to the Exchange website all news releases immediately following dissemination.” The change from “simultaneously” to “immediately following” reflects the actual practice. It is impractical for a Listed Issuer to attempt to Post on the website simultaneously with dissemination on a wire service, and if a news release were to appear first on the CSE website, the objective of widespread simultaneous dissemination would not be met.
- 7.1 has been amended to reflect the use of defined terms “Material Disclosure” and “Material Information”, eliminate redundancy and provide clarity. There is no change to the requirement.
- 7.2 has been revised to reflect the use of “Board” and “Material Information” as defined terms, and to replace “brokers” with “investment dealers”.
- 7.3 has been revised to reflect the use of “Material Information” as a defined term, replace “rule” with “Policy” and replace “contact” with “communicate with.”
- 8.1 is amended to reflect the use of “Material Information” as a defined term and change “should be factual...” to “must be...”. Other grammatical changes include deleting “just” before “as promptly” and changing “allow them to make” to “allow for”
- 8.2 is amended to replace “the name and telephone number of an” additional contact person to “contact information”
- 8.3 is amended by deleting “to the issuer” following “... halt of quotation and trading without further notice”
- 9 – Confidential Disclosure - When Information May be Kept Confidential – has been updated for clarity, grammar, defined terms and full title of National Policy 51-201. There is no material change to the intent or content of the guidance provided. Additional amendments replace the references to the *Securities Act (Ontario)* with “When such provision is available...” in reference to confidential material change reports.
- 10 – Maintaining Confidentiality has been updated primarily to reflect the use of defined terms “Listed Issuer” and “Material Information”.
- 11- Has been amended to be more concise and to reflect the use of “Listed Issuer”, “Material Information”, and “Securities Regulatory Authority” to replace “securities commission”. There are no changes to the intent or content of the guidance or requirements. Additional guidance has been added to confirm that the Market Regulator “refers matters for enforcement to the appropriate Securities Regulatory Authority for enforcement action.”
- 12 Listing and Trading Halts – 12.1 through 12.8 have been amended to reflect the use of “Material Information” and “Listed Issuer” as defined terms; to remove the option of

requesting a trading halt by fax; to remove “quotation and” from before trading with respect to trading halts, and to replace “legislation” with “law”.

- 13.1 has been amended to reflect the use of defined terms “Post”,
- 13.1(b) has been amended to reflect defined terms “Securities Regulatory Authority”, “Posted” and “Listed Issuer”. “Shareholders” has been amended to “security holders”
- 13.1(c) has been amended by changing “Management’s Discussion and Analysis” to lower case and “law” replaces “legislation”. The description of the filing requirement had been clarified by effectively replacing ~~“within 140 days after the end of the financial year of the Issuer or such shorter time period as may be specified in securities legislation”~~ with “Posted concurrently with the audited financial statements”. There is no change to the guidance or requirement.
- 13(1)(d) has been amended to refer to Form 5Q (existing Form 5 Quarterly Listing Statement, renamed), and to specify that the quarterly listing statement (which includes financial statements) must be provided no later than 45 days from the last day of the relevant quarter for an NV Issuer. This is a significant change proposed to support the new requirements for NV Issuers. The requirement for Listed Issuers that are not NV Issuers is unchanged.
- 13(e) is the requirement to Post a Monthly progress report. It is amended to reflect the use of “Post” as a defined term. A significant change is proposed with the addition of “If the Listed Issuer is not an NV Issuer”, to exclude NV Issuers from the reporting requirement and Trading Day is capitalized as a defined term.
- 13(1)(f) has been amended to refer to Form 5A, the proposed annual listing statement. This section also requires that the Form 5A (including audited financials) must be provided no later than 90 days from an NV Issuer’s year end. The Annual Listing Statement will replace the “annually updated listing statement”.
- 13.2 is amended to reflect the use of defined terms “Post” and “Securities Regulatory Authority”.

The proposed 45 and 90 posting or filing deadlines required in 13(1) are to impose an Exchange requirement on NV Issuers that would apply to these issuers if they were listed on a non-venture exchange.

- Section 14 is amended to reflect the use of “Listed Issuer” as a defined term.

## Policy 6 Distributions (renamed to Distributions and Corporate Finance)

Housekeeping changes to Policy 6.

In this policy, existing section:

- 1.1 is amended to use “Listed Issuer” and delete the redundant “the requirements of” before “this Policy”
- 1.2 is amended to refer to Policy 5 rather than the “Timely Disclosure Policy”, and to reflect the use of “Material Information” and “Listed Issuer” as defined terms. “restricted circumstances” is replaced with “certain circumstances” and “premature disclosure” replaced with “general disclosure”. Other changes to be more concise include: “...option

exercise prices or ~~other~~ prices at which share may be issued ~~on the basis of market prices~~ that do not reflect information...”, and “incentive to remain with” has been amended to “incentive to remain employed”

- 1.3 is amended to reflect the use of “Change of Business” and “Change of Control” as defined terms, and to replace the reference to OSC Rule 61-501 with Multilateral Instrument 61-101.
- 1.4 is amended by deleting the redundant “in addition to the requirements of this Policy”; deleting the outdated reference to NI45-101 and adding “including rights offerings” to the reference to NI 45-106. With respect to the issuance of securities, “~~the Exchange requires the securities to be~~ subject to” is replaced with “are subject to a hold period...”. Defined term “Person” replaces “individual or entity”.
- 1.5 is amended to reflect the use of “Material Information” as a defined term.
- 2.1 has been amended to include a reference to securityholder approval requirements in Policy 4 and to define “Maximum Permitted Discount”, and to reflect the use of “Listed Issuer” and “Person” as defined terms.
- 2.3 and 2.4 have been corrected for style and grammar, with “consists” replacing “is” and “private” added before “placement”. “please refer to” had been replaced with “also refer to”.
- 2.5 has been amended to refer to “the requirements of Policy 5” rather than “Timely Disclosure Requirements” and to reflect the use of “Post” as a defined term. “and intention” has been corrected to “an intention” and “Form 9” replaced with the name of the form as a defined term.
- 2.6 has been amended to use “Post” and to remove the redundant description of the Certificate of Compliance and refer to Form 9 by name.
- 2.7 has been amended to use “Post” and to refer to a “final” Form 9 by name rather than “as posted”.
- 3.1 Acquisitions has been amended to reflect the use of “Post” and the full name of Form 9. Additional paragraphs confirm: the existing price restrictions with reference to defined term “Maximum Permitted Discount; the information required for confidential price protection; the new shareholder approval requirement; and the new requirement to announce a private placement at least 5 days in advance of closing.
- 3.2 has been amended to be consistent with the existing practice and share issuance requirements, by deleting “At least one full Business Day prior to closing” and replacing it with “Upon closing...” with respect to the Posting of a Form 9.
- 3.3 has been amended to reflect the use of “Listed Issuer”, “Post” and to remove the redundant description of the Certificate of Compliance
- 4 – Prospectus Offerings has been amended to reflect the use of defined terms “Post” and “Notice of Prospectus Offering”, to replace commission with Securities Regulatory Authority, and delete the redundant description of the Certificate of Compliance.

#### Section:

- 6 – Rights Offerings has been amended to simplify and clarify the procedure to be consistent with the filing requirements of Form 45-106F15 *Rights Offering Circular for Reporting Issuers*. Details are provided in the blackline version in Appendix A to this Notice. The changes should be considered housekeeping changes, as they are required to align with securities law.



- 7 – has been amended to reflect the use of defined terms “Common Shares” and “Post”, to replace “Agent” with “agent”, , and to update references.
- 7.1.1 has been renamed to include “...and Exercise Price” and divided into three sections. The existing text is amended with the addition of “Subject to a minimum of \$0.05” to clarify that the existing minimum price requirement applies to convertible securities. Two new sections include clarification for pricing of warrants and convertible debentures, consistent with the current application of existing policy.
- 7.2 has been named “Restrictions” and “convertible securities” replaced with “warrants”. The maximum term of 5 years has been moved to this section from 7.1.2.
- 7.4 has been amended to clarify a reference
- 7.4.1 has been edited for grammar and to reflect the use of Listed Issuer as a defined term, and to replace “Agent”, that is not.
- 7.4.2 has been amended for the use of “Posted” and a form name.
- 7.4.4 has been amended for grammar and the use of Listed Issuer.
- 7.4.5 has been amended to correct “terms” with “term” and change “Consent” and “The” to lower case.
- 7.4.6 has been amended for references
- 7.5 has been amended to replace the reference to OSC Rule 61-501 with MI 61-101.

## Policy 7 Significant Transactions and Developments

Housekeeping changes to existing section:

- 1.1 -- The definition of “significant transaction” has been moved to the Definitions section of Policy 1.
- 1.2 – The definition of “developments” has been moved to the Definitions section of Policy 1.
- 1.3 -- has been amended for grammar, numbering and the use of “Significant Transactions” and “Developments” as defined terms.
- 1.4 – has been amended to reflect the use of “Listed Issuer”, “Significant Transaction”, and to include the full title of MI 61-101 *Protection of Minority Security Holders in Special Transactions*.
- 1.5 and 1.6 – have been amended to reflect the use of “Significant Transaction”, “Post”, “change of Business” and “Development” as defined terms.
- 2.1 has been amended to reflect the use of defined term “Person” and to increase the percentage of shares permitted for investor relations activity to 2% from 1%, to be consistent with what is permitted on other exchanges.
- 2.2 – this guidance section has been deleted: ~~2.2 Persons performing Investor Relations Activities on behalf of a Listed Issuer must ensure that they do not engage in any activities requiring registration under applicable securities legislation unless they are appropriately registered.~~

## Policy 8 Fundamental Changes and Changes of Business

There are no significant changes to the requirements set out in Policy 8.

A new section has been added to support the additions to Policy 2 with respect to the pursuit of milestones and objectives, reinforcing the Exchange's position on shell companies: "The Exchange may, in its discretion, determine that a transaction or series of transactions is or is not a fundamental change, notwithstanding the definition of Fundamental Change. A Listed Issuer should diligently pursue or engage in the business activities described in its Listing Statement before considering any proposed transaction that may be considered a Fundamental Change, including a Change of Business. Notwithstanding the approval requirement of section 8.9 of this policy, the Exchange will exercise its discretion and is likely to object to a Fundamental Change or Change of Business proposed by a Listed Issuer that has not, in the view of the Exchange, adequately pursued its stated business objectives. In such cases the Issuer may have to delist from the Exchange to pursue the transaction, with no guarantee the issuer will requalify following the transaction"

Existing section:

- 1.1 – "Fundamental Change" and "Change of Business" have been capitalized as defined terms, and the definitions in 1.1(a) and 1.1(b) moved to Policy 1.
- 1.2 – the definitions of "major acquisition" and "change of control" have been moved to Policy 1.
- 1.3 – the initial commentary "The Exchange believes..." has been removed, leaving the straightforward requirement to provide sufficient disclosure.
- 1.4 – has been amended to reflect the use of "Fundamental Change" and "Post" as defined terms.
- 1.5 – has been amended to reflect the use of "Fundamental Change", "Change of Business", "Material Information", "Listed Issuer" and "Post" as defined terms, and to update references to policy sections. With respect to the halt, "It is noted that" has been added before "no dealer may quote or trade ...".
- 1.6 – has been amended to reflect use of "Listed Issuer", "Listing", "Fundamental Change", "Post" and "Listing Statement" as defined terms, to include the full title of National Instrument 44-101 *Short Form Prospectus Distributions*, and to replace "prospectus level" with "full, true and plain" disclosure.  
The substitution of "full, true and plain" for "prospectus level" is not intended to reduce the quality or detail of the disclosure required, but instead be consistent with the changes to Policy 2 Section 15.1. There are no changes in the Amendments that are intended to reduce the disclosure requirements.
- 1.7 – has been amended to show "Fundamental Change", "Listing", "Listed Issuer" and "Change of Business" as defined terms. "application to qualify for listing" has been amended to "application to qualify its securities for listing."
- 1.8 – has been amended to include the full title of National Policy 46-201 *Escrow for Initial Public Offerings* and to reflect the use of defined term "Listed issuer", and "was" corrected to "were".
- 1.9 -- has been amended to reflect the use of defined terms "Fundamental Change", "Change of Business" and "Listed Issuer", and to reinforce new section 8.2.

## Policy 9 Name Change, Stock Splits and Share Consolidations

Policy 9 will be renamed “Corporate Actions”

Changes to Policy 9 should be considered housekeeping in that they clarify existing practice.

Existing section:

- 1.1 – has been amended to clarify that Listed Issuers must communicate directly with the Exchange in advance of a name change.
- 1.2 and 1.3 – have been amended to use “Post” and “Securities Regulatory Authority” and “Trading Days” as a defined terms.
- 1.2(b) has been amended to include “true” with certified copy.
- 1.2(c) has been amended to clarify that a copy of the specimen of the certificate is required “for a certificated issuance”
- 1.2(d) has been amended to allow for confirmation from the registrar “or” transfer agent.
- 2.1 – has been amended to clarify that the Exchange must be notified at least three days in advance of the record date.
- 2.5 -- has been amended to reflect “Trading Days” and “Record Date” as defined terms.
- 2.6 – has been amended to substitute “trading” for “quotation”, to capitalize “Trading Day” and confirm trading on a split basis occurs the day before the record date, rather than the second day.
- 2.7 – has been amended to reflect the use of “Post” as a defined term and include “as applicable” to allow filing of documents that do not require Posting.
- 2.7(b) is amended by deleting “written” from “confirmation of the Record Date”
- 2.7(e) is amended to reflect the use of “Security Regulatory Authority” as a defined term.
- 2.7 further clarification includes: “The Listed Issuer must also ~~post~~Post a ~~written~~ statement as to the date the additional share certificates were ~~mailed~~sent to the shareholders.”
- 2.8 - has been amended to reflect the use of “Post” as a defined term and include “as applicable” to allow filing of documents that do not require Posting.
- 2.8(b) has been amended to clarify that a copy of the specimen of the certificate is required “for a certificated issuance”
- 2.8 is further amended by deleting “written” from “written statement”

Section 3.1 has been amended to remove the requirement for a name change as part of a share consolidation. This requirement is frequently waived, as no other Canadian exchange has the requirement for a name change and the requirement for a new CUSIP/ISIN and CDS procedures for consolidations provide for the proper share exchange for shareholders.

Existing section:

- 3.2 -- has been amended to replace “then” with “than” and to reflect the use of “Board Lot” and “Fundamental Change” and “Listing” as defined terms.
- 3.3 -- has been amended reflect the use of “Trading Days” as a defined term and to clarify that the Exchange must be notified in addition to posting the requisite documents, and to clarify that a copy of the shareholder resolution must be provided, “if applicable.” The clarification of the shareholder resolution requirement does not remove a requirement. It is intended to eliminate the implication that shareholder approval is an explicit Exchange

requirement. This section is also amended to reflect the use of “Post” as a defined term and replace Form 12 with the name of the form.

- 3.4 – is amended to use “Listed Issuer” and “Post” as defined terms.
- 3.5 – is amended to use “Trading Day” as a defined term.
- 4.1 – is amended to reflect the use of “Post” , “CSE Requirements” and “Notice of Proposed Consolidation or Reclassification” and “Record Date” as defined terms and to remove the redundant requirement to confirm notification to “the Commission”.
- 4.2 – amended to reflect the use of “Post” as a defined term.
- 4.3 – has been amended to replace “quotation” with “trading” and to confirm that trading will commence one day before the record date rather than two. “CNSX” has been removed from references to Bulletin and Dealer and “Trading Day” capitalized as a defined term.
- 4.4 – has been amended to include the full title of OSC Rule 56-501 *Restricted Shares*

New section 9.5 Dividends and Other Entitlements has been added to clarify that the Exchange must be notified in order to properly issue a bulletin. This requirement has always been implied as part of a standard process on an exchange.

“If a Listed Issuer has established a record date for a distribution of cash or securities, including securities of an issuer other than the Listed Issuer, the Listed Issuer must notify the Exchange of the Record Date at least 5 days in advance of the Record Date. The Exchange will publish a bulletin announcing the record date and the ex-dividend date. The ex-dividend date will normally be one trading day prior to the Record Date.”

## Appendix B – Blacklined Text of the Policies

### **POLICY 1 INTERPRETATION AND GENERAL PROVISIONS**

#### **1.1 ~~4.~~ Philosophy**

- ~~4.1~~ (1) CSE believes that the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality, timely and continuous disclosure by issuers, (b) trading rules designed to ensure integrity and a fair and orderly market, and (c) comprehensive and independent market regulation to administer and enforce the trading rules and timely and continuous disclosure requirements.
- ~~4.2~~ ~~CSE believes recent advances in technology such as SEDAR and the Internet which facilitate instant, widespread and economical dissemination of information permit CSE to require and~~ (2) Listed Issuers, irrespective of size, are required to provide an enhanced standard of disclosure to secondary market investors; ~~irrespective of an Issuer's size.~~
- ~~4.3~~ (3) Fundamental to CSE is the establishment by Listed Issuers of a comprehensive, publicly-available disclosure base, providing enhanced quality and timeliness of information. The Exchange's ~~Issuer~~issuer disclosure obligations aim to ensure that investors may trade informed by current full, true and plain disclosure concerning Listed Issuers.
- ~~4.4~~ (4) Issuer disclosure commences with the Listing Statement, ~~and a~~ Listed Issuer ~~prepared~~ document intended to provide prospectus level disclosure ~~(other than certain financial disclosure and interim Management's Discussion and Analysis)~~. The Listing Statement is accompanied by the Listing Summary which provides a high-level summary of the Listing Statement. ~~The Listing Statement must be supplemented and updated annually.~~ A Listed Issuer must ~~prepare,~~ certify and ~~post~~Post (a) a Quarterly Listing Statement including quarterly financial statements, management's discussion and analysis ~~and updating any changes to the Listing Statement and,~~ (b) a Monthly Progress Report, reporting activity (or lack of activity) by the Listed Issuer in the preceding calendar month ~~accompanied by, and (c)~~ a Certificate of Compliance, ~~certifying that the Issuer is in compliance with applicable securities legislation.~~ Listed Issuers must also ~~prepare and post~~Post Notices of any distribution or proposed distribution of securities, transactions or ~~developments or proposed distributions, transactions or developments~~Developments. Listed Issuer disclosure obligations are in addition to or supplementary to the continuous disclosure obligations under applicable securities legislation. ~~Notices of proposed distributions and transactions must be updated every two weeks, either indicating completion or ongoing status. Issuers failing to provide updates will be subject to suspension if not remedied within a further two weeks~~law.

#### **2. CNSX Discretion**

- 1.2 ~~2.1~~ The Policies of the Exchange ~~have been put in place to serve as~~include requirements and guidelines ~~for~~ for Listed Issuers, ~~Issuers~~issuers applying ~~for~~

~~qualification for listing of~~ to list securities, and their professional advisers. However, the Exchange reserves the right to exercise its discretion in applying the policies in all respects. The Exchange can waive or modify an existing requirement or impose additional requirements. Any such waiver, modification or imposition of additional requirements may be general or particular in its application, as determined by the Exchange. In exercising its discretion, the Exchange will take into consideration facts or situations unique to a particular party. Listing of securities on the Exchange is a privilege, not a right, and the Exchange may grant or deny an application, including an application for the qualification for ~~listing~~ Listing, notwithstanding the published Policies of the Exchange.

### 1.3 ~~3.~~ Definitions

(1) ~~3.1~~ Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Policies that is:

- a) ~~(a)~~ defined ~~or interpreted~~ in ~~section 1 of~~ the applicable Securities Act has the meaning as ascribed ~~to it in that section~~ therein;
- b) ~~(b)~~ defined in ~~subsection 1(2) of~~ the applicable Regulation has the meaning as ascribed ~~to it in that subsection~~ therein;
- c) ~~(c)~~ defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection;
- d) ~~(d)~~ defined in subsection 1.1(2) of Ontario Securities Commission Rule 14- 501 Definitions has the meaning ascribed to it in that ~~section~~ subsection;
- e) ~~(e)~~ defined or interpreted in Part 1 of National Instrument 21-101 Marketplace Operation has the meaning ascribed to it in that ~~subsection~~ Part;
- f) ~~(f)~~ defined in ~~subsection~~ section 1.1 of National Instrument 44-101 Short Form Prospectus Distributions has the meaning ascribed to it in that ~~subsection~~ section;
- g) ~~(g)~~ defined in section 1.1 of UMIR (Universal Market Integrity Rules) has the meaning ascribed to it in that section; and
- h) ~~(h)~~ a reference to a requirement of the Exchange shall have the meaning ascribed to it in the applicable ~~by~~ CSE By-law, Rule or Policy of CNSX Markets Inc.

(2) ~~3.2~~ In all Policies, unless the subject matter or context otherwise requires:

~~“affiliated entity” has the meaning ascribed to it in Ontario Securities Commission Rule 45-501.~~

~~“Inactive Issuer” means an issuer that has failed to meet certain continued listing requirements and has been deemed inactive by the Exchange pursuant to Policy 3 section 5.~~

~~“beneficial holders~~

~~“Amendment of Warrant Terms” means Form 13.~~

~~“Annual Listing Statement” means Form 5A - Annual Listing Summary or Form 51-102F2 Annual Information Form.~~

**“Application Letter”** means Form 1A or a letter in a format acceptable to the Exchange.

**“Average Daily Trading Volume”** means, with respect to a Normal Course Issuer Bid, the trading volume for a listed security on all marketplaces for the six months preceding the date of Posting of an initial Notice of Normal Course Issuer Bid excluding any purchases made under a Normal Course Issuer Bid, all marketplace purchases by the issuer of the listed security or a Person acting jointly or in concert with the issuer, and all purchases made under section 6.10(3)(a)(ii) divided by the number of Trading Days during that period. If the securities have traded for less than six months, the trading volume on all marketplaces since the first day on which the security traded, which must be at least four weeks prior to the date of Posting of the final Notice of Normal Course Issuer Bid.

**“Award” or “Grant”** means an award issued pursuant to a SecurityBased Compensation Arrangement

**“Beneficial Holders”** means those security holders of an issuer that are included in either:

- a) ~~(a)~~ a Demographic Summary Report available from the International Investors Communications Corporation; or
- b) ~~(b)~~ a non-objecting beneficial owner list for the issuer under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

**“Board”** means ~~the~~ Board of Directors ~~of CNSX Markets Inc.~~

**“BCSC”** means British Columbia Securities Commission.

**“CSE Board”** means the CSE Board of Directors and includes any committee of ~~CNSX Markets Inc.’s~~ the CSE Board of Directors to which powers have been delegated in accordance with the ~~by~~ By-laws, Policies or Rules.

**“Board Lot”** means a standard trading unit as defined in UMIR.

**“Builder Shares”** means, except in the case of a SPAC, any security issued or issuable upon conversion of another security to:

- a) any Person for less than \$0.02 per security;
- b) a Related Person to the Listed Issuer for the purchase of an asset with no acceptable supporting valuation;
- c) a Related Person to settle a debt or obligation for less than the last issued price per security; or
- d) a Related Person for the primary purpose of increasing that principal’s interest in the Listed Issuer without a corresponding tangible benefit to the Listed Issuer.

**“Bulletin”** means an electronic communication from the Exchange to Dealers.

**“Business Day”** means any day from Monday to Friday inclusive, excluding Statutory Holidays.

**“byBy-laws”** means any ~~by~~ By-law of the Exchange as amended and supplemented from time to time.

**“Clearing Corporation”** means ~~The Canadian~~ CDS Clearing and Depository ~~for Securities Limited Services Inc.~~ or such other ~~person~~ Person as recognized ~~by the~~ Commission as a

clearing agency ~~for the purposes of the Securities Act~~ and which has been designated by the Exchange as an acceptable clearing agency.

“**Certificate of Compliance**” means the certificate of compliance which each Listed Issuer must complete and ~~post~~Post in Form 6.

**“control block holder**

**“Change of Business”** is a redeployment of the Listed Issuer’s assets or resources that results in a change to the principal business without a Major Acquisition or Change of Control.

**“Change of Control”** means, for the purpose of a Fundamental Change, a transaction or series of transactions involving the issue or potential issue of that number of securities of a Listed Issuer that:

- a) is equal to or greater than 100% of the number of Equity Securities of the Listed Issuer outstanding prior to the transaction or series of transactions (commonly referred to as a “reverse take-over”), or
- b) results in new shareholders holding greater than 50% of the voting securities of the Listed Issuer, or
- c) otherwise results in a change in voting control of the Listed Issuer or a substantial change of management or the Board of the Listed Issuer.

**“Circular Bid”** means a non-exempt Take-Over Bid or a non-exempt issuer bid made in compliance with the requirements of the applicable Securities Act.

**“Closed End Fund”** or **“CEF”** means a “non-redeemable investment fund” within the meaning of the applicable Securities Act.

**“Common Shares”** are Equity Securities with voting rights exercisable in all circumstances that are not, on a per share basis, less than the voting rights attached to any other class of securities of the issuer.

**“Control Block Holder”** or **“Control Person”** means any ~~person~~Person or combination of ~~persons~~Persons holding a sufficient number of any securities of a Listed Issuer or a Dealer to affect materially the control of that Listed Issuer or Dealer, but any holding of any ~~person~~Person or combination of ~~persons~~Persons holding more than 20% of the voting rights attached to all outstanding voting securities of a Listed Issuer or Dealer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that Listed Issuer or Dealer.

**“CSE”, “Canadian Securities Exchange”, “CNSX”** and **“Exchange”** each mean CNSX Markets Inc.

**“Dealer”** means a ~~Participant~~participant which has applied to the Exchange for, and has been permitted by Exchange to access the Trading System, provided such access has not been terminated or suspended.

**“Decision”** means any decision, direction, order, ruling, guideline or other determination of the Exchange, ~~including any committee of the Exchange,~~ or the Market Regulator made in the administration or application of these Policies or any Rule.

**“disqualify Developments”** means any internal corporate development that constitutes Material Information concerning the Listed Issuer and may include changes to a Listed Issuer’s product(s), the creation of a new product, and agreements (such as the Listed Issuer completing or failing to complete a milestone provided for in an agreement or breaching the terms of an



agreement).

**“Disqualify”**, **“disqualificationDisqualification”** and **“disqualifiedDisqualified”** where used in relation to the listingListing of an Issuer’s securities means termination of the qualification of a Listed Issuer for listingListing of its securities on the Exchange.

**“EMI”** means Listed Issuers whose directing management is largely outside Canada and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.

**“Equity Security”** means a security that carries a residual right to participate in the earnings of the issuer and in its assets upon dissolution or liquidation.

**“NV Issuer”** means a Listed Issuer that has met the additional qualifications set out in Appendix 2A and has been identified as such by the Exchange.

**“ETF”** or **“Exchange Traded Fund** means a “mutual fund” within the meaning of the applicable Securities Act, the units of which are listed and are in continuous distribution.

**“Exchange Requirements”** means collectively:

- a) (a) the Rules;
- (b) b) these Policies;
- (c) c) UMIR; and
- (d) d) any Decision,

as amended, supplemented and in effect from time to time. The electronic version of the Rules and the Policies, as published on the CSE’s website, shall be the definitive version of such if the website so indicates.

**“freely tradeable**

**“Financial Institution”** means a financial institution regulated by the Office of the Superintendent of Financial Institutions (“OSFI”), if a foreign financial institution, regulated by a regulatory body with equivalency to OSFI and having not less than \$150 million market capitalization.

**“Founding Security Holders”** means, with respect to a SPAC, insiders and Equity Security holders of the Listed Issuer prior to the completion of the IPO who continue to be insiders or Equity Security holders, as the case may be, immediately after the IPO.

**“Freely Tradeable”** in respect of securities means securities that have no restriction on resale or transfer, including restrictions imposed by pooling or other arrangements or in a shareholder agreement.

**“Fundamental Change”** means a Major Acquisition accompanied or preceded by a Change of Control, or a transaction or series of transactions determined to be such by the CSE.

**“Handbook”** means the Handbookhandbook of the ~~Canadian Institute of~~ Chartered Professional Accountants of Canada, as amended from time to time.

**“Inactive Issuer”** means a Listed Issuer that has been designated by the Exchange as having not met the continued Listing requirements as set out in Policy 2.

**“Independent Director”** means a director of a Board that is considered independent in

accordance with National Instrument 52-110 Audit Committees.

“IIROC” means the Investment Industry Regulatory Organization of Canada ~~or any successor organization.~~

“Investor Relations Activities” means any activities or oral or written communications, by or on behalf of a Listed Issuer or shareholder of a Listed Issuer that promote or reasonably could be expected to promote the purchase, or sale of securities of the Listed Issuer, but does not include:

- a) ~~(a)~~ the dissemination of information provided, or records prepared, in the ordinary course of business of the Listed Issuer
  - (i) to promote the sale of its products or services, or
  - (ii) to raise public awareness of the Listed Issuer,

that cannot reasonably be considered to promote the purchase, or sale of securities of the Listed Issuer;

- ~~(b)~~ b) activities or communications necessary to comply with
  - (i) applicable securities ~~legislation~~law, or
  - (ii) Exchange Requirements or the requirements of any other regulatory body having jurisdiction over the Listed Issuer;
- ~~(c)~~ c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation if
  - (i) (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- ~~(d)~~ d) such other activities or communications that may be specified by the Exchange.

“IPO” means an initial public offering.

“Issuer” and “Listed Issuer” ~~and “Issuer”~~ both mean an issuer which has any of its securities qualified for ~~listing~~Listing on the Exchange ~~or and, as the context requires, an issuer~~ which has applied to have its securities qualified for ~~listing~~Listing on the Exchange, ~~as applicable.~~

“Listing” means the grant of a ~~listing~~Listing and quotation of, and permission to deal in, securities on the Exchange and “listed” and “quoted” shall be construed accordingly.

“Listing Agreement” means Form 4.

“Listing Application” means Form 1B.

“Listing Statement” means Form 2A, or a current prospectus for which a final receipt has been issued, together with all required supporting documents.

“Listing Summary” means Form 2B.

“Major Acquisition” means, with respect to Policy 8, an asset purchase (whether for cash or securities), take-over (either a formal or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12-month period at least 50% of the Listed

## Issuer's

- a) assets or resources will be comprised of,
- b) anticipated revenues are expected to be derived from, or
- c) expenditures and management time and effort will be devoted to

the assets, properties businesses or other interests that are the subject of the Major Acquisition.

**"Market Regulator"** means IIROC or such other ~~person~~Person recognized by the ~~Commission~~applicable Securities Regulatory Authority as a regulation services provider for the purposes of ~~the Securities Act~~securities laws and which has been designated by the Exchange as an acceptable regulation services provider.

~~"material information" means a material fact, a material change and any other information that might influence or change an investment decision of either a reasonable conservative or speculative investor.~~  
**"Material Information"** means any information relating to the business and affairs of an issuer that results in or would reasonably be expected to result in a significant change in the market price or value of any of the issuer's listed securities and includes a material fact or a material change.

**"Materially Affect Control"** means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such an ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of securityholders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances outlined above.

**"Maximum Permitted Discount"** means the discount as set out in s. 6.2(2)(a).

**"Monthly Progress Report"** means Form 7.

**"MR Policy"** means a Policy as defined in UMIR, being a policy statement adopted by the Market Regulator in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

~~"outside director~~**Non-voting Securities"** mean Restricted Securities that do not carry a right to vote or carry a right to vote only in certain circumstances as required by applicable corporate or securities law.

**"Normal Course Issuer Bid" or "NCIB"** means an issuer bid by a Listed Issuer for its own listed securities to be made over a 12-month period and subject to certain volume and price restrictions, specifically where the purchases over a 12-month period by the Listed Issuer or Persons acting jointly and in concert with the Listed Issuer, commencing on the date specified in the Notice of Normal Course Issuer bid, do not exceed the greater of

- a) 10% of the Public Float on the date of filing of the initial Notice of Normal Course Issuer Bid with the Exchange, or
- b) 5% of such class of securities issued and outstanding on the date of filing of

the Notice of Normal course issuer Bid with the Exchange, excluding purchases made under a Circular Bid.

“Notice of ETF Creation or Redemption” means Form 15.

“Notice of Formal Issuer Bid” means Form 16.

“Notice of Normal Course Issuer Bid” means Form 17A.

“Notice of Proposed Consolidation or Reclassification” means Form 12.

“Notice of Prospectus Offering” means Form 8.

“Notice of Proposed Issuance of Listed Securities” means Form 9.

“Notice of Proposed Stock Options” means Form 11. “Notice

of Proposed Transaction” means Form 10. “Notice of

Shareholder Rights Plan” means Form 14. “Notice of Take-

Over Bid” means Form 18.

“OSC” means Ontario Securities Commission.

“OSC EMI Guide” means OSC Staff Notice 51-720 - Issuer Guide for Companies Operating in Emerging Markets.

“Outside Director” means a director who is not an officer or employee of ~~an~~ a Listed Issuer or any of its affiliates, and may or may not be an Unrelated Director.

“Permitted Investments” means, with respect to a SPAC, investments in the following: cash or in book-based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America; (ii) demand deposits, term deposits or certificates of deposit of banks listed Schedule I or Schedule III of the Bank Act (Canada), which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - Prospectus Exemptions); (iii) commercial paper directly issued by Schedule I or Schedule III Banks which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - Prospectus Exemptions); or (iv) call loans to and notes or bankers' acceptances issued or accepted by any depository institution described in (ii) above;

“Person” includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership, trust, and individual.

“Personal Information Form” or “PIF” means Form 3.

“Policy” means any ~~policy statement and any direction or decision adopted by~~ Decision of the CSE Board in connection with the administration or application of these Policies, ~~as such policy statement, direction or decision is amended, supplemented and in effect from time to time.~~

“~~post~~Post” means submitting a document in prescribed electronic format to the Exchange website and, in the case of a requirement to ~~post~~Post a share certificate, means filing a definitive specimen with ~~CNSX~~the Exchange and ~~posting~~Posting an electronic version of the certificate on the Exchange website in PDF format.

“Preferred Shares” or “Preference Shares” are securities that have a preference or right over any class of equity securities.

**"Principal Security Holder"** means a person or company who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding securities of any class of voting securities or equity securities of the Listed Issuer.

**"Promoter"** means "Promoter" within the meaning of the applicable Securities Act.

**"Promotional Activity"** means promotional activity as defined in the *Securities Act* (British Columbia).

**"Public Float"** means the number of securities of the class which are issued and outstanding, less the number of securities that are pooled, escrowed or non-transferable, and less the number of securities of the class, known to the Listed Issuer after reasonable inquiry, beneficially owned, or over which control or direction is exercised by:

- a) the Listed Issuer;
- b) every senior officer or director of the Listed Issuer; and
- c) every Principal Security Holder of the Listed Issuer.

**"Qualifying Acquisition"** means, with respect to a SPAC, the acquisition of assets or one or more businesses by the corporation which result in the corporation meeting the Exchange's original Listing requirements set out in Policy 2.

**"Quarterly Listing Update" Statement** means Form 5Q.

**"Record Date"** means the date fixed as the record date for the purpose of determining shareholders of a Listed Issuer eligible for a distribution or other entitlement.

**"registered holders Registered Holders"** means the registered security holders of an issuer that are beneficial owners of the ~~equity securities~~ Equity Securities of that issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered security holder, the registered security holder shall be deemed to be the beneficial owner.

**"Regulation"** means ~~Ontario Regulation 1015—General Regulation~~ a general regulation made under the applicable Securities Act, ~~as amended from time to time.~~

**"Related Entity"** means, in respect of a Listed Issuer ~~(a) a person~~  
~~(i) that is an affiliated entity of the Listed Issuer;~~  
~~(ii) of which the Listed Issuer is a control block holder;~~  
~~(b) a management company or distribution company of a mutual fund that is a~~ Listed Issuer; or  
~~(c) a management company or other company that operates a trust or~~ partnership that is a Listed Issuer.

**"Related Person"** means, in respect of a Listed Issuer, means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the Listed Issuer or a director or senior officer of the Listed Issuer to be:

- ~~(a) a Related Entity~~ Control Person of the Listed Issuer;
- ~~(b) a partner, director or officer of the Listed Issuer or Related Entity;~~
  - a) a person of which a person referred to in paragraph (a) is a Control Person;
  - b) ~~(c) a promoter of or person who performs Investor Relations Activities for of~~ which the Listed Issuer ~~or Related Entity~~ is a Control Person;
  - c) ~~(d) any~~ a person that ~~beneficially owns, either~~ has
    - i) beneficial ownership of, or control or direction over, directly or indirectly, or

~~exercises voting~~

(ii) a combination of beneficial ownership of, and control or direction over-at least, directly or indirectly,

securities of the Listed Issuer carrying more than 10% of the ~~total~~ voting rights attached to all the Listed Issuer's outstanding voting securities,

d) a director or senior officer of

(i) the Listed Issuer, or ~~Related Entity~~

(ii) a person described in any other paragraph of this definition,

e) a person that manages or directs, to any substantial degree, the affairs or operations of the Listed Issuer under an agreement, arrangement or understanding between the person and the Listed Issuer, including the general partner of a Listed Issuer that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,

f) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of securities,

g) an affiliated entity of any person described in any other paragraph of this definition,

h) a Promoter of the Listed Issuer, or, where the Promoter is not an individual, an officer, director or Control Person of the Promoter; or

i) if the Listed Issuer is an investment fund, a "related party" to the investment fund determined with reference to section 2.5(1) National Instrument 81-106F1 Contents of Annual and Interim Management Report of Fund Performance; and

j) ~~(e)~~ such other ~~person~~ Person as may be designated from time to time by the Exchange.

**"Report of Purchase Normal Course Issuer Bid"** means Form 17B.

**"Restricted Securities"** means Equity Securities with voting rights inferior to another class of securities and includes Non-Voting Securities, Subordinate Voting Securities and Restricted Voting Securities, but does not include Common Shares.

**"Restricted Voting Securities"** means Restricted Securities that carry a vote subject to a restriction on the number or percentage that may be voted by a shareholder or combination of shareholders (unless the voting restriction applies only to Persons that are non-residents or non-citizens of Canada).

**"Rules"** means the CSE trading rules adopted by CSE.

**"Security Based Compensation Arrangement"** means a compensation or incentive plan that includes:

a) Stock Option plan or individual option grants for employees, insiders, consultants or service providers;

b) share purchase plans;

c) stock appreciation rights;

d) any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Listed Issuer.

and for clarity, includes evergreen plans.

Arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Listed Issuer are not Security Based Compensation Arrangements.

**“Securities Act”** means the *Securities Act*, R.S.O. 1990, c.S.5 as amended from time to time (Ontario) and the *Securities Act* (British Columbia).

**“Securities Regulatory Authorities”** means one or more of the members of the Canadian Securities Administrators.

**“SEDAR”** means ~~the~~ SEDAR as defined in National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) or any replacement filing system to SEDAR under a successor instrument.

**“significant connection**

**“SEDI”** means SEDI as defined in National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI) or any replacement filing system to SEDI under a successor instrument.

**“Significant Connection to Alberta”** means, with respect to a Listed Issuer ~~or an issuer applying to become listed on the Exchange~~, that the issuer has:

- a) ~~(a) registered holders~~ Registered Holders and ~~beneficial holders~~ Beneficial Holders resident in Alberta who beneficially own more than 20% of the total number of equity securities beneficially owned by the ~~registered holders and beneficial holders~~ Registered Holders and Beneficial Holders of the issuer; or
- b) ~~(b) mind and management principally located in Alberta and has registered holders and beneficial holders~~ Registered Holders and Beneficial Holders resident in Alberta who beneficially own more than 10% of the total number of equity securities beneficially owned by the ~~registered holders and beneficial holders~~ Registered Holders and Beneficial Holders of the issuer.

For the purposes of item (b), the residence of the majority of the directors in Alberta or the residence of the president or chief executive officer in Alberta may be considered determinative in assessing whether the mind and management of the issuer is principally located in Alberta.

**“Significant Transaction”** means any corporate transaction not involving Equity Securities that constitutes Material Information concerning the Listed Issuer, including:

a) acquisitions,

b) dispositions,

c) option and joint venture agreements,

d) license agreements,

e) any transaction or series of transactions with a Related Person with an aggregate value greater than:

(i) \$100,000,

(ii) 10% of the Listed Issuer’s market capitalization, or (iii) 25% of

an NV Issuer’s market capitalization;

- f) any loan to a Listed Issuer other than a loan made by a Financial Institution;
- g) any payment of bonuses, finders fees, commissions or other similar payment by a Listed Issuer; and
- h) the entering into any contract (whether written or oral) for Investor Relations Activities relating to the Listed Issuer by the Listed Issuer or by any other Person of which the Listed Issuer has knowledge.

"SPAC" means a special purpose acquisition corporation.

"SPAC Builder Shares" means shares issued to the founding holders, excluding those purchased under the IPO or on the same or similar terms as the IPO at essentially the same time, on the secondary market, or by way of a rights offering of a listed SPAC.

**"Statutory Holiday"** means such day or days as may be designated by the CSE Board or established by law applicable in Ontario.

~~"stock option"~~ **Stock Option** means an option to purchase shares from treasury granted to an employee, director, officer, consultant or service provider of a Listed Issuer.

"Structured Products" mean securities generally issued by a Financial Institution under a base shelf prospectus and pricing supplement where an investor's return is contingent on, or highly sensitive to, changes in the value of underlying assets, indices, interest rates or cash flows. Structured Products include securities such as non-convertible notes, principal or capital protected notes, index or equity linked notes, tracker certificates and barrier certificates. CSE, in its discretion, shall determine if the securities will be considered a Structured Product.

"Subordinate Voting Securities" means Restricted Securities that carry a right to vote where there is another class of securities outstanding that carry a greater right to vote on a per-security basis.

"Superior Voting Securities" means any class of securities with greater voting rights on a per-security basis than another class of securities.

"Take-Over Bid" means an offer to purchase securities which, under applicable securities law or Exchange Requirements, must be made to all or substantially all holders of the securities.

**"Trading Day"** means a ~~business-day~~ Business Day during which trades are executed on the Exchange.

**"Trading System"** means the electronic system operated by the Exchange for trading and quoting securities.

**"Trading and Access Systems"** includes all facilities and services provided by the Exchange to facilitate quotation and trading, including, but not limited to: the Trading System, data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operated or maintained by a Dealer, another market or other ~~person~~ Person approved by the Exchange, a communications network linking authorized ~~persons~~ Persons to quotation dissemination, trade reporting and order execution systems and the content entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through the Exchange.

~~"UMIR" means the Universal Market Integrity Rules administered by the Market Regulator~~



~~and adopted by the Exchange, as amended from time to time.~~

**“unrelated director**

**“Unrelated Director”** means an ~~outside director~~Outside Director who has no relationship with the Listed Issuer, in any capacity (e.g., as lawyer, accountant, banker, supplier or customer), ~~save other than~~ as a shareholder of the Listed Issuer and who is not a ~~control block holder~~Control Block Holder.

~~3.3— Interpretation. In these Policies and accompanying forms:~~

~~“person” includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership or trust.~~

~~“Volume-weighted-average-price” or “VWAP” is calculated as the total value of all trades in a given period, divided by the total number of shares traded in the period.~~

**4. 1.4 Rules of Construction**

~~4.1~~ (1) The division of Exchange Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of Exchange Requirements.

~~4.2~~ (2) The use of the words “hereof”, “herein”, “hereby”, “hereunder” and similar expressions indicated the whole of the Policies and not only the particular Policy in which the expression is used, unless the context clearly indicates otherwise.

~~4.3~~ (3) The word “or” is not exclusive and the word “including”, when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as “without limitation” or “but not limited to” or similar words) is used.

~~4.4~~ (4) Any reference to a statute, unless otherwise specified, is a reference to that statute and the ~~regulations~~Regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or ~~regulation~~Regulation that may be passed which supplements or supersedes that statute or ~~regulation~~Regulation.

~~4.5~~ (5) Unless otherwise specified, any reference to a ~~policy~~Policy, ~~rule~~Rule, blanket order or instrument includes all amendments made and in force from time to time and any ~~policy~~Policy, ~~rule~~Rule, blanket order or instrument which supplements or supersedes that ~~policy~~Policy, ~~rule~~Rule, blanket order or instrument.

~~4.6~~ (6) Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

~~4.7~~ (7) All times mentioned in Exchange Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.

~~4.8~~ (8) Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).

~~4.9~~ (9) Failure by the Exchange to exercise any of its rights, powers or remedies under the Exchange Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its

subsequent exercise or the exercise of any other right, power or remedy. The Exchange will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the ~~person~~Person to whom such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by the Exchange.

### **5. 1.5 Appeals of Decisions**

~~5.1~~ (1) A Listed Issuer or any ~~person~~Person directly affected by a Decision under these Policies, other than a Decision of the Market Regulator, may appeal such Decision to the CSE Board.

~~5.2~~(2) At the request of either the appellant or Exchange management, the matter may first be considered by the Listing Committee for an advisory opinion, but the Listing Committee shall not have the power to make a final determination of the matter.

~~5.3~~ (3) A Decision of the Market Regulator or a Market Integrity Official made pursuant to these Policies may be appealed pursuant to the provisions of Rule 11.3 of UMIR.

## **POLICY 2 QUALIFICATIONS FOR LISTING**

### **1-~~General~~**

2.1 ~~4.1~~ This Policy sets out the minimum requirements that must be met as a pre- requisite to the ~~listing~~Listing of securities on the Exchange, irrespective of ~~listing~~Listing method, ~~and apply to both new applicants and listed Issuers, except where otherwise provided in this Policy.~~

(1) These minimum requirements are not exhaustive. The Exchange may impose additional requirements as it determines appropriate, including those ~~with a view to pursuing~~taking into consideration the public interest.

The Exchange has discretion to accept or reject applications for ~~listing, and satisfaction~~Listing, Satisfaction of the applicable requirements may not result in approval of the ~~listing~~Listing application.

~~4.2~~ (2) Where an application is made to list a security that is convertible into another security or backed by another security or asset, the Exchange must be satisfied that investors will be able to obtain the necessary information to form a reasoned opinion regarding the value of the underlying security or asset. This requirement may be met where the underlying security is listed on a stock exchange.

An issuer is eligible for ~~listing~~Listing if is not in default of any requirements of securities ~~legislation~~law in any jurisdiction in Canada and:

- ~~a) (a)~~ has filed and received a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada;
- ~~b) (b)~~ will only list debt securities issued or guaranteed by
  - (i) a government in Canada that are exempt from the prospectus requirements under paragraph 2.34(2)(a) of National Instrument 45-106 Prospectus Exemptions (“NI 45-106”) or clause 73(1)(a) of the Securities Act (Ontario), or
  - (ii) a ~~financial institution~~Financial Institution that are exempt from the prospectus requirements under paragraph 2.34(2)(c) of NI 45-106 or clause 73(1)(b) of the Securities Act (Ontario); or
- ~~e) (e)~~ is a reporting issuer or the equivalent in a jurisdiction in Canada other than:
  - (i) solely as a result of Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* ~~(or any successor rule)~~ or any similar rule that may be made by a ~~securities regulator or securities regulatory authority in Canada~~Securities Regulatory Authority,
  - (ii) as a company with only a capital pool through the ~~result of~~ filing of a-

~~CPC~~ prospectus and has not completed a ~~Qualifying Transaction~~qualifying transaction as defined in the ~~CPC~~ prospectus,

- (iii) as a result of a business combination with a reporting issuer that was created, by way of a statutory plan of arrangement or other means, for the purpose of providing ~~securityholder~~security holder distribution or reporting issuer status to the applicant, or
- (iv) having a controlling interest of its principal assets or operations through one or more special purpose entities or variable interest entities.

~~4.3~~ (3) Each Issuer submitting a ~~listing~~Listing application must:

- ~~a)~~ a) prepare and file with the Exchange a Listing Statement and prescribed documentation;
- ~~b)~~ b) execute a Listing Agreement; and
- ~~c)~~ c) remit the applicable ~~listing~~Listing fees, based on the type of securities to be listed, in accordance with the Exchange's fee ~~and payment~~ schedule ~~prescribed by the Exchange from time to time, plus applicable taxes.~~

The ~~listing~~Listing of the Issuer's securities will not be completed until the ~~listing~~Listing fees in full have been received by the Exchange.

## 2.2 ~~2.~~ Eligibility for Listing

(1) ~~2.4~~ An ~~Issuer~~issuer must meet the eligibility requirements set out in the appendices to this Policy, based on the type of securities to be listed, as follows:

- ~~a) — equity securities~~ a) Equity Securities – Appendix 2A: Part A; and
- ~~b) b) debt securities - Appendix 2B: Part A; and c) SPACs – Appendix 2C: Part A.~~

(2) ~~2.2~~ In addition, if the Listed Issuer's securities are ~~represented~~held out as being in compliance with specific, non-exchange-mandated requirements, the Listed Issuer must also comply with the requirements of Policy 10.

(3) Eligibility of a particular issuer can usually be confirmed through discussions with the Exchange prior to an application. An issuer intending to apply for Listing concurrently with or immediately following the filing of a preliminary prospectus with a Securities Regulatory Authority must first receive confirmation from the Exchange that the eligibility requirements have been met by providing the information described in s. 2.3(1).

## ~~3~~ 2.3 Required Documentation

(1) For the purpose of obtaining written confirmation of eligibility an issuer must submit a document with sufficient detail to determine that the eligibility requirements of the Exchange have been met or will be met prior to Listing. A draft prospectus will be accepted, provided the required information is included. For natural resource issuers,

the relevant technical report is required. The Exchange will conduct a review (“Eligibility Review”) and provide a confirmation of eligibility or identify any conditions to be met prior to Listing. The Eligibility Review is subject to a fee, which will be applied to the non-refundable portion of the Listing fee.

- (2) ~~3.1~~ In connection with an initial application for ~~listing~~Listing, an ~~Issuer~~issuer must file with the Exchange the documents set out in the appendices to this Policy, based on the type of securities to be listed, as follows:
- a) ~~equity securities~~a) Equity Securities - Appendix 2A: Part B; ~~and~~
  - b) ~~b)~~ debt securities - Appendix 2B: Part B; ~~and~~
  - c) SPACs – Appendix 2C: Part B

#### 4 2.4 Limited Liability

~~4.1~~ All securities to be listed ~~should~~must be fully paid and non-assessable.

#### 5 2.5 Responses and Additional Information and Documentation

~~5.1~~ The Listed Issuer must submit any additional information, documents or agreements requested by the Exchange.

#### 6 2.6 Final Documentation

- (1) ~~6.1~~ The Exchange must receive the following documents prior to qualification for ~~listing~~Listing:
- a) one ~~original~~ executed ~~copy~~original of the Listing Statement (~~Form 2A~~) dated within three ~~business days~~Business Days of the date it is submitted to the Exchange, together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;
  - b) one original ~~executed copy of the~~ Listing Summary (~~Form 2B~~) dated within three ~~business days~~Business Days of the date it is submitted to the Exchange and all documents set out in the Listing Summary;
  - c) two ~~original~~ executed ~~copies~~ originals of the applicable Listing Agreement- (~~Form 4A~~);
  - d) three choices for a stock symbol;
  - e) a legal opinion that the Listed Issuer:
    - i. is in good standing under, and not in default of, applicable corporate law or other applicable laws of establishment,
    - ii. has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder, and
    - iii. has taken all necessary corporate action to authorize the execution,

delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Listed Issuer, enforceable against the Listed Issuer in accordance with its terms;

- f) ~~a legal opinion that:~~
- ~~i. the issuer~~
  - iv. is a reporting issuer or equivalent under the securities ~~legislation~~law of ~~the~~the state applicable ~~jurisdiction(s)~~jurisdictions and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent; or
  - ~~ii~~ v. if it is not a reporting issuer and is proposing to list debt securities that qualify under section 1.1 of this ~~policy~~Policy, that the securities so qualify;
- g) ~~f)~~ a legal opinion that all securities previously issued of the class of securities to be listed or that may be issued upon conversion, exercise or exchange of other previously- issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities; and
- h) ~~g)~~ a certificate of the applicable government authority that the Listed Issuer is in good standing under and not in default of applicable corporate law or other applicable laws of establishment.

## ~~7~~ 2.7 Postings

~~(1) 7.1 Access~~ — The Listed Issuer must ~~have high speed access to~~Post the ~~Internet.~~following:

~~7.2 Postings~~ — ~~Prior to the first day of trading, the Issuer must post on the Exchange website:~~

- ~~a)~~ a) the Listing Statement, which must also be concurrently filed on SEDAR as a filing statement, including all reports and material contracts required to be filed therewith;
- ~~b)~~ b) the Listing Summary;
- ~~c)~~ c) the Listing Agreement;
- ~~d)~~ d) an executed Certificate of Compliance (~~Form 6~~);
- ~~e)~~ An
- ~~e)~~ an unqualified letter from the Clearing Corporation confirming the ISIN assigned to the securities;
- ~~f)~~ ~~Af)~~ a letter from its duly appointed transfer agent indicating the date of appointment and stating that the transfer agent is ready to record security transfers and make prompt delivery of ~~share certificates~~shares; and
- ~~g)~~ g) If the issuer completed a financing concurrently with ~~listing~~Listing, or to qualify for ~~listing~~Listing, a completed ~~Form 9~~Notice of Proposed Issuance of Listed Securities.

~~(2) 7.3~~ All documents must be ~~posted~~Posted in the ~~data~~ format prescribed by the

Exchange from time to time.

## 8 2.8 Posting Officer

- (1) ~~8.1~~ A Listed Issuer must designate at least ~~one individual~~ two individuals to act as the Issuer's ~~posting officer and at least one alternate. The posting~~ Posting officers ("Posting Officers"). The Posting Officers will be responsible for ~~posting~~ Posting or arranging for the ~~posting, on behalf of the Issuer,~~ Posting of all of the documents required to be ~~posted~~ Posted by the Issuer.
- (2) ~~8.2~~ A Listed Issuer may ~~post~~ Post documents through the facilities of a third-party service provider.

## 9 2.9 Continuing to Qualify for Listing

- ~~9.1~~ ~~To continue to qualify for listing, a~~ (1) A Listed Issuer must meet all of the following requirements, failing which the Listed Issuer may be subject to suspension, delisting, or such other action as the Exchange may determine appropriate for the situation:
- a) a) the Listed Issuer must be in good standing under and not in default of applicable corporate law or other applicable laws of establishment;
  - b) ~~the Listed Issuer must remain a reporting issuer or equivalent in good standing~~ in each jurisdiction in which ~~it~~ the Listed Issuer is a reporting issuer or equivalent, it must remain in good standing and ~~must~~ not be in default of any requirement of any such jurisdiction;
  - e) the Listed Issuer must be in compliance with Exchange Requirements, and the terms of the Listing Agreement;
  - d) the Listed Issuer must ~~post~~ Post all required documents and information required under the Policies of the Exchange;
  - e) the Listed Issuer must concurrently ~~post~~ Post all public documents submitted to SEDAR (unless identical disclosure has not already been ~~posted~~ Posted in an Exchange-specific Form);
  - f) if the Issuer is required to submit ~~Personal Information Forms~~ PIFs for each Related Person at the time of ~~listing~~ Listing then the Listed Issuer must submit a ~~Personal Information Form~~ PIF for any new Related Person of the Listed Issuer (and if any of these ~~persons~~ Persons is not an individual, a ~~Personal Information Form~~ PIF for each director, officer and each ~~person~~ Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual); ~~and~~
  - g) the Listed Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to the Exchange or ~~posted~~ Posted by the Listed Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information; ~~and~~.
  - h) a Listed Issuer with ~~equity securities~~ Equity Securities listed must meet the continued ~~listing~~ Listing requirements described in section ~~2.9~~ 2A.1(9) of

Appendix 2A of this Policy.

### ~~9.2~~ **Significant Connection to Alberta**

(2) Each Listed Issuer that is not a reporting issuer in Alberta must:

- a) assess whether it has a ~~significant connection~~ Significant Connection to Alberta;
- b) upon becoming aware that it has a ~~significant connection~~ Significant Connection to Alberta ~~as a result of complying with section 9.2 a) above or otherwise~~, immediately notify the Exchange and promptly make a *bona fide* application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a Listed Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a ~~significant connection~~ Significant Connection to Alberta);
- c) assess, on an annual basis, in connection with the delivery of its annual financial statements to ~~securityholders~~ security holders, whether it has a ~~significant connection~~ Significant Connection to Alberta;
- d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their ~~registered holders and beneficial holders~~ Registered Holders and Beneficial Holders; and
- e) if requested, provide to the Exchange evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ~~or its successor instruments~~).

~~9.3~~ (3) Where it appears to the Exchange that ~~an~~ a Listed Issuer making an application for ~~listing~~ Listing has a ~~significant connection~~ Significant Connection to Alberta, the Exchange will, as a condition of its acceptance or approval of the ~~listing~~ Listing application, require the Listed Issuer to provide evidence that it has made a *bona fide* application to the Alberta Securities Commission to become a reporting issuer in Alberta.

### ~~40~~ 2.10 **Suspensions**

~~40.1~~ The Exchange may suspend from trading the securities of a Listed Issuer if the Exchange or the Market Regulator determines that the Listed Issuer fails to meet any ~~of the above criteria~~ requirement, or it is otherwise in the public interest to suspend trading of the securities of the Listed Issuer.

### ~~41~~ 2.11 **Listing in US Dollars**

~~41.1~~ Securities may be traded and quoted in US dollars.

### ~~42~~ 2.12 **Transfer and Registration of Securities**

~~42.1~~ (1) The Listed Issuer must maintain transfer and registration facilities in good standing where the securities of the Listed Issuer are directly transferable. ~~Certificates~~ Where



certificates are issued, they must name the cities where they are transferable and must be interchangeably transferable and identical in colour and form with each other.

## (2) Treasury Orders

(a) Every Listed Issuer must require that its transfer agent provide to the Exchange, within five business days following the issuance of any securities, a copy of the applicable treasury order.

(b) Each treasury order and reservation order submitted to the Listed Issuer's transfer agent must contain the following information:

(i) the date of the treasury order;

(ii) the name and municipality of the transfer agent;

(iii) full particulars of the number and type of securities being issued or reserved for issuance;

(iv) the issue price per security or the deemed issue price;

(v) the balance of issued securities of the Listed Issuer following the issuance;

(vi) the names and addresses of all parties to whom the securities are being issued or are reserved for issuance;

(vii) the date of the Exchange acceptance, if applicable, of the issuance of such securities;

(viii) confirmation that the Issuer has received full payment for the securities and that the securities are validly issued as fully paid and non-assessable;

(ix) instructions that the wording of any legend required by applicable Securities Laws or by s. 6.1(4) of Policy 6 be imprinted on the face of the certificate (or if the face of the certificate has insufficient space, on the back of the certificate with a reference on the face of the certificate to the legend); and

(x) a legend describing the hold period required by s 6.1(4) of Policy 6.

(c) Every treasury order must be signed by at least two directors or senior officers of the Issuer. The names and titles of each signatory must be printed beneath their respective signatures.

## **43 2.13 Share Certificates**

(1) ~~43.1~~ Certificates must bear a valid ISIN number.

(2) ~~43.2 All certificates~~ Certificates must conform with the requirements of the corporate and securities ~~legislation~~ law applicable to the Listed Issuer.

(3) ~~43.3~~ The foregoing requirements, except for ~~ana valid~~ ISIN, do not apply to a completely ~~non-certificated~~ uncertificated issue that complies with the requirements of the Clearing Corporation.

## **44 2.14 Book-Based System**

~~14.1~~ The securities ~~of the Issuer to be listed~~ must be ~~qualified~~eligible for and ~~entered~~deposited into the book-based system maintained by the Clearing Corporation.

#### ~~15~~ **2.15 Full, True & Plain Disclosure**

~~15.1~~ As an overriding principle, the Listing Statement must contain full, true and plain disclosure of all material facts regarding the securities issued or proposed to be issued by the Listed Issuer. Disclosure must include such particulars and information which, according to the particular nature of the Listed Issuer and the securities for which ~~listing~~Listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Listed Issuer and of its profits and losses (and of any ~~guarantor~~guarantee) and of the rights attaching to such securities and must set out such information accurately and in plain language.

## **APPENDIX A: Equity**

### **2.16 Prior Violations**

The Exchange will not approve a Listed Issuer for Listing if any Related Persons, or investor relations Persons associated with the Listed Issuer have been convicted of fraud, been found liable of a breach of fiduciary duty, been sanctioned pursuant to violations of securities laws (other than a minor violation that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Listed Issuer severs relations with such Person(s) to the satisfaction of the Exchange.

**2.17** The Exchange may not approve a Listed Issuer for Listing if any Related Persons, or investor relations Person(s) associated with the Listed Issuer:

- a) have entered into a settlement agreement with a Securities Regulatory Authority or other authority;
- b) are known to be associated with other offenders depending on the nature and extent of the relationship and the seriousness of the offence committed; or
- c) have a consistent record of business failures, particularly failures involving public companies.

unless the Listed Issuer first severs relations with such Person(s) to the satisfaction of the Exchange.

**2.18** The Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns, could bring the Exchange into disrepute, or it is in the public interest to do so.

### **2.19 ISIN Eligibility**

A Listed Issuer must confirm in writing to the Exchange that its securities to be listed have been made eligible in the Clearing Corporation prior to the start of trading of such securities.

## APPENDIX 2A: Equity Securities

~~Important Note: All securities are subject to the requirements of the “General” section of Policy 2~~

For the purposes of this Appendix, ~~equity securities~~ Equity Securities include any securities that are convertible into ~~equity securities and any other security that the Exchange deemsto be an equity security.~~ Equity Securities. Appendix 2A does not apply to Special Purpose Acquisition Corporations

### **PART A: Eligibility for Listing**

#### **+ 2A.1 GENERAL**

In addition to meeting the minimum Listing requirements at the time of Listing, an issuer meeting the NV Issuer requirements set out in this Appendix 2A may be considered by the Exchange to be an NV Issuer.

##### (1) 4.1 Business Development Prior to Listing

~~An issuer~~ The qualifications for Listing are intended to allow for early-stage businesses that are well managed and are adequately financed with clearly stated objectives. An issuer that appears to be a shell company or a blind pool company with little or no operating history, a limited history of financing, or minimal expenditures to develop the business or proposed business in which they operate it operates or intendintends to operate, will may be considered ineligible for listingListing. In such cases the Exchange will also consider the relevant experience of the Board and senior management of the issuer. Listing expenses or fees for professional services associated with ~~listingListing~~ do not qualify as business development expenditures.

##### (2) Pursuit of Objectives and Milestones

The comprehensive disclosure provided in a Listing Statement describes the business objectives and milestones of a Listed Issuer and how available funds and management effort will be spent to achieve those objectives or reach those milestones. An issuer that has applied and been granted a Listing based on the disclosure in a Listing Statement should diligently pursue those objectives or engagein the business activities described in that disclosure.

#### **4.2 2A.2 Float and Distribution**

For the purposes of ~~this—Policy\_2~~, a “~~public holder~~ Public Holder” is any

~~securityholder~~security holder other than: a Related Person, an employee of a Related Person of ~~an~~ Listed Issuer or any ~~person~~Person or group of ~~persons~~Persons acting jointly or in concert holding:

- a) more than 510% of the issued and outstanding securities of the class to be listed; or
- b) securities convertible or exchangeable into the listed ~~equity security~~Equity Security and would, on conversion or exchange, hold more than 510% of the issued and outstanding securities.

(1) Minimum Float

- a) ~~1.2.1~~ An ~~Issuer~~issuer of ~~equity securities~~Equity Securities must have a ~~public float~~Public Float of at least 500,000 ~~freely tradeable~~Freely Tradeable shares and consisting of at least 150 ~~public holders~~Public Holders holding at least a ~~board lot~~Board Lot each of the security. The ~~public float~~Public Float must constitute at least 10% of the total issued and outstanding of that security.
- b) NV Issuer - A Listed Issuer must have: (i) a Public Float of at least 1,000,000 Freely Tradeable and (ii) at least 300 Public Holders each holding at least a Board Lot.
- c) Closed End Funds, ETFs and Structured Products must meet the minimum float requirements for an NV Issuer.

~~1.2.2~~ (2) The Exchange may not consider as part of the ~~public float~~Public Float any shares that were obtained in a distribution that was primarily effected as a gift or through an arrangement primarily designed for the purpose of meeting the ~~Exchange~~minimum float distribution requirement. The ~~public~~minimum float distribution requirement will not be met if a significant number of the ~~public securityholders~~Public security holders:

- a) ~~a)~~ a) did not purchase the shares directly or receive the shares in exchange for previously purchased shares of another issuer; or
- b) ~~b)~~ b) hold the minimum number of shares described in ~~1.2.1s. 2A.2(1)~~ 2A.2(1) above.

**~~[1.3 TYPES OF SECURITIES (Reserved for restricted shares)]~~**

**2A.3 Restricted Securities**

This section is applicable to Listed Issuers with outstanding listed Restricted Securities or those intending to list Restricted Securities. Restricted share structures may not be appropriate for all Listed Issuers. Details of a proposed issuance of Superior Voting Securities should be provided to the Exchange in advance of the Listed Issuer seeking security-holder approval.

(1) Restricted Securities

- a) A Listed Issuer's constating documents must clearly designate and identify any securities that are Restricted Securities. Such securities will be identified by the Exchange as Restricted Securities in market data displays prepared for the

financial media.

- b) A class of shares may not be designated or identified in any Listed Issuer's constating documents or other communication as 'common' unless the shares are Common Shares and there are no Superior Voting Securities.
- c) A class of shares may not be designated or identified in any Listed Issuer's constating documents or other communication as 'preference' or 'preferred' securities unless the shares are Preference Shares.
- d) A Listed Issuer's constating documents must provide Restricted Security holders the same right to receive notice of, attend and speak at all shareholder meetings as holders of any Superior Voting Securities and to receive all disclosure documents and other information sent to holders of any Superior Voting Securities.
- e) A Listed Issuer with outstanding listed Restricted Securities or those intending to list Restricted Securities must include in its Listing Statement the disclosure required by Part 2 of OSC Rule 56-501 *Restricted Shares*.

## **(2) Coattail Provisions**

- a) Coattail provisions are intended to ensure that holders of Restricted Securities are able to participate in a Take-Over Bid together with holders of Superior Voting Securities, proportionate to their equity interests in the Listed Issuer. The Exchange may intervene in a transaction that has been structured to circumvent the coattail provisions.
- b) Subject to s. 2A.3(2)(c), the Exchange will not list Restricted Securities unless the Listed Issuer's constating documents or an agreement provide that if a Take-Over Bid is made for Superior Voting Securities, whether or not the Superior Voting Securities are listed, all Restricted Securities will automatically convert to Superior Voting Securities unless an identical offer (in terms of price per share, percentage of shares to be taken up exclusive of shares already owned by the offeror and its associates and all other material terms) is concurrently made to Restricted Security holders.
- c) If the class or classes of Superior Voting Securities are not publicly traded, the Exchange may accept a coattail agreement executed by all holders of those shares that stipulates that they will not tender to a Take-Over Bid unless an identical offer as described in s. 2A.3(2)(b) is also made to the holders of the Restricted Securities.
- d) The conversion right or identical offer described in subsection s. 2A.3(2)(b) and (c) may contain appropriate modifications to account for any material difference between the equity interests of the Restricted Securities and Superior Voting Securities.

## **(3) Issuance of Restricted and Superior Voting Securities**

- a) A Listed Issuer may not distribute any Superior Voting Securities unless the distribution has been approved by the holders, that do not or would not have an interest in the Superior Voting Securities, of the Restricted Securities.
- b) For the purpose of the approval described in 2A.3(3)(a), security holders that have or would have an interest in the Superior Voting Shares after the distribution may not vote.
- c) The Exchange will consider an exemption from the security holder approval requirement in 2A.3(3)(a) where the Listed Issuer demonstrates that the proposed distribution of Superior Voting Securities would not reduce the voting power of the holders of Restricted Securities.
- d) Notwithstanding the security holder approval requirements, the Exchange will generally object to the distribution of Superior Voting Securities of a Listed Issuer that is not an NV Issuer.

## **2A.4 Basic Qualifications**

**1.4 (1)** To qualify for listing~~Listing~~ an Issuer~~issuer~~ must be:

- a) an operating company with revenue from the sale of goods or services;
- b) a non-operating company with financial resources to carry out a proposed work plan or achieve stated objectives for 12 months following listing~~Listing~~, subject to a minimum of \$200,000 in working capital at the time of listing~~Listing~~, and have advanced to a stage of development at which additional financing is typically available to the companies in the industry; ~~or~~
- c) a company that is listed on an exchange in Canada and is not proposing a transaction or change that would be considered a Fundamental Change or Change of Business ~~as per Policy 8~~, provided that the Company has the financial resources to achieve stated objectives for 12 months following listing~~Listing~~. This qualification will not be met by an issuer that is only listed on a board or tier of a stock exchange that is designated for issuers that do not meet the ongoing requirements of that exchange or
- d) an ETF or CEF

**(2)** An NV Issuer must also meet at least one of the four standards set out in this section. The Exchange may, in its sole discretion, designate a Listed Issuer as a NV Issuer if the Listed Issuer is sufficiently advanced in capitalization or operations that it is near the thresholds of at least two of the four tests or the Exchange determines it would be in the public interest to do so. The standards are as follows, with market value being based on the number of outstanding securities and the IPO price or concurrent financing price:

- a) Equity Standard:
  - (i) Shareholders' equity of at least \$5,000,000, and
  - (ii) Expected market value of Public Float of at least \$10,000,000; or
- b) Net Income Standard:
  - (i) Net income of at least \$400,000 from continuing operations in the most recent fiscal year or in two of three of the most recent fiscal years.

- (ii) Shareholders' equity of at least \$2,500,000, and
- (iii) Expected market value of Public Float of at least \$5,000,000; or
- ↻) Market Value Standard:
  - (i) Market value of all securities, including the class(es) to be listed and any class convertible into the class(es) to be listed, but excluding warrants and options, of at least \$50,000,000.
  - (ii) Shareholders' equity of at least \$2,500,000 including the value of any offering concurrent with Listing, and
  - (iii) Expected market value of Public Float of at least \$10,000,000; or
- ↻) Assets and Revenue Standard:
  - (i) Total assets and total revenues of at least \$50,000,000 each in the most recent fiscal year or in two of three of the most recent fiscal years, and
  - (ii) Expected market value of Public Float of at least \$5,000,000.

### (3) Closed End Funds and ETFs

- a) Closed End Funds must have a Minimum Net Asset Value of \$10,000,000;
- b) ETFs must have a Minimum Net Asset Value of \$1,000,000;
- ↻) An ETF or CEF must confirm to the Exchange that the net asset value will be published each Trading Day.

(4) ~~1.5~~ An operating company ~~in any industry~~ must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements; or on an interim financial statement supported by a comfort letter from the company's auditor. Such companies must have ~~the~~ financial resources and a business plan that ~~demonstrates~~demonstrate a reasonable likelihood that the company can sustain its operations and achieve its objectives for 12 months following ~~listing~~Listing.

(5) ~~1.6~~ A non-operating company ~~in any industry~~ must have:

- a) a) a significant interest in its primary business or asset,
- b) b) a history of development of the business or asset, and
- ↻) c) specific objectives and milestones and the financial resources necessary to achieve them.

In determining whether the company has met requirements (b) and (c) above, the Exchange will consider the capital invested in the development of the business or asset and evidence of testing, development or manufacturing of the product or service, including prototypes, clinical trials or sponsorships.

### (6) Industry-specific Requirements for Natural Resource Companies

~~1.6.1~~ ~~In particular, the~~ The following industry criteria apply:

- a) A mineral resource company :
  - (i) must have title to a property that is prospective for minerals and on which there has been exploration previously conducted including qualifying



expenditures of at least \$75,000 by the Listed Issuer or predecessor during the most recent 36 months. ~~It (if the company does not have title to the property, it must have the means and ability to acquire an interest in the property upon completion of specific objectives or milestones within a defined period);~~

(ii) must have obtained an independent report that meets the requirements of National Instrument 43-101 ~~or any successor instrument~~ Standards of Disclosure for Mineral Projects and that recommends further exploration on the property, with a budget for the first phase of at least \$100,000. ~~If the~~ and.

(iii) ~~if the resource company does not have title to the property, it must have the means and ability to acquire an interest in the property upon completion~~ meets the minimum Listing requirements with a single exploration project must include disclosure of specific objectives or milestones within a defined period to pursue additional exploration projects or opportunities or to otherwise remain in the mineral exploration business.

Qualifying expenditures include exploration expenditures related to geological and scientific surveys to advance mineral project but do not include general and administrative, land maintenance, property acquisition or payments, staking, investor or public relations, non-domestic flight expenditures or taxes.

b) An energy resource company must have:

(i) ~~i) Title~~ title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to acquire an interest in the property upon meeting specific objectives or milestones within a defined period; or

(ii) ~~ii) Title~~ title to an unproven property with prospects or the means and ability to acquire a significant interest in the property upon completion of a fully financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 ~~or any successor instrument~~ Standards of Disclosure for Oil and Gas Activities.

#### **4.7 (7) Industry Specific Requirements for Investment and/or Real Estate Companies -**

##### **Additional Requirements**

An investment or real estate company ~~should~~ must have an appropriate balance between income and activity depending on the nature of its investments. A holding company that is not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the ~~securityholders~~ shareholders through distributions, or have prospects for growth through the reinvestment of earnings. ~~In addition to meeting the applicable qualification criteria above, such~~ Such companies must have:

a) a) minimum net assets of:

i) (i) \$2 million, at least 50% of which has been allocated to at least 2 specific

investments; or

ii) ~~(ii)~~ \$4 million; and

~~b) b)~~ management with a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting an active business;

~~c) c)~~ a clearly defined investment policy disclosed in the Listing Statement. ~~1.8~~

~~The Exchange will not approve an Issuer for listing if any Related Persons, or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.~~

~~1.9 The Exchange may not approve an Issuer for listing if any Related Persons, or investor relations person(s) associated with the Issuer:~~

- ~~a) have entered into a settlement agreement with a securities regulator or other authority;~~
- ~~b) are known to be associated with other offenders, depending on the nature and extent of the relationship and the seriousness of the offence committed; or~~
- ~~c) have a consistent record of business failures, particularly failures involving public companies;~~

~~unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.~~

~~1.10 The Exchange may deem any person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns or could bring the Exchange into disrepute.~~

## **2 2A.5 CAPITAL STRUCTURE, BUILDER SHARES AND ESCROW**

### **2.1 (1) Capital Structure**

An A Listed Issuer's capital structure must be acceptable to the Exchange.

#### **2.2 — Definition**

#### **(2) Builder Shares & Low Priced Shares**

Notwithstanding the specific restrictions set out in 2A.5(4), the Exchange may determine that the number of Builder Shares

~~“Builder Shares” means any security issued or issuable upon conversion of another security to:~~

- ~~a) any person for less than \$0.02 per security;~~
- ~~b) a Related Person to the Issuer for the purchase of an asset with no acceptable supporting valuation;~~

- ~~e) a Related Person to settle a debt or obligation for less than the last issued price per security; or~~
- d) ~~a Related Person for the primary purpose of increasing that principal's interest in the Issuer without a corresponding tangible benefit to the Issuer. combined with shares issued at or near the Builder Share threshold price appears to be excessively dilutive or imbalanced. In such cases the Exchange may object unless adjustments are made.~~

### 2.3 (3) Pricing

The A Listed Issuer may not sell securities pursuant to an ~~initial public offering~~ IPO for less than

- a) \$0.10 per share or unit; ~~or~~
- b) For an NV Issuer, \$2.00 per share or unit.

For Listed Issuers not yet generating revenue from business activity, the Exchange will not consider an application where Builder Shares have been issued for less than \$0.005 in the previous 18 -month period.

### 2.4 (4) Specific Restrictions

At the time of ~~listing~~ Listing, or re-qualifying following a ~~fundamental change~~ Fundamental Change:

- a) The ratio of shares in the post-offering or reverse takeover capital structure must not exceed one Builder Share for every three non-Builder Shares.
- b) Where there is no concurrent financing, the minimum permitted price at which ~~convertible~~ securities ~~may~~ can be exercisable or convertible into the listed ~~shares~~ security and not be subject to escrow is \$0.10.
- c) The Exchange will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed until the security has been granted or issued to a particular ~~person~~ Person.

### 2.5 (5) Substantial Float

The Exchange may consider exercising discretion to amend or waive the ~~provisions~~ requirements of paragraphs ~~2.3(3)~~ and ~~2.4(4)~~ of section 2A.5 if ~~an~~ a Listed Issuer has a "Substantial Float". The Exchange will generally consider ~~an~~ a Listed Issuer that meets all the following criteria to have a Substantial Float:

- a) a) \$1,000,000 in capital raised, excluding funds from Related Persons;
- b) b) 1,000,000 ~~free trading~~ Free Trading shares;
- c) c) 200 public ~~holders~~ shareholders with a minimum of one ~~board lot~~ Board Lot each with no resale restrictions; ~~and~~
- d) d) 20% of the issued and outstanding shares held by public ~~holders~~ shareholders.

**2.6 (6)** Acceptance of an alternative proposed structure is contingent upon an evaluation by the Exchange using the following criteria:

- a) **a)** track record, quality and experience of management and ~~board~~Board;
- b) **b)** percentage of time devoted by management to the Listed Issuer;
- c) **c)** capital contribution (cash paid in, reasonable value of assets and reasonable value of services performed, less any cash payments) by Related Persons;
- d) relationship of capital contribution to ownership by Related Persons; and
- e) relationship of share price in pre-IPO financing rounds to the IPO price.

**2.7 (7)** All issuances prior to ~~listing~~Listing will be reviewed *seriatim* to determine suitability taking into account management activity, significant ~~developments~~Developments, and elapsed time as well as arm's-length party participation.

## **2.8 (8) Escrow**

Prior to ~~listing~~Listing, all securities issued to Related Persons are generally required to be subject to an escrow agreement pursuant to National Policy 46-201 Escrow for Initial Public Offerings ("NP 46-201").

- a) In addition, where convertible securities (such as ~~stock options~~Stock Options, common share purchase warrants, special warrants, convertible debentures or notes) are issued less than 18 months before ~~listing~~Listing and are exercisable or convertible into listed ~~shares~~securities at a price that is less than the issuance price per security under a prospectus offering or other financing or acquisition made contemporaneously with the ~~listing~~Listing application, then the underlying security will be subject to escrow with releases scheduled at periods specified under ~~National Policy~~NP 46-201.
- b) ~~An~~ A Listed Issuer that has, within the six months prior to applying to list on the Exchange, completed a transaction that would have been considered a ~~"fundamental change", as defined in section 1.1 of Policy 8~~Fundamental Change, must enter into escrow agreements with the Related Persons as if the Listed Issuer ~~was~~were subject to the requirements of ~~National Policy~~NP 46-201 and the provisions of section ~~4.8~~8.8 of Policy 8 shall apply in all respects to the Listed Issuer.
- c) Related Persons with securities that have been previously subject to a required escrow agreement will not generally be required to enter a new escrow agreement.
- d) The Exchange, in its sole discretion, may impose escrow arrangements that are in addition to those required by ~~National Policy~~NP 46-201, or consider different proposals such as an "earn-out" escrow, on a case-by-case basis.

## **2.9 2A.6 Continued Listing Requirements**

### **(1) Minimum**

In addition to the general requirements in ~~Policy 2 Section 9.1~~section 2.9, a Listed Issuer with ~~equity securities~~Equity Securities listed must meet the specific criteria set out below on an annual basis:

a) Public distribution

- (i) minimum of 250,000 shares in the ~~public float~~Public Float;
- (ii) 10% or more of listed shares in the ~~public float~~Public Float;
- (iii) at least 150 public ~~securityholders~~security holders each holding one ~~board lot~~Board Lot of freely trading shares, subject to the exemption provided in Policy 9 that would permit no less than 100 public ~~securityholders~~security holders immediately following a consolidation;

b) Financial resources

Adequate working capital or financial resources to maintain operations for a period of 6 months.

c) Assets

No ~~prescribed requirements~~specific value, however, the Exchange may determine that a Listed Issuer no longer meets the continued ~~listing~~Listing requirements if the Listed Issuer:

- (i) reduces or impairs its principal operating assets; or
- (ii) ceases or substantively reduces its business operations.

d) Activity

~~(i) For~~ for a mining or oil and gas ~~issuer~~Listed Issuer, either:

- ~~1)~~ (i) For the most recent fiscal year, positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures; or
- ~~2)~~ (ii) For the three most recent fiscal years, an aggregate of \$100,000 in exploration or development expenditures.

~~(ii) For~~ Activity for industry segments other than mining or oil & gas, either:

- ~~1)~~ (i) For the most recent fiscal year:
  - ~~a) Positive, positive~~ cash flow ~~b) , or~~ \$100,000 in revenue from operations; ~~c) \_~~ or \$100,000 ~~of~~ in development expenditures ~~Or; or~~
- ~~2)~~ (ii) For the three most recent fiscal years, either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business.

## (2) NV Issuers

In addition to the general requirements in section 2.9, an NV Issuer with Equity Securities listed must meet the specific criteria set out below on an annual basis:

a) Public Distribution

- (i) 500,000 shares in the Public Float; and

- (ii) Public Float value of \$2,000,000.
- b) Standards
  - (i) Net income from continuing operations of \$100,000; or
  - (ii) Market value of listed securities of at least \$3,000,000.

In determining whether the standards of 2A.6(2)(b) have been met, the Exchange may exercise discretion in consideration of general economic conditions and the economic conditions affecting the industry of the Issuer.

### **(3) Closed End Funds**

In addition to the general requirements in s. 2.9 a Closed End Fund must continue to meet the following criteria:

- a) Public Distribution
  - (i) 500,000 securities in the Public Float;
  - (ii) Net asset value of \$3,000,000;
  - (iii) 150 public holders holding at least one Board Lot;
- b) The net asset value is published each Trading Day.

### **(4) Exchange Traded Funds**

In addition to the general requirements in section 2.9 an Exchange Traded Fund must continue to meet the following criteria:

- a) Net Asset Value of \$500,000;
- b) The net asset value is published each Trading Day.

### **(5) Structured Products**

In addition to the general requirements in section 2.9 a Structured Product must continue to meet the following criteria:

- a) Net Asset Value of \$500,000.

## PART B: Documents required with application

### 3 2A.7 Application

(1) ~~3.4~~ The application for ~~listing~~Listing must include the following:

- a) a ~~letter applying to qualify for listing (Form 1A—Equity Securities) requesting qualification~~, an Application Letter for ~~listing of~~Listing one or more specific classes of ~~equity securities~~Equity Securities of the Listed Issuer ~~and~~, indicating the number and class of the Listed Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;
- b) ~~b)~~ b) a completed Listing Application (~~Form 1B—Equity Securities~~) together with the supporting documentation set out in Appendix A to the Listing Application;
- c) ~~c)~~ c) a draft Listing Statement (~~Form 2A~~) including financial statements approved by the Listed Issuer's ~~board of directors and~~Board or its audit committee, ~~if the Issuer has an audit committee~~;
- d) ~~d)~~ d) a duly executed ~~Personal Information Form (Form 3)~~PIF from each Related Person of the Listed Issuer and, if any of these ~~persons~~Persons is not an individual, a ~~Personal Information Form~~PIF from each director, senior officer and each ~~person~~Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
- e) ~~e)~~ e) current insider reports from each ~~person~~Person required to file a ~~Personal Information Form~~PIF, as filed with the ~~Commission~~applicable Securities Regulatory Authority; or confirmation that a SEDI profile has been created; or an undertaking to create such profile;
- f) ~~f) if applicable,~~ the escrow agreement required under ~~paragraph 2.8 of Part A of this Appendixs. 2A.5(8)~~; and
- g) ~~g)~~ g) the relevant portion of the ~~Listing Fees~~listing fees, plus applicable taxes.

## APPENDIX 2B: Debt Securities

### ~~Important Note: All securities are subject to the requirements of the “General” section of Policy 2~~

For the purposes of this Appendix, “debt securities” includes bonds, debentures, notes, Eurobonds, ~~Medium Term Notes~~ medium term notes, Sukuk (Islamic bonds) and any other fixed income security that ~~CNSX~~ the Exchange deems to be a debt security.

### PART A: Eligibility for Listing

#### ~~4~~ 2B.1 General

- (1) ~~4.1~~ 4.1A Listed Issuer must have net assets of at least \$1 million or where the Listed Issuer is a special purpose vehicle, or a holding company that does not meet this entity.
- (2) ~~4.2~~ In the case of asset-backed securities, a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Listed Issuer or the holder of the asset-backed securities.
- (3) ~~4.3~~ In the case of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.
- (4) ~~4.4~~ In the case of asset-backed securities that are secured by ~~equity securities, the equity securities~~ Equity Securities, the Equity Securities must represent minority interests in, and must not carry legal or management control of, the underlying entities and must be listed on the Exchange or listed on another exchange ~~recognised~~ recognized for this purpose by the Exchange.
- (5) ~~4.5~~ The Listed Issuer must appoint and maintain a payment agent acceptable to the Exchange.
  - ~~4.6~~ ~~Exchange will not approve an Issuer for listing if any Related Persons or investor relations persons associated with the Issuer have been convicted of fraud, breach of fiduciary duty, violations of securities legislation (other than a minor breach that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.~~
  - ~~4.7~~ ~~The Exchange may not approve an Issuer for listing if any Related Persons or~~



~~investor relations person(s) associated with the Issuer:~~

- ~~a) have entered into a settlement agreement with a securities regulator or other authority;~~
- ~~b) are known to be associated with other offenders, depending on the nature and extent of the relationship and the seriousness of the offence committed; or~~
- ~~c) have a consistent record of business failures, particularly failures involving public companies;~~

~~unless the Issuer first severs relations with such person(s) to the satisfaction of the Exchange.~~

- ~~18 The Exchange may deem any person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns or could bring the Exchange into disrepute.~~

## PART B: Documents required with application

### **2.2 Application**

(1) ~~2.1~~ The application for ~~listing~~ Listing must include the following:

- a) ~~(a letter applying to qualify for listing (Form 1A—Debt Securities) requesting qualification)~~ an Application Letter for ~~listing of~~ Listing one or more specific classes of securities of the Listed Issuer;
- b) ~~(b)~~ a completed Listing Application ~~(Form 1B—Debt Securities)~~ together with the supporting documentation set out below;
- c) ~~(c)~~ a draft Listing Statement ~~(Form 2A)~~ including financial statements approved by the Listed Issuer's ~~board of directors and~~ Board or its audit committee, ~~if the Issuer has an audit committee~~;
- d) ~~(d)~~ a duly executed ~~Personal Information Form (Form 3)~~ PIF from each Related Person of the Listed Issuer and, if any of these ~~persons~~ Persons is not an individual, a ~~Personal Information Form~~ PIF from each director, senior officer and each ~~person~~ Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
- e) ~~(e)~~ current insider reports from each ~~person~~ Person required to file a ~~Personal Information Form~~ PIF, as filed with the ~~Commission~~ Securities Regulatory Authority; and
- f) ~~(f)~~ the relevant portion of the Listing ~~Fees~~ fees, plus applicable taxes.

The Exchange may, at its sole discretion, determine that items (d) and (e) do not apply to an application to list a debt security that is exempt from prospectus requirements under ~~section 73 of the Securities Act~~ applicable securities law.

### **(2) 2.2 Listing Statement**

The Listing Statement is required to be submitted to the Exchange ~~shall comprise~~:

- a) ~~a document that contains all of the information required by Form 2A;~~ or b) in the case of a tranche issued pursuant to a programme, a term sheet shall be submitted.

### **(3) 2.3 Supporting Documents**

In addition to the Listing Application ~~(Form 1B—Debt Securities)~~ the Issuer must submit:

- a) the participation agreement; and
- b) the declaration of trust or other document constituting the securities.

The Exchange may also require a legal opinion that confirms that the debt securities have been duly constituted ~~and, when issued, will be fully paid and non-assessable~~.

(4) **2.4** ~~Pre-approval of issuance programmes~~ Issuance Programmes

- a) Where ~~an~~ a Listed Issuer issues debt securities of the same class on a regular basis under an issuance programme, ~~an~~ a Listed Issuer may make an application for the pre-approval of the ~~listing~~ Listing of a specified number of securities which may be issued in a particular case.
- b) Where debt securities are to be issued under an issuance programme, the initial application must cover the maximum ~~amount~~ number of securities that may be in issue at any one time under the programme. If the Exchange approves the application, it will grant pre-approval for the ~~listing~~ Listing of all the securities that may be issued under the programme within twelve (12) months after the approval, subject to the Exchange receiving:
- (i) ~~i.~~ advice of the final terms of each issue,
  - (ii) ~~ii.~~ copies of any supplementary document or pricing supplement issued in support of the tranche or series,
  - (iii) ~~iii.~~ confirmation that the Issuer is still in full compliance with ~~these Listing Rules~~ Exchange Policy and that the issue falls within the terms and conditions of the issuance ~~programme~~ programme, and
  - (iv) ~~iv.~~ confirmation that the securities in question have been issued.
- c) The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (i.e., they can be different series), the term of the securities (i.e., the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (e.g., the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

- (5) **2.5** The final terms of each issue which is intended to be listed must be submitted in writing to the Exchange as soon as possible after they have been agreed and, in any event, no later than two (2) Business Days before the ~~listing~~ Listing is required to become effective. The Exchange reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.

## APPENDIX 2C: Special Purpose Acquisition Corporations

All securities are subject to the requirements of the “General” section of Policy 2In this Appendix:

### PART A: Eligibility for Listing

#### 2C.1 General Listing Matters

##### Securities to be Listed

- (1) A SPAC must submit a Listing Application sufficient to demonstrate that it is able to meet the Exchange's original Listing requirements for SPACs, as detailed in Policy 2.

##### Exchange Discretion

- (2) Pursuant to Section 2.1(1), the Exchange may grant or deny the application notwithstanding the prescribed original Listing requirements. In exercising its discretion, the Exchange must be satisfied that public interest considerations are satisfied. In addition, the Exchange will consider:
  - (a) The experience and track record of the officers and directors of the SPAC;
  - (b) The nature and extent of officers' and directors' compensation; and
  - (c) The extent of the Founding Security Holders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution.

#### 2C.2 Original Listing Requirements

##### IPO

- (1) A SPAC must raise a minimum of \$30,000,000 through the sale of shares or units by way of a prospectus offering. A unit may contain no more than one share, and no more than two warrants.
- (2) Builder Shares and Resale Restrictions
  - a) The terms of purchase of SPAC Builder Shares must be disclosed in the IPO prospectus.

- b) The founding shareholders must agree not to transfer any of their SPAC Builder Shares prior to the completion of a Qualifying Acquisition and that in the event of liquidation and delisting, SPAC Builder Shares will not participate in the liquidation distribution.
- (3) The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the Listed Issuer's principal regulator.

### No Operating Business

- (4) An issuer is not eligible for Listing as a SPAC if it is carrying on an active business, or if has entered into a binding acquisition agreement for a Qualifying Acquisition. A statement that the issuer has not entered into such an agreement must be included in the IPO prospectus. The SPAC may have identified a target business sector or geographic area in which to make a Qualifying Acquisition, provided that it discloses this information in its IPO prospectus.

### Jurisdiction of Incorporation

- (5) The jurisdiction of incorporation must be acceptable to the Exchange. Where the Listed Issuer is incorporated in a jurisdiction outside of Canada, the Listed Issuer should first consult with the Exchange to determine acceptability.

### (6) Capital Structure

The capital structure of a SPAC must be acceptable to the Exchange.

(a) Except for the SPAC Builder Shares, listed securities must have:

- (i) A redemption feature or similar feature that will permit holders, in the event that a Qualifying Acquisition is completed within the permitted time as set out in section 2C.4(1), to elect that each share held be redeemed for an amount at least equal to the aggregate amount remaining in the escrow account (net of applicable taxes and expenses related to redemption) divided by the number of shares outstanding, excluding SPAC Builder Shares; and
- (ii) A liquidation distribution or similar feature that will provide holders, for each share held, if the qualifying transaction is not completed within the permitted time as set out in section 2C.4(1), an amount equal to the aggregate amount remaining in the escrow account (net of applicable taxes and expenses related to liquidation distribution) divided by the number of shares outstanding, excluding SPAC Builder Shares.

A Listed Issuer may establish a maximum number of shares to which an individual, with affiliates or Persons acting jointly or in concert, may exercise a redemption right, provided that such limit is not lower than 15% of the shares sold in the IPO and the limit is disclosed in the prospectus.

Exchange discretion with respect to the requirements of this subsection may only be exercised after discussions with, and the concurrence of, the OSC and BCSC.

(b) In addition to Section 2C.2(6)(a), if share purchase warrants are issued in the IPO:

- (i) the share purchase warrants must not be exercisable prior to the completion of the Qualifying Acquisition;
- (ii) the share purchase warrants must expire on the earlier of: a date specified in the IPO prospectus, and the date on which the SPAC fails to complete a Qualifying Acquisition within the permitted time set out in s. 2C.4; and
- (iii) share purchase warrants will not have an entitlement to the escrowed funds upon liquidation of the SPAC.

#### Prohibition of Debt Financing

- (7) A SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its Qualifying Acquisition. A credit facility may be entered into prior to completion of a Qualifying Acquisition, but may only be drawn down contemporaneous with, or after, completion of a Qualifying Acquisition. The Listed Issuer must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 2C.2(7).

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from Founding Security Holders or their affiliates, up to a maximum aggregate principal amount equal to the lesser of: (i) 10% of the funds escrowed under Section 2C.2(8); and (ii) \$5 million, repayable in cash no earlier than the closing of the Qualifying Acquisition, provided that (1) such limit is disclosed in the IPO prospectus and the prospectus of the resulting ; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

#### Use of Proceeds Raised in the IPO and Escrow Requirements

- (8) Concurrent with Listing, 100% of the gross proceeds raised in the IPO and the underwriter's deferred commissions (in accordance with Section 2C.2(11)), must be placed in escrow with an escrow agent acceptable to the Exchange.
- (9) The escrow agent must invest the escrowed funds in Permitted Investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the

escrowed funds from the Permitted Investments.

- (10) The escrow agreement governing the escrowed funds must provide for:
- (a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with Section 2C.2(6)(a)(i) and the remaining escrowed funds to the Listed Issuer if the Listed Issuer completes a Qualifying Acquisition within the permitted time set out in Section 2C.4(1); and
  - (b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than for SPAC Builder Shares) in accordance with s. 2C.2(6)(a)(ii) and the terms of s. 2C.5 if the Listed Issuer fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1).
- (11) The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a Qualifying Acquisition within the permitted time set out in Section 2C.4(1). If the SPAC fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.
- (12) The proceeds from the IPO that are not placed in escrow, if any, and interest or other proceeds earned on the escrowed funds from Permitted Investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a Qualifying Acquisition.

Float and Distribution

- (13) The Listed Issuer must satisfy all of the criteria below:
- (a) at least 1,000,000 Freely Tradeable securities are held by public holders;
  - (b) the aggregate market value of the securities held by public holders is at least \$30,000,000; and
  - (c) at least 150 public holders of securities, holding at least one Board Lot each.

Pricing

- (14) The minimum IPO price is \$2.00 per share or unit.

Other Requirements

- (15) A SPAC will not be permitted to adopt a Security Based Compensation Arrangement prior to the completion of a Qualifying Acquisition.

## **2C.3 Continued Listing Requirements Prior to Completion of a Qualifying Acquisition**

### **Additional Equity by way of Rights Offering Only**

- (1) Prior to completion of a Qualifying Acquisition, a SPAC may only raise additional capital by way of a rights offering in accordance with the requirements in Policy 6 and at least 90% of the funds raised must be placed in escrow in accordance with the provisions of Sections 2C.2(8) to (12) Contemporaneous with or following completion of a Qualifying Acquisition, the Listed Issuer may raise additional funds in accordance with Policy 6 of the Policies.**
- (2) A SPAC may only raise additional funds pursuant to the issuance or potential issuance of Equity Securities from treasury pursuant to Section 2C.3(1) of this Appendix to fund a Qualifying Acquisition and/or administrative expenses of the Listed Issuer.**

### **Other Requirements**

- (3) Prior to completion of its Qualifying Acquisition, in addition to this Appendix, the Listed Issuer will be subject to the following CSE Policies:**
  - (a) Sections 2.6 to 2.18 of Policy 2;**
  - (b) Policy 3;**
  - (c) Policy 4;**
  - (d) Policy 5;**
  - (e) Policy 6;**
  - (f) Policy 9; and**
  - (g) Applicable listing fees and forms.**

**Until completion of a Qualifying Acquisition, a SPAC may only issue and make Equity Securities issuable in accordance with Sections 2C.3(1) and (2) of this Appendix. Security Based Compensation Arrangements may not be adopted until completion of a Qualifying Acquisition.**

## **2C.4 Completion of a Qualifying Acquisition**

### **Permitted Time for Completion of a Qualifying Acquisition**

- (1) A SPAC must complete a Qualifying Acquisition within 36 months of the date of closing of the distribution under its IPO prospectus or complete a liquidation distribution pursuant to 2C.5. Where the Qualifying Acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising**



the Qualifying Acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 2C.4(2).

#### Value of a Qualifying Acquisition

- (2) The businesses or assets forming the Qualifying Acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the Qualifying Acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a Qualifying Acquisition, these acquisitions must close concurrently and within the time frame in Section 2C.4(1).

#### Approvals

- (3) The Qualifying Acquisition must be approved by:
- (a) a majority of directors unrelated to the Qualifying Acquisition; and
- (b) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose.

Shareholder approval of the Qualifying Acquisition is not required where the Listed Issuer has placed 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 2C.3(1) in escrow in accordance with Section 2C.2(8). The shareholder approval requirements set out in Sections 8.6 and 8.9 of Policy 8 will not apply to transactions concurrently effected with the Qualifying Acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the Qualifying Acquisition. Where the Qualifying Acquisition is comprised of more than one acquisition, each acquisition must be approved.

- (4) The IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the Qualifying Acquisition and the shareholders entitled to vote upon the matter. If a Qualifying Acquisition is subject to shareholder approval, the Listed Issuer must prepare an information circular containing disclosure of the resulting issuer assuming completion of the Qualifying Acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.
- (5) The Listed Issuer may impose additional conditions on the completion of a Qualifying Acquisition, provided that the conditions are described in the prospectus or information circular describing the Qualifying Acquisition. For example, a SPAC may impose a condition not to proceed with a proposed Qualifying Acquisition if

more than a pre-determined percentage of public shareholders exercise their redemption rights.

- (6) In accordance with Section C2.6, holders of shares other than SPAC Builder Shares must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the Qualifying Acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the Qualifying Acquisition and such redeemed shares shall be cancelled.

#### Prospectus Requirement for Qualifying Acquisition

- (7) A prospectus must be filed containing disclosure regarding the SPAC and its proposed Qualifying Acquisition with the Securities Regulatory Authority in each jurisdiction in which the SPAC and the resulting issuer is, and will be, a reporting issuer assuming completion of the Qualifying Acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the Qualifying Acquisition is located in Canada. Completion of the Qualifying Acquisition without a receipt for the final prospectus will result in the delisting from the Exchange.

If a Qualifying Acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable Securities Regulatory Authorities prior to mailing the information circular described in Section 2C.4(4).

If a Qualifying Acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise physically deliver the prospectus to shareholders no later than midnight (Toronto time) on the second Business Day prior to the deadline for redemption. The notice of redemption must be pre-cleared by CSE prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC and BCSC.

#### Exchange Approval

- (8) The Listed Issuer resulting from the completion of the Qualifying Acquisition by the SPAC must meet the Exchange's original Listing requirements for an NV Issuer set out in Policy 2. The Exchange will provide the Listed Issuer with up to 90 days from the completion of the Qualifying Acquisition to provide evidence that it meets the requirements set out in s. 2A.1(1), failing which the Listed Issuer will generally be subject to Policy 3.

Failure to obtain the Exchange's approval of the Listing of the resulting Listed Issuer prior to the completion of the Qualifying Acquisition will result in delisting. For greater certainty, a Qualifying Acquisition may include a merger or other reorganization or an acquisition of the Listed Issuer by a third party.

### Escrow Requirements

- (9) Upon completion of the Qualifying Acquisition, the resulting Listed Issuer shall be subject to the Exchange's escrow requirements outlined in s. 2A.5(8) and s. 8.8.

### **2C.5 Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition**

- (1) If a SPAC fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), subject to applicable laws, it must complete a liquidation distribution within 30 calendar days of the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares other than SPAC Builder Shares on a pro rata basis, and in accordance with Section 2C.5(2).
- (2) In accordance with Section 2C.2(2), the Founding Security Holders may not participate in any liquidation (or redemption) distribution with respect to any of their SPAC Builder Shares. In addition, in accordance with Section 2C.2(11), all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 100% of the gross proceeds raised in the Listed Issuer's IPO, as required under Section 2C.2(8) and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through Permitted Investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.
- (3) If the Listed Issuer fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), the Exchange will delist the securities on or about the date on which the liquidation distribution is completed.

### **2C.6 Continued Listing Requirements Following Completion of a Qualifying Acquisition**

Upon completion of a Qualifying Acquisition pursuant to these requirements, the resulting Listed Issuer will be subject to all continued listing requirements in the Policies except where otherwise provided in Section 2C.4(8).

## PART B: Documents required with application

### 2C.7 Application

- (1) The application for Listing must include the following:
- a) an Application Letter for Listing one or more specific classes of Equity Securities of the Listed Issuer and indicating the number and class of the Listed Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;
  - b) a completed Listing Application together with the supporting documentation set out in Appendix A to the Listing Application;
  - c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit;
  - d) a duly executed PIF from each Related Person of the Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
  - e) current insider reports from each Person required to file a PIF, as filed on SEDI; or confirmation that a SEDI profile has been created; or an undertaking to create such profile;
  - f) if applicable, the escrow agreement required under [paragraph 2.8 of Part A of this Appendix](#); and
  - g) the relevant portion of the [Listing Fees](#), plus applicable taxes.

## POLICY 3 SUSPENSIONS AND INACTIVE ISSUERS

### 3.1      ~~4.~~ Listing Agreement

~~4.1~~ The Listing Agreement authorizes the Exchange or the Market Regulator to halt, and authorizes the Exchange to suspend, trading in a Listed Issuer's securities without notice and at any time, or the Exchange to delist the securities of a Listed Issuer, if the Exchange or the Market Regulator, as the case may be, ~~believes~~ has determined it is in the public interest to do so.

### 3.2      ~~2.~~ Halts

~~2.1~~ The Exchange or the Market Regulator can ~~order a~~ halt trading ~~halt~~ to allow for public dissemination of material news pursuant to Policy 5.

(1)      ~~3.1~~ The Exchange may without any prior notice suspend trading in a Listed Issuer's securities if, at any time, the Listed Issuer fails to meet any of the requirements as set out in CSE Policies; ~~or the Exchange considers it in the public interest to do so.~~

### (2)      Reinstatement and Extension of Suspension

~~3.2~~ (a) Subject to section ~~5.3~~ 3.5(3) for Inactive Issuers, if a Listed Issuer which has had its securities suspended pursuant to this Policy 3 or otherwise has, within 90 days from the date of such suspension,

(i) cured the default or breach that gave rise to the suspension, ~~and~~ and

(ii) ~~(ii)~~ paid the reinstatement fee set out in fee schedule of the Exchange,  
the Listed Issuer's securities may resume trading.

~~(b)~~ The Exchange will extend the period of suspension for an additional 90 days if the Exchange is satisfied that the Listed Issuer has made progress towards curing the default or breach that gave rise to the suspension.

(3)      ~~3.3~~ Throughout the period during which a Listed Issuer's securities are suspended, the Exchange will not allow quotation or trading by Dealers in the securities of the Listed Issuer; ~~and~~ the Exchange website will indicate that the Issuer's securities have been suspended. Dealers may quote or trade the securities of the Listed Issuer on other marketplaces or over-the-counter unless prohibited under securities legislation law or UMIR.

(4)      ~~3.4~~ Throughout the period during which a Listed Issuer's securities are suspended, the Listed Issuer must continue to comply with all applicable Exchange Requirements.

### 3.3 ~~4.~~ Delisting

~~4.1~~ (1) Following a 90 -day suspension the Exchange will, without any prior notice, delist a Listed Issuer's securities unless the period of suspension has been extended in accordance with Section ~~3.23.3(2)~~(b) of this Policy.

~~4.2~~ (2) A Listed Issuer may at any time request that all or any class of its securities be delisted. Any such request must be made in writing and must identify the securities that will be the subject of the delisting. Pursuant to Policy 1 Section ~~2.41.2(1)~~, the Exchange may, in its sole discretion, deny such request for any of the following reasons:

- (a) outstanding fees are owed to the Exchange;
- (b) the request is made in order to proceed with a transaction that is unacceptable to the Exchange or that the Exchange finds objectionable;
- (c) the Exchange ~~believes~~has determined it is in the public interest to deny such a request.

### 3.5 ~~5.~~ Application of Continued Listing Requirements

For the purpose of this section, "applicable continued listing requirements" means for all Listed Issuers the requirements set out in 2A.6(1) "Minimum" and for NV issuers, the requirements set out in 2A.6(2) "NV Issuer".

A Listed Issuer must meet the ~~Continued Listing Requirements~~applicable continued listing requirements to remain listed in good standing. The Exchange may remove the NV designation, designate ~~an issuer~~a Listed Issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet ~~Continued Listing Requirements~~applicable continued listing requirements.

#### (1) ~~5.4~~ Notification

~~An~~ A Listed Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will:

- a) for an NV Issuer, remove the NV designation;
- ~~a)~~ b) suspend the Listed Issuer pending delisting in 90 days;
- ~~b)~~ c) assign the Listed Issuer to a different industry classification; or
- e)
- d) designate the Listed Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the ~~issuer~~Listed Issuer.

## 5.2

The policy intent of the 9-month period is to permit the Listed Issuer time to demonstrate that it is pursuing the business objectives as described in its Listing Statement and that its failure to meet a continued listing requirement is temporary. An Issuer that discloses, directly or indirectly, that it is not pursuing its stated business objectives or actively operating its described business has acknowledged that it is inactive, and therefore the reason for the 9-month period does not apply. In such cases, the inactive designation may be applied by Exchange immediately, or at any time following the Exchange becoming aware of the disclosure.

### (2) Restrictions

The following restrictions apply to any Listed Issuer that has been designated inactive and received such notice from the Exchange:

- (a) an Inactive Issuer may not enter into a contract or agreement with any person ~~to provide for the provision of~~ investor relations services ~~for the issuer~~.
- (b) an Inactive Issuer is not eligible for confidential price protection as per Policy 6 section ~~2.4~~6.2(4). An Inactive Issuer with an intention to complete a private placement must issue a news release.
- (c) in addition to the procedures set out in Policy 6, any private placement proposed by an Inactive Issuer must be approved by the Exchange prior to closing.
- (d) ~~The Exchange may impose any~~ additional requirements or restrictions as ~~the~~ Exchange determines appropriate.

### 5.3 (3) Suspensions – Inactive Issuers

Section ~~3.23.3(2)~~ does not apply for suspended Inactive issuers or Listed Issuers suspended pursuant to ~~s. 5.1~~section 3.5(1)(a). Such Listed Issuers will be delisted in 90 days unless an application is made to requalify for ~~listing~~Listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. If the Listed Issuer's requalification application is approved, the Listed Issuer will not be delisted and for Inactive Issuers, the inactive designation will be removed upon the approval. If the Listed Issuer's requalification application is not approved, the Listed Issuer will be delisted at the later of the expiry of the 90 -day suspension or the date of disapproval.

### 5.4 (4) Removal of the Inactive Designation

~~An issuer~~ A Listed Issuer that has, pursuant to section ~~5.1~~3.5(1), received notice or been designated as inactive, will be considered inactive until:

- a) there is evidence in the Listed Issuer's interim or audited financial statements, updated ~~listing statement~~Listing Statement or other continuous disclosure document that confirms the Listed Issuer meets the ~~CLR~~continued listing requirements;
- b) the Listed Issuer requalifies for ~~listing~~Listing pursuant to Policy 2 or Policy 8;  
or
- c) the Exchange is otherwise satisfied that the Listed issuer has met the ~~CLR~~continued Listing requirements.

## POLICY 4

### CORPORATE GOVERNANCE, SECURITY HOLDER APPROVALS AND MISCELLANEOUS PROVISIONS

#### ~~4.~~ 4.1 Introduction

- ~~4.1~~ (1) Boards ~~of directors~~ should be structured and their proceedings conducted in a way ~~calculated~~ to encourage, reinforce, and demonstrate the ~~board~~Board's role as an independent and informed monitor of the conduct of the corporation's affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a ~~board of directors~~Board is likely to exercise its powers and discharge its obligations in a manner that effectively advances corporate objectives.
- ~~4.2~~ (2) No single governance structure fits all publicly ~~held~~ corporations, and there is considerable diversity of organizational styles. Each Listed Issuer should develop a governance structure that is appropriate to its nature and circumstances. ~~See section 4 "Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets".~~

#### ~~2.~~ 4.2 Corporate Governance

- (1) ~~2.1~~ The ~~board of directors~~Board of every Listed Issuer is responsible for, among other things, the following matters:
- (a) strategic planning;
  - (b) principal business risks and risk management;
  - (c) appointing, training and monitoring senior management;
  - (d) executive compensation;
  - (e) succession planning;
  - (f) communications policy; and
  - (g) internal control and management information systems.
- (2) ~~2.2~~ Canadian corporate law generally prescribes requirements related to the number or percentage of ~~outside directors~~. ~~For example, the *Business Corporations Act* (Ontario) requires that an offering corporation have at least three directors, at least one-third of whom are outside directors. The similar provisions of the *Canada Business Corporations Act* require that at least two directors be outside directors. An outside director may or may not be an unrelated director, which is a director who has no tie to the corporation other than as a director or as a shareholder who is not a control block holder.~~



Outside Directors. Both ~~outside~~Outside Directors and ~~unrelated directors~~Unrelated Directors can bring a fresh perspective to issuers in addition to acting as an independent discipline on management. The Exchange considers that a requirement to have a specified number or percentage of ~~outside directors~~Outside Directors or a specified number or percentage of ~~unrelated directors~~Unrelated Directors may not be suitable for all CNSX Listed Issuers.

Smaller corporations frequently do not have the resources or the ability to attract talented individuals to serve as ~~outside or unrelated directors~~Outside Directors or Unrelated Directors. It may also be more important for small issuers to have on ~~the board~~their Board individuals who have a prior familiarity with the issuer's business rather than those who can bring an independent perspective or discipline. For this reason the Exchange does not prescribe requirements dealing with ~~outside or unrelated directors~~Outside Directors or Unrelated Directors; however Listed Issuers must comply with applicable corporate law. However, Listed Issuers are encouraged to examine the appropriateness of including either or both ~~outside or unrelated directors~~Outside Directors or Unrelated Directors, on their ~~boards of directors~~Boards.

- (3) ~~2.3~~ Every Listed Issuer, as an integral element of the process for appointing new directors, should provide an orientation and education program or manual for new recruits to the ~~board~~Board.
- (4) ~~2.4~~ Every ~~board of directors~~Board should examine its size and, ~~with a view to determining the impact of the number of directors upon effectiveness,~~ undertake where appropriate, ~~a program~~ to reduce or increase the number of directors to a number which facilitates more effective decision-making.
- (5) ~~2.5~~ The ~~board of directors~~Board, together with the senior management, such as the ~~Chief Executive Officer~~chief executive officer or ~~President~~president, should develop written position descriptions for the ~~board~~Board chair, chairs of the Board's committees and for ~~the~~each member of senior management, involving the definition of the limits to management's responsibilities. In addition, the ~~board~~Board should approve or develop the corporate objectives which the senior management is responsible for ~~meeting~~achieving. The Board and the Board committees should have written charters that have been approved by the Board.
- (6) ~~2.6~~ Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the ~~board of directors~~Board that must be ~~outside directors. For example, the Business Corporations Act (Ontario) requires that an offering corporation have an audit committee composed of not less than three directors, a majority of whom are not officers or employees of the corporation or any of its affiliates~~Outside Directors.
- (7) ~~2.7 Companion Policy to~~ National Instrument 52-110 Audit Committees ("NI 52-110CP") establishes audit committee standards. Companion Policy to NI 52-110 ("52-110CP") provides additional guidelines to CNSX Listed Issuers.
  - a) Part 2 of 52-110CP provides that the ~~objectives~~roles of an audit committee ~~are as follows~~include:

- ~~(a) to help~~ (i) helping directors meet their responsibilities, ~~especially for accountability;~~
- ~~(b) to provide~~ (ii) providing better communication between directors and external auditors;
- ~~(c) to enhance~~ (iii) enhancing the external auditor's independence;
- ~~(d) to increase~~ (iv) increasing the credibility and objectivity of financial reports; and
- ~~(e) to strengthen~~ (v) strengthening the role of the ~~outside~~ directors by facilitating in-depth discussions between directors ~~on the audit committee~~, management and external auditors.

~~2.8 The role of audit committees is continuing to evolve. Boards of directors~~ b) NI 52-110 requires that the audit committee also be responsible for managing, on behalf of the shareholders, the relationship between the issuer and the external auditors. In particular, it provides that an audit committee must have responsibility for:

- (i) preparing or issuing an auditor's report or related work; and
- (ii) recommending to the board of directors the nomination and compensation of the external auditors.

- (8) Boards of Listed Issuers should adapt the responsibilities of their audit committees to their particular circumstances. No published set of practices can substitute for the active commitment to high standards by every party having responsibility for the corporate disclosure system.
- (9) ~~2.9~~ The Exchange strongly encourages ~~boards of directors~~ Boards of Listed Issuers to select ~~independent directors~~ Independent Directors as members of audit committees, to limit membership to such directors whenever possible and that the ~~chairperson~~ chair of the audit committee should be an ~~independent director~~ Independent Director.
- (10) ~~2.10~~ For reasons similar to those expressed in paragraph ~~2.24.2(2)~~, the Exchange does not ~~generally~~ consider that it is appropriate to prescribe a higher threshold for Listed Issuers than that prescribed by corporate law or ~~National Instrument NI~~ NI 52-110 ~~Audit Committees~~. However, the Exchange endorses the recommendations and guidelines of 52-110CP. Listed Issuers should consider that placing a greater number or higher percentage of ~~outside or unrelated directors~~ Outside Directors or Unrelated Directors on the audit committee may function as an effective protection of shareholder interests. ~~See section "Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets"~~.
- (11) ~~2.11~~ The ~~board of directors~~ Board should implement a system which enables an individual director to engage an outside adviser at the expense of the Listed Issuer in appropriate circumstances. The engagement of the outside adviser should be subject to the approval of an appropriate committee of the ~~board~~ Board.

(12) ~~2.12~~ Although the Exchange does not prescribe corporate governance requirements, investors will expect that all Listed Issuers are subject to the requirements that generally apply to Canadian corporations unless informed otherwise. Therefore, non-corporate ~~issuers~~Listed Issuers and ~~issuers~~Listed Issuers incorporated in jurisdictions outside of Canada must state in their ~~listing statement~~Listing Statement the nature and extent to which their governing ~~legislation~~law or ~~constating~~ documents differ materially from Canadian ~~legislation~~law with respect to the aspects of corporate governance described in this Policy.

(13) At each annual meeting of shareholders, the Board must:

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- (a) present the audited annual financial statements to the shareholders for review;
  - (b) permit the shareholders entitled to do so to vote on the appointment of an auditor; and
  - (c) permit the shareholders entitled to do so to vote on the election of directors.
- (14) Each director of an NV Issuer must be individually elected by a majority (at least 50% +1 vote) of the votes cast with respect to their election other than at contested meetings ("Majority Voting Requirement"). An NV Issuer must adopt a majority voting policy (a "MV Policy"), unless it otherwise satisfies the Majority Voting Requirement in a manner acceptable to the Exchange, for example, by applicable statutes, articles, by-laws or other similar instruments.

The MV Policy must provide that:

- a) any director must immediately tender their resignation to the Board if they are not elected by at least a majority of the votes cast with respect to their election;
  - b) the Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant meeting and the Board shall accept the resignation absent exceptional circumstances;
  - c) the resignation will be effective when accepted by the Board;
  - d) a director who tenders a resignation pursuant to the MV Policy will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered; and
  - e) the NV Issuer shall promptly issue a news release with the Board's decision. If the Board determines not to accept a resignation, the news release must fully state the reasons for that decision.
- (15) If a Listed Issuer adopts a MV Policy to satisfy the Majority Voting Requirement, it must be described fully in materials sent to security holders in connection with a meeting at which directors are being elected and it must be made available on the Listed Issuer's website.
- (16) NV Issuers that are majority controlled are exempted from the Majority Voting Requirement. NV Issuers with more than one class of listed voting securities may only rely on this exemption with respect to the majority-controlled class or classes of securities that vote together for the election of directors. An NV Issuer relying on this

exemption must disclose, on an annual basis in its materials sent to holders of listed securities in connection with a meeting at which directors are being elected, its reliance on this exemption and its reasons for not adopting majority voting.

### **3. 4.3 Directors and Officers**

- (1) ~~3.1~~ The identity, history and experience of management, including officers and directors, is important information concerning a Listed Issuer.
- (2) ~~3.2~~ Every officer and director of a Listed Issuer is required to complete a ~~Personal Information Form (Form 3)~~ PIF upon their appointment or election as an officer or director of a Listed Issuer.
- (3) ~~3.3~~ The Exchange may collect ~~such~~ personal information about the current or proposed directors and officers of a Listed Issuer as the Exchange may require and, notwithstanding the qualification for ~~listing~~ Listing of its securities, a Listed Issuer may not appoint, and must remove, or cause the resignation of, any director or officer which the Exchange determines is not suitable for the purpose of acting as a director or officer of a Listed Issuer, failing which the Exchange may immediately ~~disqualify for listing~~ Disqualify the Listed Issuer's securities.
- (4) ~~3.4~~ Where a Listed Issuer has a ~~significant connection~~ Significant Connection to Alberta, the Exchange may refuse to accept any director, officer or insider, or revoke, amend or impose conditions in connection with acceptance of any such application until such time as the Listed Issuer has complied with a direction from Exchange or the Exchange requirement to make application to the Alberta Securities Commission and to become a reporting issuer in Alberta.
- (5) ~~3.5~~ Management

  - a) A Listed Issuer must have:

    - (i) ~~i. a Chief Executive Officer (CEO);~~ a chief executive officer ("CEO");
    - (ii) ~~ii. a Chief Financial Officer;~~ chief financial officer ("CFO"); and
    - (iii) ~~iii. a corporate secretary~~
  - b) The CFO must be financially literate, as defined in NI 52-110, and have experience or knowledge of Canadian corporate governance laws and reporting requirements.
  - c) The CEO or CFO may also act as corporate secretary. No individual, except in unusual and temporary circumstances, may act as both CEO and CFO of a Listed Issuer.
- (6) ~~3.6~~ Collectively, ~~an~~ a Listed Issuer's ~~Directors~~ directors, officers and management must have adequate reporting issuer experience (including experience with and knowledge of Canadian corporate governance laws and reporting requirements), and experience and expertise relevant to the Listed Issuer's industry and the languages, customs and laws relevant to the Listed Issuer's operations in each of the jurisdictions in which the Listed Issuer operates.
- (7) Duties of Officers and Directors

  - a) Officers and directors of a Listed Issuer are responsible for ensuring that Listed Issuer complies with applicable Exchange Requirements, corporate and securities laws.

- b) Each officer and director must act honestly and in good faith in the best interests of the Listed Issuer.
  - c) Officers and directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (8) Further to 2A.1(2) Pursuit of Objectives and Milestones, a history of involvement with Listed Issuers that fail to pursue the business objectives disclosed in the Listing disclosure documents may lead the Exchange to object to a person acting as an officer or director of a Listed Issuer.

#### **4.4.4 Guidance for Listed Issuers with Principal Business Operations or Operating Assets in Emerging Markets**

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~~The~~ A primary focus of the initial and ~~ongoing listing~~continued Listing requirements of the Exchange is appropriate level of disclosure. ~~Appropriate guidance about what constitutes meaningful disclosure will help address specific challenges or concerns about listed companies with their principal business operations or operating assets in emerging markets.~~ While relevant to all ~~issuers~~Listed Issuers, the guidance contained in this section is primarily intended for ~~issuers whose directing management is largely outside Canada; and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Easter Europe~~EMIs.

##### **4.1 (1) Areas of Concern**

A ~~listed company~~Listed Issuer with a governance structure that is appropriate to its circumstances ~~would likely~~should have identified and addressed the areas of concern listed in ~~OSC Staff Notice 51-720 - Issuer Guide for Companies Operating in Emerging Markets ("OSC EMI Guide"). This should enable the issuer to provide adequate, meaningful disclosure as described in~~ the OSC EMI Guide. Listed ~~companies~~issuers are encouraged to review the OSC EMI Guide and assess their ~~own~~ approach to specific risks and tailor both their governance practices and disclosure to address the OSC EMI Guide areas of concern that are pertinent to them.

##### **a) Business and operating environment**

An A Listed Issuer is required by securities ~~legislation~~law to describe its business and operations. Additionally, the ~~CSE Form 2A~~ Listing Statement must include, among other things, disclosure about the Listed ~~Company~~Issuer's principal markets, competitive conditions in the principal markets and geographic areas in which it operates, and economic dependence on significant contracts<sup>1</sup>.

<sup>1</sup> ~~CSE Form 2A~~ – Listing Statement, Item 4 Narrative Description of Business

#### b) Language and cultural differences

In considering ~~the~~its responsibilities ~~of the board of directors~~ as described in ~~section 2.1 of this Policy, the boards.~~ 4.2(1), an EMI's Board should include members that have appropriate experience in each market in which the ~~issuer~~Listed Issuer conducts business. This will enable the ~~board~~Board to identify specific risks associated with each market so ~~that the~~its governance oversight responsibilities will be met. ~~Reliance~~ It is noted that reliance on local management may not be appropriate without the provision for additional input from independent sources.

#### c) Corporate structure

A corporate structure that addresses differing political, legal and cultural realities may be complex and difficult for investors to understand. The complexity of a corporate structure also creates additional risks associated with effective decision making and accurate reporting across the organization.

Disclosure about ~~an~~ Listed Issuer's corporate structure should:

- (i) be clear and understandable;
- (ii) explain why the structure is necessary; and
- (iii) describe the risks associated with the structure and how those risks are managed.

Policy 2 – Qualifications for Listing specifically disqualifies special purpose entities and variable interest entities.

#### d) Related parties

Disclosure requirements for related party transactions are ~~included~~ prescribed in both accounting standards and securities ~~legislation~~ law. Business, cultural and legal differences may result in increased risks, especially in cases where the interests of the controlling shareholders do not necessarily align with the interests or expectations of the minority shareholders. The ~~board~~ Board should have appropriate policies and procedures for the evaluation of related party transactions.

#### e) Risk management and disclosure

Risk disclosure is an important element of investor protection, and the ~~board~~ Board should ensure that adequate disclosure is provided of the specific risks of operating in each market in which the Issuer operates. ~~CSE Form 2A - The~~ Listing Statement requires full risk disclosure ~~in section 17~~, as well as reasonable detail and a discussion of any trend, commitment, event or uncertainty that is both presently known and reasonably expected to have a material effect on the Issuer's business, financial condition, or results of operations<sup>2</sup>.

#### f) Internal controls

Appropriate internal controls will provide checks and balances to reduce the risks of inaccurate financial reporting. If there are concerns about the effectiveness of internal controls, or if material weaknesses have been identified, audit committee members should apply greater scrutiny in their reviews. It is also advisable ~~to~~for Listed ~~Companies~~Issuers to disclose known material weaknesses in their risk disclosure if the weakness creates a risk for the company.<sup>2</sup>~~CSE Form 2A—~~ Listing Statement, Item 3.3

Disclosure should be adequate for investors to assess the nature and implications of those weaknesses.

#### g) Use of and reliance on experts

Industry professionals in emerging markets ~~will~~are not necessarily ~~be~~ subject to ~~equivalent~~ rules of conduct ~~as equivalent to those~~ in Canada. The ~~board~~Board should evaluate an expert's credentials and knowledge in the context of what would be acceptable in Canada. If an expert is retained to perform a service or function that could expose the listed company to a disruption in operations or significant liability, the ~~board~~Board should determine whether the level of diligence exercised by the expert is adequate. As part of the oversight role, the ~~board~~Board should ensure adequate disclosure of an expert's interests in the Listed ~~Company~~Issuer.

#### h) Oversight of the external auditor

The external auditor's competence, experience and qualifications in the foreign market should be considered by the audit committee. The audit committee should also evaluate the external auditor's approach in the areas that present risks specific to the Listed Issuer.

### 4.2 (2) The Role of the Exchange

The Exchange considers the guidance in this section to be consistent with existing disclosure requirements for all ~~listing applicants or listed company. Each listed company and applicants are~~Listed Issuers. Each Listed Issuer is encouraged to closely adhere to the principles set out in the OSC EMI Guide to assist them in meeting their disclosure obligations under securities ~~legislation~~law and Exchange Requirements.

### 4.3 (3) Application of the Guidance

#### a) Original Listing

~~CSE Form 2A—~~The Listing Statement includes specific disclosure requirements concerning risk issues. Section 17 - Risk Factors - includes, in the first 2 sections, some of the common risks that should be described. Section 17.3 specifically addresses "any risk factors material to the Listed Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2." For ~~listing applicants~~Listed Issuers with their principal business operations or operating assets in emerging markets, the OSC EMI Guide areas of concern should be addressed in the context of the guidance provided by OSC Staff.

#### b) Continued Listing

All ~~listed companies~~Listed Issuers are reminded that the OSC EMI Guide provides an excellent

reference for any questions regarding continuous disclosure requirements, including disclosure in CSE filings. ~~CSE Form 9~~—Notice of Proposed Issuance of Listed Securities, and ~~CSE Form 10~~— Notice of Proposed Transaction, for example, each include questions that relate to one or more of the OSC EMI Guide areas of concern. A change related to any of these areas could be ~~material information~~ Material Information that requires immediate disclosure by news release.

#### **5. 4.5 Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets**

(1) ~~5.1 An~~ A Listed Issuer must demonstrate clear title or right to its assets or operations, and the receipt of the relevant licence or permit required to operate. At the time of ~~listing~~ Listing where applicable, the Listed Issuer must provide a title opinion or appropriate confirmation, and a legal opinion that the Listed Issuer has the required permits, ~~licenses~~ licences or approvals to carry out its operations in each relevant jurisdiction.

#### **(2) ~~5.2~~ Audit Committee**

In addition to the guidance in section 2.7 and requirements of NI 52-110-~~Audit Committees~~, the majority of the members of ~~an~~ a Listed Issuer's audit committee must be financially literate as defined in NI 52-110-~~Audit Committees~~, subject to a minimum of three financially literate members.

Disclosure in the Listing Statement must include a summary of the steps taken in selecting an external auditor and the procedures in place to ensure the audit committee can effectively evaluate the audit process.

#### **(3) ~~5.3~~ Risk Disclosure and Mitigation**

Disclosure in the ~~CSE Form 2A~~— Listing Statement must address and adequately explain the risks and the reasonable steps taken, consistent with the OSC EMI Guide, to mitigate these risks.

### **4.6 Security holder Approvals**

#### **(1) General Requirements**

- a) Any Related Party of a Listed Issuer that has a material interest in a transaction that:
  - (i) differs from the interests of security holders generally, and
  - (ii) would Materially Affect Control of the Listed Issuer,may not vote on any resolution to approve that transaction.
- b) Any Exchange Requirement for securityholder approval may be satisfied by a written resolution signed by security holders of more than 50% of the securities having voting rights.
- c) Listed Issuers relying on s. 4.6(2)(b) will be required to issue a press release at least seven Trading Days in advance of the closing of the transaction, which shall disclose the material terms of the transaction and that the Listed Issuer has relied upon this exemption.



- d) The securityholder approval requirements apply to transactions involving the issuance or potential issuance of listed Non-Voting Securities.
- e) Where a transaction will affect the rights of holders of different classes of securities, the securityholder approval requirements will apply on a class-by-class basis, provided that the Exchange may permit voting together as if a single class or series provided this complies with all applicable corporate and securities law and the issuer's constating documents.
- f) Where a transaction involves the issuance of Restricted Securities or Super-Voting Securities, the provisions of 2A.3(1) shall apply.
- g) Materials sent to security holders in connection with a vote for approval must contain information in sufficient detail to allow a security holder to make an informed decision. The Listed Issuer must file a draft of the information circular for Exchange review before it sends the information circular to security holders in respect of a transaction that requires Exchange review or approval.
- h) In addition to any specific requirement for security holder approval, the Exchange will generally require security holder approval if in the opinion of the Exchange the transaction would Materially Affect Control of the Listed Issuer.
- i) CSE may, in its discretion, require that security holder approval be given at a meeting at which holders of Restricted Securities are entitled to vote with the holders of any class of securities of the Listed Issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the Listed Issuer.

## (2) Sale of Securities

- (a) Subject to subsection 4.6(2)(b), security holders must approve a proposed securities offering (by way of prospectus or by private placement) if:
  - (i) the number of securities issuable in the offering (calculated on a fully diluted basis) is more than
    - 1) 25% of the total number of securities or votes outstanding (calculated on a non-diluted basis) for an NV Issuer, or
    - 2) for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) accompanied by a new Control Person or 100% of the total number of securities or votes outstanding;
  - (ii) the price is lower than the market price less the Maximum Permitted Discount, regardless of the number of shares to be issued; or
  - (iii) the number of securities issuable to Related Persons of an NV Issuer in the offering, when added to the number of securities issued to such Related Persons of the NV Issuer in private placements or acquisitions in the preceding twelve months (in each case, calculated on a fully diluted

basis), is more than 10% of the total number of securities or votes outstanding (calculated on a non-diluted basis), regardless of the price of the offering.

(b) Security holder approval of an offering may not be required if:

(i) the Listed Issuer is in serious financial difficulty;

(ii) the Listed Issuer has reached an agreement to complete the offering;

(iii) no Related Person of a Listed Issuer is participating in the offering; and

(iv) the

(1) audit committee, if comprised solely of Independent Directors, or

(2) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate,

have determined that the offering is in the best interests of the Listed Issuer, is reasonable in the circumstances and that it is not feasible to obtain security holder approval or complete a rights offering to existing security holders on the same terms.

(c) A Listed Issuer using the exemption in subsection 4.6(2)(b) must issue a news release five days in advance of the security offering stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

### (3) Acquisitions and Dispositions

a) Securityholders must approve an acquisition if:

(i) a Related Person of an NV Issuer or a group of Related Persons of an NV Issuer has a 10% or greater interest in the assets to be acquired and the total number of securities issuable (calculated on a fully diluted basis) are more than 5% of the total number of securities or votes of the NV Issuer outstanding (calculated on a non-diluted basis); or

(ii) for Listed Issuers that are not investment funds, the total number of securities issuable (calculated on a fully diluted basis) is more than

1) 25% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) for an NV Issuer; or

2) for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) accompanied by a new Control Person or 100% of the total number of securities or votes outstanding;

where,

(iii) the term “total number of securities issuable” includes securities issuable pursuant to:

- 1) the acquisition agreement;
- 2) any Security Based Compensation Arrangement of the target Entity assumed by the Listed Issuer, Awards issued by the Listed Issuer as a replacement for Awards issued by the target Entity, and Security Based Compensation Arrangements created for employees of the target Entity as a result of the acquisition; and

(iv) any concurrent private placement upon which the acquisition is contingent or otherwise linked.

- b) Security holders must approve a disposition that is more than 50% of the assets, business or undertaking of the Listed issuer.
- c) A Listed Issuer that is an investment fund must comply with applicable securities law requirements.

#### **(4) Security Based Compensation Arrangements**

Security holders must approve the adoption of, or amendments to, a plan as described in Policy 6, s. 6.5.

#### **(5) Rights Offering**

(a) Subject to section 4.6(5)(b), security holder approval is required where securities offered by way of rights offering are offered at a price greater than the Maximum Permitted Discount to the market price.

(b) Security holder approval for a rights offering is not required where:

- (i) the audit committee, if comprised solely of Independent Directors has, or
- (ii) a majority of the Independent Directors in a vote in which only Independent Directors participate have,

determined that the rights offering, including the pricing thereof, is in the best interests of the Listed Issuer, and is reasonable in the circumstances.

(c) A Listed Issuer taking advantage of the exemption in s. 4.6(5)(b) must forthwith issue a news release stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

#### **(6) Shareholder Rights Plan**

Security holders must approve the adoption of or amendments to a plan as described in Policy 6, s. 6.9.

(7) **Related Party Transactions**

Any transaction subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) must comply with any requirements for formal valuations and minority security holder approval.

(8) **Consolidations**

Security holders must approve a consolidation of a listed security if

(a) the consolidation ratio is greater than 10 to 1; or

(b) when combined with any other consolidation in the previous 24 months that was not approved by shareholders, the consolidation ratio is greater than 10 to 1.

## POLICY 5

### TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS

#### 5.1 ~~4~~ Introduction

- (1) ~~4.1~~ The Exchange believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by Listed Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to ~~material information~~ Material Information about a Listed Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.
- (2) ~~4.2 Recent advances in the technology of information~~ Information dissemination ~~sources~~ such as SEDAR ~~and the Internet~~ facilitate immediate, widespread and economical dissemination of Listed Issuer information. For this reason, the Exchange requires Listed Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Listed Issuer's size. The establishment of a comprehensive, publicly available disclosure base for every Listed Issuer ~~lies at the heart of the Exchange~~ is fundamental.
- (3) ~~4.3~~ To continue to qualify for ~~listing~~ Listing, every Listed Issuer must make high quality, timely and continuous disclosure of ~~material information~~ Material Information.
- (4) ~~4.4~~ This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. Listed Issuers must comply with all applicable requirements of securities ~~legislation and Commission rules~~ law. In particular, mining Issuers must comply with the additional disclosure requirements of National Instrument 43-101- *Standards of Disclosure for Mineral Projects*. Oil and gas Issuers must comply with the additional disclosure requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. All ~~CNSX~~ Listed Issuers must comply with National Policy 51-201 – *Disclosure Standards*.

#### ~~2~~ 5.2 Disclosable Events

~~2.1~~ (1) Listed Issuers are required to make public disclosure of all ~~material information~~ Material Information.

~~2.2~~ (2) Listed Issuers 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 and uncharacteristic of the effect generally experienced as a result of such development

by other companies engaged in the same business or industry, Listed Issuers 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. A reasonable investor's investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the Listed Issuer's business and affairs. For example, changes in a Listed Issuer's issued capital, stock splits, redemptions and dividend decisions may all have an impact upon the reasonable investor's investment decision.

23 (3) Actual or proposed ~~developments~~Developments that require immediate disclosure include, ~~but are not limited to, the following:~~

- (a) (a) changes in share ownership that may affect control of the Listed Issuer;
- (b) (b) changes in corporate structure, such as reorganizations, amalgamations, etc.;
- ~~(c) — take-over bids~~ (c) Take-Over Bids or issuer bids;
- ~~(d)~~ (d) major corporate acquisitions or dispositions;
- ~~(e)~~ (e) changes in capital structure;
- ~~(f)~~ (f) borrowing of a significant amount of funds;
- ~~(g)~~ (g) public or private sale of additional securities;
- ~~(h)~~ (h) development of new products and developments affecting the Listed Issuer's resources, technology, products or market;
- ~~(i)~~ (i) significant discoveries or exploration results, both positive and negative, by resource companies;
- ~~(j)~~ (j) entering into or loss of significant contracts;
- ~~(k)~~ (k) firm evidence of significant increases or decreases in near-term earnings prospects;
- ~~(l)~~ (l) changes in capital investment plans or corporate objectives;
- ~~(m)~~ (m) significant changes in management;
- ~~(n)~~ (n) significant litigation;
- ~~(o)~~ (o) major labour disputes or disputes with major contractors or suppliers;
- ~~(p)~~ (p) events of default under financing or other agreements; ~~or~~ and
- ~~(q)~~ (q) any other ~~developments~~Developments relating to the business and affairs of the Listed Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.

24 (4) Disclosure is only required where a development is ~~material~~within the scope of Material Information. Announcements of ~~an intention to proceed with~~ a transaction or activity should be made when ~~at the~~ decision ~~has been made~~ to proceed ~~with it~~ by the Listed Issuer's ~~board of directors~~Board, or by senior management (with the expectation of concurrence from the ~~board of directors~~Board) ~~has been made~~.

However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.

2.5(5) 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 investors or others not involved in the management of the affairs of the Listed Issuer. If disclosed, they should be ~~generally~~publicly disclosed.

### **3 5.3 Consultation with the Market Regulator**

- (1) ~~3.4~~ It is the responsibility of each Listed Issuer to determine what information is material in the context of the Listed Issuer's own affairs. The materiality of information varies from one Listed Issuer to another, and will be influenced by factors such as the Listed Issuer's profitability, assets, capitalization, and the nature of its operations. An event that is "significant" or major" in the context of a smaller Listed Issuer's business and affairs may not be material to a larger Listed Issuer.
- (2) ~~3.2~~ Given the element of judgment involved, Listed Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to ~~material information~~Material Information.

Proposed transactions or events may be subject to additional requirements. Listed Issuers should review the Policies, and communicate with the Exchange regarding any questions.

### **4 5.4 Rumours and Unusual Trading Activity**

- 4.1 (1) Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor ~~and~~/or the trading price of the Listed Issuer's securities. It is impractical to expect a Listed Issuer's management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the Listed Issuer make a clarifying statement. A trading halt may be imposed pending release of a "no corporate developments" statement from the Listed Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed ~~material information~~Material Information, the Market Regulator will require the Listed Issuer to make immediate disclosure of the relevant ~~material information~~Material Information, and a trading halt may be imposed pending release and dissemination of that information.

### **5 5.5 Timing of Disclosure and Pre-Notification of the Market Regulator**

- (1) ~~5.4~~ Subject to pre-notification of the Market Regulator, a Listed Issuer is required to disclose ~~material information~~Material Information 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 that ~~persons~~Persons with access to that information will act upon undisclosed information.

- (2) ~~5.2~~ The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the Listed Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading in the Listed Issuer's securities should be temporarily halted.

## 6 ~~5.6~~ Dissemination

- (1) ~~6.1~~ A news release must be transmitted to the media by the quickest ~~possible method~~, and ~~by a method that provides the~~ widest ~~dissemination~~disseminating method 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 that provides national and simultaneous coverage.
- (2) ~~6.2~~ The Exchange accepts the use of any news services that meet the following criteria:
- (a) ~~a~~ a dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
  - (b) ~~b~~ b dissemination to all Dealers; and
  - (c) ~~c~~ c dissemination to all relevant regulatory bodies.
- (3) ~~6.3~~ Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the Listed Issuer to ensure appropriate dissemination of news releases, and any failure to properly disseminate news shall be deemed to be a breach of this ~~policy~~Policy and shall be grounds for suspension or ~~disqualification~~Disqualification from ~~listing~~Listing. In particular, The Exchange will not consider relieving a Listed Issuer from its obligation to disseminate news properly because of cost factors.

~~6.4~~ ~~CNSX~~Listed Issuers must ~~simultaneously post~~Post to the Exchange website all news releases ~~disseminated~~immediately following dissemination.

## 7 ~~5.7~~ No Selective Disclosure

- 7.1 (1) Disclosure of ~~material information~~Material Information must not be made on a selective basis. The disclosure of ~~material information~~Material Information should not occur except by means that ensure that all investors have equal access to the information ~~on an equal footing~~. The Exchange recognizes that good ~~corporate~~ governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the ~~corporation~~entity's business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than by widely disseminated press releases in accordance with this ~~rule~~Policy, Listed Issuers may not, under any circumstances, communicate ~~material information~~Material Information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the Listed Issuer's securities or funds that hold such securities.

- 7.2 (2) The ~~board of directors~~Board of a Listed Issuer should put in place policies and



procedures that will ensure that those responsible for dealing with shareholders, ~~brokers~~investment dealers, analysts, and other external parties are aware of their and the Listed Issuer's obligations with respect to the disclosure of ~~material information~~Material Information.

~~7.3(3)~~ Should ~~material information~~Material Information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with ~~the rule~~this Policy, the Listed Issuer must immediately ~~contact~~communicate with the Market Regulator and request a trading halt pending the widespread dissemination of the information.

## **8 5.8 Content of News Releases**

(1) ~~8.1~~ Announcements of ~~material information should~~Material Information must be factual and balanced ~~and unfavourable~~. Unfavourable news must be disclosed just as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow ~~them to make for~~ informed investment decisions. Listed Issuers ~~should~~must communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.

(2) ~~8.2~~ All news releases must include the name of an officer or director of the Listed Issuer who is responsible for the announcement, together with the Issuer's telephone number. The Issuer may ~~also~~ include ~~the name and telephone number of an~~ additional contact personinformation.

(3) ~~8.3~~ Any Listed Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice ~~to the Issuer~~.

## **9 5.9 Confidential Disclosure - When Information May be Kept Confidential**

9.1 (1) Section ~~75(3)7~~ of ~~the Securities Act (Ontario)~~, as supplemented by National Policy 51-201, Instrument 51-102 Continuous Disclosure Obligations provides that where, ~~in the opinion of the a~~ reporting issuer, reasonably believes that the public disclosure of a material change would be unduly detrimental to ~~the its~~ interests ~~of the reporting issuer~~, or ~~where~~ the material change consists of a decision to implement a change made by ~~the reporting issuer's~~ senior management ~~of the Issuer~~ who believe that confirmation of the decision by the ~~board of directors~~Board is probable (and senior management has no reason to believe that any Person with knowledge of the material change has purchased or sold the reporting issuer's securities or traded a related derivative), the reporting ~~Issuer~~issuer may file a report with the Securities Regulatory Authority disclosing a material change on a confidential basis. ~~Non-disclosure of information is also provided for in s.140(2) of the Securities Act (Ontario).~~9.2

(2) ~~When a reporting~~ Listed issuer requests that information be kept confidential, ~~then pursuant to s.75(4) of the Securities Act, the reporting issuer~~the Listed Issuer must advise the ~~Commission~~Securities Regulatory Authority in writing within 10 days of filing if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the ~~material information~~Material Change is generally disclosed. The ~~Commission takes the view that~~ Securities Regulatory Authority can require the Listed Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the

~~Issuer~~reporting issuer resulting from disclosure.

9.3 (3) Listed Issuers should be guided by ~~pertinent~~applicable securities ~~legislation~~law in determining whether ~~material information~~Material Change can be filed on a confidential basis with the ~~Commission~~Securities Regulatory Authority. Where a decision is made to file a confidential report with the ~~Commission~~Securities Regulatory Authority, the Market Regulator must be immediately notified of the Listed Issuer's decision to do so. The Market Regulator must be provided with a copy of all submissions to the ~~Commission~~Securities Regulatory Authority relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the Listed Issuer and the ~~Commission~~Securities Regulatory Authority relevant thereto, and any decision of the ~~Commission~~Securities Regulatory Authority with respect to the ability of the Issuer to make or continue confidential disclosure, or requiring the Issuer to make general disclosure.

~~9.4 Similar provisions exist in the securities legislation of other jurisdictions. Listed Issuers that are reporting issuers in other jurisdictions must ensure that they comply with all applicable rules in addition to this Policy.~~

#### 10 5.10 Maintaining Confidentiality

- (1) ~~10.1~~ Where disclosure of ~~material information~~Material Information is delayed, the Listed Issuer must maintain complete confidentiality. 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 Listed Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before ~~material information~~Material Information is disclosed, market activity in the Listed Issuer's securities should be closely monitored by the Listed Issuer. Any unusual market activity probably means that news of the matter is being disclosed and that certain ~~persons~~Persons are taking advantage of it. In such case, the Market Regulator should be advised immediately and a halt in trading will be imposed until the Issuer has made disclosure of the ~~material information~~Material Information.
- (2) ~~10.2~~ At any time when ~~material information~~Material Information is being withheld from the public, the Listed Issuer is under a duty to take precautions to keep such information completely confidential. Such information ~~should~~must not be disclosed to any of the Listed Issuer's officers, employees or advisers, except to those with a need to know in the ~~necessary~~normal course of business. The directors, officers and employees of a Listed Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

#### 11 5.11 Insider Trading

- (1) ~~11.1~~ Listed Issuers should make ~~insiders and others~~Persons who have access to ~~material information~~Material Information about the Listed Issuer ~~before it is generally disclosed~~ aware that trading in securities of the Issuer (or securities ~~whose market price or value varies materially with the securities of the Issuer~~) while in possession of ~~undisclosed material information~~ultimately impacted by the Material Information with

knowledge of Material Information that has not been generally disclosed or tipping such information is prohibited under applicable securities ~~legislation~~law, and may give rise to administrative, civil and ~~or~~ criminal liability.

- (2) ~~41.2~~ In any situation where ~~material information~~Material Information is being kept confidential, ~~management is under a duty to a Listed Issuer shall~~ take every possible precaution to ~~ensure that no~~prevent trading ~~whatsoever takes place by any insiders or persons in a “special relationship” with the Listed Issuer~~by Persons in which use is made of such ~~information~~Material Information before it is generally disclosed ~~to the public~~.
- (3) ~~41.3~~ In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before ~~material information~~Material Information has been generally disclosed ~~and disseminated~~, the Market Regulator may require that an immediate announcement be made disclosing such ~~material information~~Material Information. The Market Regulator ~~will refer the matter~~refers matters for enforcement to the appropriate ~~securities commission(s)~~Securities Regulatory Authority for enforcement action.

## ~~12~~ — Listing and

### 5.12 Trading Halts

- (1) ~~42.1~~ The Market Regulator will normally halt ~~quotation and~~ trading if:
- (a) the Listed Issuer requests a halt, during trading hours, to allow for the dissemination of ~~material information~~Material Information - the Market Regulator must be advised of the ~~material information~~Material Information and halt request as soon as possible, by phone ~~or fax~~, so that the Market Regulator may determine whether a ~~quotation and~~ trading halt is warranted pending the filing and dissemination of the news release;
  - (b) rumours are circulating in the marketplace that might influence or change a reasonable investor's investment decision;
  - (c) unusual trading activity suggests that ~~material information~~Material Information is selectively available - the Market Regulator may require that the Listed Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;
  - (d) the Listed Issuer is not in compliance with the terms of its Listing Agreement or any Exchange Requirement or applicable securities ~~legislation~~law;
  - (e) the Listed Issuer has issued an inaccurate, inadequate or misleading news release or 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
  - (f) circumstances exist which, in the opinion of the Exchange or the Market Regulator, could adversely affect the public interest or the integrity of the market.
- (2) ~~42.2~~ Where rumours or unusual trading activity are not based on undisclosed ~~material information~~Material Information, the Market Regulator may halt quotation and trading pending the release and dissemination of a “no corporate developments” statement.

When the rumours or unusual trading activity are based on whole or in part on undisclosed ~~material information~~Material Information, the Market Regulator may halt trading and quotation pending the release of the ~~material information~~Material Information.

- (3) ~~12.3~~ The Market Regulator, upon consultation with the Listed Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.
- (4) ~~12.4~~ A Listed Issuer may request a halt in quotation and trading of its securities pending public disclosure of ~~material information~~Material Information concerning the Issuer.
- (5) ~~12.5~~ In the event a Listed Issuer requests a halt in quotation and trading of its securities, the ~~CNSX~~Listed Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:
  - (a) disclosing the ~~material information~~Material Information; or
  - (b) advising that the halt is at the request of the Listed Issuer and that public disclosure is pending.

In the ~~former~~ case of (a), the halt shall be lifted after dissemination of the news release.

In the ~~latter~~ case of (b), the halt shall continue unless the Exchange or the Market Regulator determines resumption of quotation and trading is in the public interest.

- (6) ~~12.6~~ It is not appropriate for a Listed Issuer to request a halt if an announcement of ~~material information~~Material Information is not going to be made forthwith.
- (7) ~~12.7~~ A Listed Issuer may request a halt if ~~material information~~Material Information is to be kept confidential and disclosure delayed temporarily.
- (8) ~~12.8~~ Throughout the period during which a Listed Issuer's securities are halted, Dealers shall not quote or trade the securities of the Issuer on any marketplace or over-the-counter as principal or agent.

### **13 5.13 Documents Required to be Posted**

- (1) ~~13.1~~ Subject to section ~~13.25.13(2)~~, every Listed Issuer must ~~post~~Post the following documents (unless the disclosure contained therein is ~~posted~~Posted in a CNSX Form):
  - (a) every document required by the Policies;
  - (b) every document required to be:
    - (i) filed with any ~~securities regulatory authority~~Securities Regulatory Authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or
    - (ii) delivered to ~~shareholders~~security holders; or
    - (iii) filed on SEDAR,

and such documents must be ~~posted~~Posted concurrently or as soon as practicable following the filing or the delivery;

- (c) an annually-updated ~~Management's Discussion~~management discussion and ~~Analysis~~analysis set out in Section 6 of the Listing Statement, to be ~~posted within 140 days after~~Posted concurrently with the ~~end of the~~audited financial year of the Issuer or such shorter time period as may be specified in securities ~~legislation~~statements for Listed Issuers that are not exempt from the requirement to provide ~~Management's Discussion~~management discussion and ~~Analysis~~analysis;
- (d) a Quarterly Listing Statement (~~Form 5~~) current as of the last day of the relevant quarter, to be ~~posted~~Posted concurrently with a Listed Issuer's unaudited interim financial statement required under applicable securities ~~legislation~~law, and for an NV Issuer no later than 45 days from the last day of the relevant quarter;
- (e) if the Listed Issuer is not an NV Issuer, a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be ~~posted~~Posted before the opening of trading on the fifth ~~trading day~~Trading Day of the following month; and
- (f) an ~~annually updated~~Annual Listing Statement completed to reflect all changes to information appearing in the previously ~~posted~~Posted Listing Statement or Annual Listing Statement to be ~~posted~~Posted concurrently with the Listed Issuer's audited annual financial statements, or for an NV Issuer, a Form 51-102F2 Annual Information Form no later than 90 days from the NV Issuer's financial year end.

(2) ~~13.2~~ In respect of every debt security listed on the Exchange, the Listed Issuer must ~~post~~Post the following documents (unless the disclosure contained therein is ~~posted~~Posted in an Exchange-specific Form):

- (a) every document required to be:
  - (i) ~~i)~~ filed with any ~~securities regulatory authority~~Securities Regulatory Authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or
  - (ii) ~~ii)~~ delivered to security holders of the Issuer; or
  - (iii) ~~iii)~~ filed on SEDAR,

and such documents must be ~~posted~~Posted concurrently or as soon as practicable following the filing or the delivery; and

- (b) an ~~annually updated~~Annual Listing Statement completed to reflect all changes to information appearing in the previously ~~posted~~Posted Listing Statement or Annual Listing Statement to be ~~posted~~Posted concurrently with the Listed Issuer's audited annual financial statements, or for an NV Issuer, a Form 51-102F2 Annual Information Form no later than 90 days from the NV Issuer's financial year end.

#### **14 5.14 Continuous Disclosure Obligations**

(1) ~~14.1~~ General:

- (a) a Listed Issuer shall disclose to the public as soon as reasonably practicable any information relating to the [Listed](#) Issuer or any of its subsidiaries that has come to the knowledge of the [Listed](#) Issuer, if the information
  - (i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,
  - (ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or
  - (iii) might reasonably be expected to materially affect market activity in or the price of the securities of the Issuer.
- (b) paragraph (a) does not apply to information that
  - (i) affects the market or a sector of the market generally, and
  - (ii) has already been made available to the investing public.

## POLICY 6

### DISTRIBUTIONS & CORPORATE FINANCE

#### 4.6.1 General

- (1) ~~4.1~~ Listed ~~issuers~~Issuers must comply with ~~the requirements of~~ this Policy for any distribution of listed securities or any distribution of a security that is exchangeable, exercisable or convertible into a listed security. The specific requirements that apply depend on the nature of the agreement giving rise to the distribution.
- (2) ~~4.2 The Timely Disclosure~~ Policy ~~5~~ recognizes that ~~restricted~~certain circumstances exist where ~~an issuer~~a Listed Issuer may keep ~~material information~~Material Information confidential for a limited period of time if ~~premature~~general disclosure would be unduly detrimental to the company.

Listed Issuers must not set option exercise prices or ~~other~~ prices at which shares may be issued ~~on the basis of market prices~~ that do not reflect information known to management that has not been disclosed. Exceptions are where the share option or issuance relates directly to the undisclosed event and the grantee or recipient of the shares is not an employee or insider of the Listed Issuer at the time of grant or issue (e.g., an issuance of shares in payment for an acquisition, or a grant of options to an employee of the company to be acquired as an incentive to ~~remain~~continue employment with the Listed Issuer).

- (3) ~~4.3~~ Requirements for stock splits and consolidations are detailed in Policy 9. Distributions that result in or could result in a ~~change~~Change of ~~business~~Business or a ~~change~~Change of ~~control~~Control may be subject to ~~the additional requirements of~~ Policy 8. Non-arm's length distributions may also be subject to the requirements of ~~OSC Rule 61-501~~Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions in addition to the requirements of this Policy.

~~4.4~~ ~~In addition to the requirements of this Policy,~~

- (4) Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to ~~National Instrument 45-101 Rights Offerings (NI 45-101)~~, National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) for exempt distributions including rights offerings and National Instrument 45-102 *Resale of Securities* (45-102) for restrictions on resale of securities.
- a) In addition to any applicable resale restrictions under securities ~~legislation,~~ for any law, securities issued under the prospectus exemption in section 2.24 of NI 45-106 (Employee, executive officer, director and consultant) ~~the Exchange requires the securities to~~ must be subject to a hold period of 4 months commencing on the date of distribution of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.

- b) In determining whether the hold period will be required, the Exchange will consider such things as the relationship between the Listed Issuer and the ~~individual or entity~~ Person receiving securities, the price per security, number of securities to be issued, the value of the transaction, and any other factors the Exchange considers relevant to the decision.
- c) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, or lack thereof, on the securities to be issued.

(5) ~~4.5~~—As an issuance or potential issuance of securities constitutes ~~material information~~ Material Information, the Listed Issuer must comply with Policy 5 in addition to the requirements of this Policy.

(6) All treasury and reservation orders must contain the information set out in Policy 2 s. 2.12, and copies must be provided to the Exchange within 5 business days of each issuance of shares.

## **2. 6.2 Private Placements**

~~24~~ (1) The Exchange defines ~~the term~~ “private placement” as a prospectus ~~-~~exempt distribution of securities for cash or in consideration for forgiveness of *bona fide* debt. Private placements are subject to the securityholder approval requirements in Policy 4.

### (2) Price

(a) Listed Issuers may not make a private placement at a price per security lower than the greater of :

(ai)          \$0.05, and

(~~b~~ii) the closing market price of the security on the Exchange on the Trading Day prior to the earlier of the dissemination of a news release disclosing the private placement or ~~posting~~ the Posting of notice of the proposed private placement, less a discount which shall not exceed the amount Maximum Permitted Discount set forth below:



Closing Price	<u>Maximum Permitted Discount</u>
Up to \$0.50	25% (subject to a minimum price of \$0.05)
\$0.51 to \$2.00	20%
Above \$2.00	15%

2.2(b) The closing price is to be adjusted to reflect stock splits or consolidations and may not be influenced by the ~~issuer~~Listed Issuer, any officer or director of the issuer or any ~~party to or~~Person with knowledge of the private placement.

(c) Notwithstanding s. 6.2(2)(a), a Listed Issuer may complete a private placement at a price lower than \$0.05 provided that:

(i) The price must not be lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange, which for the purposes of shareholder approval in 4.6(3) will be considered to include the Maximum Permitted Discount); and

(ii) The proceeds are to be used for working capital or *bona fide* debt settlement, excluding accrued salaries to officers or directors of the Listed Issuer and payment for Investor Relations Activities; and

(iii) The information required by 6.2(4) is provided to the Exchange and the price is approved by the Exchange in advance of closing.

(d) The Exchange, at its discretion, may accept or require an alternate price such as a multi-day volume-weighted-average-price in place of a closing price.

(3) 2.3 If debt is to be exchanged for shares, the purchase price is to be determined by the face amount of the debt divided by the number of shares to be issued. If the private placement ~~is~~consists of special warrants, the price per share is to be determined based on the total number of shares that may be issued under the private placement assuming any penalty provisions are triggered. If the private placement involves securities exercisable or convertible into a listed security, ~~please~~also refer to section 7 in addition to this section.

(4) 2.4 Other than an Inactive Issuer, a Listed Issuer with a *bona fide* intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange and the Exchange has not consented to an extension. An Inactive Issuer may not close a financing without prior Exchange approval. The request must be submitted via email to [PriceProtection@thecse.com](mailto:PriceProtection@thecse.com) and must include the following:

a) Listed Issuer name and trading symbol;

- b) the level of intended or anticipated insider participation, including whether the proposed issuance will result in a new insider or control position;
  - c) confirmation there is no undisclosed Material Information about the Listed Issuer,
  - d) the intended total value and use of proceeds;
  - e) the structure of the financing, including type and issue price of securities and the exercise price of any securities convertible into listed securities.
  - f) any significant information not included above that may be relevant, including but not limited to, any upcoming shareholders meeting for which a Record Date has been or is shortly expected to be determined, any pending mergers, acquisitions, Take-Over Bids, changes to capital structure or other significant transactions, and any details regarding potential dissident shareholders and/or proxy contests.
- (5) ~~2.5~~ Subject to the Timely Disclosure ~~Requirements and section 2.4, above,~~ requirements of Policy 5, a Listed Issuer, including a Listed Issuer that has ~~announced and~~ requested price protection pursuant to section 6.2(4),
- a) must announce an intention to complete a private placement ~~must~~ at least 5 Business Days prior to closing, and
  - b) immediately ~~post~~ Post notice of the proposed private placement (~~Form 9~~ on the Exchange website Notice of Proposed Issuance of Listed Securities).
- (6) ~~2.6~~ Upon closing of the proposed private placement the Listed Issuer must ~~post~~ Post:
- a) an amended ~~Form 9~~ Notice of Proposed Issuance of Listed Securities, if applicable, and
  - b) ~~an executed a signed~~ a signed Certificate of Compliance (~~Form 6~~ from the Listed Issuer that it has complied and is in compliance with Ontario securities law and Exchange Requirements).
- (7) ~~2.7~~ Forthwith upon closing, the Listed Issuer must ~~provide the Exchange with~~ Post the following documents:
- (a) a letter from the Listed Issuer confirming receipt of proceeds;
  - (b) an opinion of counsel that the securities issued in connection with the private placement (including any underlying securities, if applicable) have been duly issued and are outstanding as fully paid and non-assessable shares; and
  - (c) ~~A~~ a copy of ~~the Form 9, as posted~~ final Notice of Proposed Issuance of Listed Securities, with an appendix containing the information set out in Table 1B of the ~~Form 9~~ Notice of Proposed Issuance of Listed Securities for all ~~places~~ places in the financing.

### 3.1

#### ~~3.~~ **3 Acquisitions**

- (1) ~~3.4~~ Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately ~~post~~ Post notice of the proposed acquisition (~~Form 9~~ Notice of Proposed Issuance of Listed Securities).

Management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request. Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.

(a) Shares must be issued at a price that does not exceed the ~~maximum discount allowable~~ Maximum Permitted Discount under section ~~2.16.2(1)~~.

~~(a) 3.2 At~~ (b) Where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply.

(c) Acquisitions are subject to the security holder approval requirements in Policy 4.

(d) A Listed Issuer must, at least ~~one full~~ 5 Business ~~Day~~Days prior to closing of,

(i) announce the intention to complete the acquisition.

(ii) provide notice to the Exchange and a completed Notice of Proposed Issuance of Listed Securities.

(e) If the Exchange has not objected to the ~~proposed~~ acquisition within the five business day period, the Listed Issuer ~~must post an amended Form 9, if applicable.~~ may proceed to close the acquisition

~~3.3 (2)~~ (2) Forthwith upon closing, ~~the CNSX a~~ Listed Issuer must ~~post~~ Post the ~~following documents~~ following documents:

(a) a letter from the Listed Issuer confirming closing of the acquisition and receipt of the assets, transfer of title to the assets or other evidence of receipt of consideration for the issuance of the securities,

~~(b) an executed a signed~~ signed Certificate of Compliance ~~(Form 6) from the Listed Issuer that it has complied and is in compliance with Ontario securities law, and~~

(c) an amended Notice of Proposed Issuance of Listed Securities, if applicable.

~~3.4 (3)~~ (3) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the acquisition (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

#### 4. 6.4 Prospectus Offerings

- (1) ~~4.1~~ A Listed Issuer proposing to issue securities pursuant to a prospectus must disseminate a press release and file ~~notice~~Notice of ~~the proposed prospectus offering (Form 8)~~Prospectus Offering forthwith upon filing the preliminary prospectus or earlier for a bought deal.
- (2) ~~4.2~~ The Listed Issuer must ~~post~~Post the following documents concurrently with their filing on SEDAR:
  - (a) a copy of the preliminary prospectus;
  - (b) a copy of the receipt for the preliminary prospectus issued by the ~~Commission or other~~ applicable ~~securities regulatory authority~~Securities Regulatory Authority;
  - (c) a copy of the final prospectus; and
  - (d) a copy of the receipt for the final prospectus issued by the ~~Commission~~Securities Regulatory Authority.

The Listed Issuer may ~~post~~Post any ~~other~~ information or documentation relating to the proposed prospectus offering ~~otherwise in compliance with Ontario securities law~~ that the Listed Issuer considers relevant or of interest to investors.

- (3) ~~4.3~~ Prior to closing of the prospectus offering and the issuance of any securities pursuant thereto the Listed Issuer must ~~post~~Post the following documents:
  - (a) an amended ~~Form 8~~Notice of Prospectus Offering, if applicable;
  - (b) a copy of the final prospectus (if not already ~~posted~~Posted);
  - (c) a copy of the receipt for the final prospectus issued by the ~~Commission~~applicable Securities Regulatory Authority (if not already ~~posted~~Posted); and
  - (d) ~~an executed~~a signed Certificate of Compliance ~~(Form 6) from the Listed Issuer that~~

~~it has complied and is in compliance with Ontario securities law and Exchange Requirements.~~

- (4) ~~4.4~~ In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the offering (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

#### 5. ~~—~~ **Incentive Stock Options**

#### 6.5 **Security Based Compensation Arrangements**

- (1) ~~5.4~~ This section sets out the Exchange ~~requirements~~Requirements respecting ~~stock options~~Security Based Compensation Arrangements, including Stock Options (other than overallotment options to an underwriter in a prospectus offering or options to increase the size of the distribution prior to closing) which are used as incentives or compensation mechanisms for employees, directors, officers, consultants and other ~~persons~~Persons who provide services for Listed Issuers.
- (2) A Security Based Compensation Arrangement must state a maximum number of

securities issuable as a fixed number or percentage of the issued and outstanding shares of the same class of securities.

~~5.2(3)~~ A Listed Issuer must not grant ~~stock options~~Stock Options or Awards with an exercise price lower than the greater of the closing market prices of the underlying securities on

(a) the ~~trading day~~Trading Day prior to the date of grant of the ~~stock options~~Stock Options; and

(b) the date of grant of the ~~stock options~~Stock Options.

~~5.3 In addition to Exchange Requirements, a Listed Issuer must comply with the provisions of National Instrument 45-106 Prospectus Exempt Distributions and any successor instrument. For clarity a Listed Issuer is or is deemed to be an “unlisted issuer” for the purposes of Division 4 of National Instrument 45-106.~~

~~5.4~~

~~(4)~~ Within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards. Evergreen plans contain provisions so that the Awards replenish upon the exercise of options or other entitlements, and such provisions must be properly disclosed and approved by security holders. Security holders must pass a resolution specifically approving unallocated entitlements under the evergreen plan. Security holder approval relating to other types of amendments to an evergreen plan must not be accepted as implicit approval to continue granting Awards under an evergreen plan. In addition, the resolution should include the next date by which the Listed Issuer must seek security holder approval, such date being no later than three years from the date such resolution was approved. If security holder approval is not obtained within three years of either the institution of an evergreen plan or subsequent approval, as the case may be, all unallocated entitlements must be cancelled and the Listed Issuer must not be permitted to grant further entitlements under the evergreen plan, until such time as security holder approval is obtained. However, all allocated Awards under an evergreen plan, such as options that have been granted but not yet exercised, can continue unaffected. If security holders fail to approve the resolution for the renewal of a plan, the Listed Issuer must forthwith stop granting Awards under such plan, even if such renewal approval was sought prior to the end of the three-year period.

~~(5)~~ A Listed Issuer must ~~post~~Post the notice of ~~stock option~~Stock Option or Award grant ~~or amendment (Form~~

~~44)~~Notice of Proposed Stock Options immediately following each ~~grant of stock options~~Grant by the Listed Issuer.

~~55~~ ~~In addition, upon~~(6) Upon the first ~~grant of options~~Grant under a ~~plan~~Security Based Compensation Arrangement, or following an amendment to a Security Based Compensation Arrangement, the Listed Issuer must provide the Exchange with:

(a) an opinion of counsel that all the securities issuable under the ~~plan~~Security Based Compensation Arrangement will be duly issued and be outstanding as fully paid and non-assessable shares (“Opinion”). For ~~options granted~~Grants outside of a plan, the ~~opinion~~Opinion must be provided with each ~~grant of options~~Grant;

(i) a copy of the Security Based Compensation Arrangement; and

(ii) if the Security Based Compensation Arrangement provides for the issuance of greater than 5% of the issued and outstanding shares at the time of adoption as applying to an individual, or 10% in total in the next 12 months, evidence of shareholder approval of the Security Based Compensation Arrangement and confirmation that it was adopted by the majority of shareholders other than those excluded by law, Exchange Requirements, or the Listed Issuer constating documents.

~~5.6(7)~~ The terms of ~~an option~~ a Stock Option or Award may not be amended once issued. If ~~an option~~ a Stock Option or Award is cancelled prior to its expiry date, the Listed Issuer ~~must post notice of the cancellation and~~ shall not grant new ~~options~~ Stock Options or Awards to the same ~~person~~ Person until 30 days have elapsed from the date of cancellation.

(8) The Listed Issuer must include notice of exercise or cancellation during any month in the Monthly Progress Report.

## **6. 6.6 Rights Offerings**

### **(1) General Requirements**

~~6.1~~ A Listed Issuer ~~completing~~ intending to complete a rights offering must ~~de~~ inform the ~~following at least five trading days in advance of the record date (the record date being the date of closing of the transfer books for preparation of the final list of shareholders who are entitled to receive rights):~~

~~(a) clearances for the rights offering must be obtained from the Commission and all other securities commissions in jurisdictions where the rights will be distributed;~~

~~(b) all the terms of the rights offering must be finalized; and~~

~~(c) the Listed Issuer must post all of~~ Exchange in advance and provide the following documents (in addition to any other documents that may be required by Ontario applicable securities law ~~and other applicable securities legislation~~):

a) (i) a copy of the final version of the rights offering circular as approved by the Commission;  
~~(i) a specimen copy of the rights certificates~~ in Form 45-106F15 Rights Offering Circular for Reporting Issuers; and

~~(i);~~

b) a written statement as to the ~~date on which it is intended that~~ mailing date for the rights offering ~~circular~~ notice and rights certificates ~~will be mailed~~ to the shareholders ~~(which. The mailing date should be as soon as possible after the record date)~~ Record Date.

(2) ~~6.2 In addition, prior~~ Prior to the ~~record date~~ Record Date, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the rights offering (including any underlying securities, if applicable) will be duly issued and outstanding as fully paid and non-assessable shares.

(3) **Listing of Rights**

(a) ~~6.3 Rights which receive all regulatory approvals~~ may be qualified for listing Listing if the rights entitle the holders to purchase securities that are qualified for listing Listing. Rights which do not fall into this category will normally not be listed. ~~If rights issued to shareholders of a Listed Issuer entitle the holders to purchase securities of another Issuer which is not qualified for listing, the rights will not be listed on the Exchange~~ unless such other Issuer issuer and its securities are qualified for listing Listing on the Exchange.

(b) ~~6.4~~ Rights are listed on the first trading day Trading Day preceding the ~~record date~~ Record Date. At the same time, the shares of the Listed Issuer commence trading on an ex-rights basis, which means that purchasers of the Listed Issuer's securities are not entitled to receive the rights.

(c) ~~6.5~~ Quotation and trading in rights for normal settlement ceases prior to the opening on the second trading day Trading Day preceding the expiry date. Quotation and trading of rights ceases at 12:00 noon on the expiry date.

(4) **Other Requirements Respecting Rights**

(a) ~~6.6~~ Rights must be transferable.

(b) ~~6.7(a)~~ Once the rights have been listed on the Exchange, the essential terms of the rights offering, such as the exercise price or the expiry date, may not be amended.

(c) ~~(a)~~ Shareholders must receive at least one right for each share held.

(d) ~~(b)~~ The rights offering must be unconditional.

(5) **Report of Results of Rights Offering**

~~6.8~~ As soon as possible after the expiry of the rights offering, the Listed Issuer must do the following:

(a) ~~post~~ Post a letter stating the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement; and

(b) b disseminate a news release setting out the results of the rights offering and confirming the closing of the offering.

**7. 6.7 Options, Warrants and Convertible Securities Other Than Incentive Options or Rights**

(1) **7.1.4 Issue Price and Exercise Price**

Listed a — Subject to a minimum of \$0.05, listed securities issuable on conversion of an option, warrant or other convertible security other than an incentive option or right (collectively,

“convertible securities”) may not be issued at a price (including the purchase price of the convertible) lower than the closing market price of the listed security on the Exchange on the Trading Day prior to the earlier of dissemination of a news release disclosing the issuance of the convertible security or the ~~posting~~Posting of notice of the proposed issuance of the convertible security. For example, if the closing price of the ~~common shares~~Common Shares of a Listed Issuer was \$0.50 and a warrant was sold at \$0.05, the exercise price of the warrant could not be less than \$0.45. If a convertible preferred share were issued at \$1.00, it could not be convertible into more than 2 ~~common shares~~Common Shares.

#### ~~7.1.2 Term~~

~~The maximum term permitted for warrants is 5 years from the date of issuance.~~ b) Warrants may be attached to or issued concurrently with other securities as a bonus or additional incentive. Warrants may not otherwise be issued for nil or for a purchase price less than \$0.05.

c) The conversion price for convertible debentures may be established at the time of issuance as a fixed price in accordance with s6.7(1)(a), or at the market price at the time of conversion, determined by the most recent closing price of the underlying security on the day of conversion.

### (2) Restrictions

~~7.2~~ a) If ~~convertible securities~~warrants are issued in connection with a private placement of the listed securities, the total number of listed securities issuable under the terms of the ~~convertible securities~~warrants cannot be greater than the number of listed securities initially purchased in the private placement.

~~7.3~~ b) In all other respects, the provisions of this Policy apply to the issuance of convertibles. Please refer to section 26.2 for further requirements for private placements of convertibles, section 3 for issuances of convertibles in connection with an acquisition and section 4 for prospectus offerings.

c) The maximum term permitted for warrants and convertible securities is 5 years from the date of issuance.

### (3) 7.4 Amendments

Except as provided for in this ~~Policy 7.4~~section 6.7(3), Listed Issuers must not change, modify or amend the characteristics of outstanding warrants or other convertible securities other than pursuant to standard anti-dilution terms. For greater certainty, the fact that a convertible security will expire out of the money is not an “exceptional circumstance.”

~~7.4.1—An~~ A Listed Issuer may amend the terms of private placement warrants (not including warrants issued to an ~~Agent~~agent as compensation) if:

- a) ~~The~~the warrants are not listed for trading;
- b) ~~The~~the exercise price is higher than the current market price of the underlying security;
- c) ~~No~~no warrants have been exercised in the last six months; and



d) ~~At~~ at least 10 ~~trading days~~ Trading Days remain before the expiry date.

~~7.4.2~~ (4) The amendment of warrant terms must be disclosed in a press release no later than one day prior to the effective date of the amendment, and a notice ~~posted~~ Posted to the Exchange website immediately thereafter (~~Form 13—Notice of~~ Amendment to Warrant Terms). For any amendment, the press release must disclose the old warrant term and the new warrant term so that investors can fully understand the change.

#### ~~7.4.3~~ (5) **Warrant Extension**

The term of a warrant may not be extended more than 5 years from the date of issuance.

#### ~~7.4.4~~ (6) **Warrant Repricing**

~~An~~ A Listed Issuer may amend the exercise price of warrants if:

- a) ~~The~~ (a) the warrants were priced above the market price of the underlying security at the time of issuance and the amended price is also at or above that price;
- b) ~~The~~ (b) the amended price is at or above the average closing price, or the midpoint between the closing bid and ask on days with no trades, of the underlying shares for the most recent 20 ~~trading days~~ Trading Days;
- c) ~~The~~ (c) the price has not previously been amended; and,
- d) ~~The~~ (d) the amended exercise price is higher than the exercise price at the time of issuance and all Warrant holders consent to the ~~amended price~~ amended price.

~~7.4.5—An~~ (7) A Listed Issuer may amend the exercise price to a price below the market price of the underlying security at the time of issuance provided that:

- a) ~~If~~ if, following the amendment, for any 10 consecutive ~~trading days~~ Trading Days the closing price of the listed shares exceeds the amended exercise price by the applicable private placement discount, the ~~terms~~ term of the warrants must also be amended to 30 days. The amended term must be announced by press release and ~~Form 13~~ Amendment to Warrant Terms and the 30 -day period ~~will~~ commence 7 days from the end of the 10 -day period;\_
- b) ~~Consent~~ consent is obtained from all holders of the warrants; and
- c) ~~The~~ the price has not previously been amended.

~~7.4.6~~ (8) For any repricing of warrants permitted by ~~this~~ section ~~7.4.6~~ 7(8), a maximum of 10% of the total number of warrants being repriced may be repriced for insiders holding warrants. If insiders hold more than 10%, then the 10% allowed will be allocated *pro rata* among those insiders.

## ~~7.5~~

(9) Listed Issuers must obtain appropriate corporate approvals prior to any change, modification or amendment of outstanding warrants or other convertible securities (including non-listed securities). The amendment of the terms of a warrant (or other security) may be considered to be the distribution of a new security under securities laws and required exemptions from legislative requirements. Furthermore, the amendment of the terms of a security held by an insider or a related party may be considered to be a related party transaction under ~~OSC Rule~~

~~61-501~~MI 61-101 Protection of Minority Security Holders in Special Transactions (“MI 61-101”) and require exemptions from provisions of that rule. Issuers should consult legal counsel before amending the terms of a security.

**8. 6.8 Control Block Distributions (Sale From a Control Position)**

- (1) ~~8.1 A control block holder~~Control Block Holder (in this section, “Seller”) wishing to distribute securities of a Listed Issuer through a Dealer and the Exchange shall ~~post on the Exchange website~~Post a copy of the Form 45-102F1 *Notice of Intention to Distribute* ~~together with the correspondence filing the Form 45-102F1 with the Ontario Securities Commission~~Securities at least seven days prior to the first tradeof the distribution.
- (2) ~~8.2~~ The Listed Issuer and the Dealer acting on behalf of the Seller shall be responsible for ensuring the ~~control block holder~~Control Block Holder complies with the provisions of this Policy, failing which the Exchange or the Market Regulator may halt, for trading, or the Exchange may suspend or disqualifyDisqualify the securities of the Listed Issuer ~~from listing~~. The Dealer and Seller should review the requirements in Part 2 of National Instrument 45-102 Resale of Securities.
- (3) The Seller must notify the Exchange of the Dealer that will act on their behalf, and the Dealer must confirm its appointment to the Exchange prior to the first trade of the distribution.
- (4) The Seller must file with the Exchange a report of each sale within three days of the trade and such report shall contain substantially the same information as an insider report to filed in accordance with securities law. The Dealer must file with the Exchange, within 5 Trading Days following the end of each month, a summary of the number of shares sold during the month and a confirmation when all shares have been sold.
- (5) Restriction on Control Block Sales
  - (a) Private Agreements – A Dealer is not permitted to participate in sales from control by private agreement transactions.
  - (b) Normal Course Issuer Bids -- If securities are the subject of a sale from a control position and a Normal Course Issuer Bid in accordance with s. 6.10(3), the sale from control and the NCIB will be permitted on the condition that:
    - (i) The Dealer acting for the Listed Issuer confirms to the Exchange it will not bid for securities on behalf of the Listed Issuer at a time when the securities are being offered by the Seller;
    - (ii) the Dealer acting for the Seller confirms in writing to the Exchange that it will no offer securities on behalf of the Seller at a time when securities are being bid for under the NCIB; and
    - (iii) transaction in which the Listed Issuer is on one side and the Seller on the other are not permitted.
  - (c) Price Guarantee – The price at which sales are to be made cannot be established or guaranteed prior to the seventh day after Posting the Form 45-102F1.
  - (d) Crosses – A Dealer may distribute the whole of a control block sale to a client by

way of a cross, subject to UMIR.

This section applies to any shareholder rights plan, commonly referred to as a “poison pill”, that is adopted by a Listed Issuer. Such plans are subject to review by the applicable Securities Regulatory Authorities pursuant to National Policy 62-202 *Take-Over Bids – Defensive Tactics*.

- (1) A Listed Issuer must Post the following documentation as soon as practicable after issuing a news release announcing the plan:
  - (a) a Notice of Shareholder Rights Plan; and
  - (b) a copy of the shareholder rights plan, unless already filed on SEDAR.
- (2) A shareholder rights plan may not exempt any securityholders from the operation of the plan, except that, where minority shareholder approval is obtained, a shareholder rights plan may provide exemptions to grandfather existing securityholders.
- (3) A plan may not have a triggering threshold of less than 20% unless shareholder approval is obtained.
- (4) Securityholders must ratify the plan no later than six months following the adoption of any material amendment to the plan. If securityholder ratification is not obtained within this time period, the plan must be cancelled.
- (5) The Listed Issuer must issue a news release immediately upon the occurrence of any event causing the rights to separate from the Listed Security.

## **69 Takeover Bids and Issuer Bids**

### (1) Takeover Bids

- (a) A Listed Issuer undertaking a Take-Over Bid must provide documentation in the manner described below:
  - (i) Post Notice of Take-Over Bid within one Trading Day following announcement of the bid;
  - (ii) Post a copy of the Take-Over Bid circular, unless already filed on SEDAR; and
  - (iii) as soon as practicable, provide an opinion of counsel that any securities to be issued (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
- (b) If the Listed Issuer is offering a new class of securities as payment under the bid and wants to list those securities, the provisions of section 2A.1(3) (Restricted Securities) will apply.
- (c) As an acquisition, a Take-Over Bid is subject to the approval requirements of section 4.6(3).
- (d) Within five days of end of the month in which the Take-Over Bid closed, the Listed Issuer will file a final Notice of Take-Over Bid.

### (2) Issuer Bids

A Listed Issuer undertaking a formal issuer bid for a class of listed securities must: (a) Post a Notice of Formal Issuer Bid within one Trading Day following announcement of the bid; and

(b) Post a copy of the issuer bid circular required by applicable Canadian securities law as soon as practicable.

(c) For a Listed Issuer undertaking a formal issuer bid for a class of Listed Securities, include the Cancellation of Securities in the Monthly Progress Report.

(3) Normal Course Issuer Bids

(a) Sections 6.10(3)(c) through 6.10(5)(e) apply to:

(i) all Normal Course Issuer Bids by Listed Issuers; and

(ii) all purchases of Listed Securities by a trustee or other agent for a pension, stock purchase, Stock Option, dividend reinvestment or other plan in which employees or securities holders of a Listed Issuer may participate if:

(A) the trustee or agent is an employee, director, associate or affiliate of the Listed Issuer, or

(B) the Listed Issuer directly or indirectly controls the time, price, amount or manner of purchases or directly or indirectly influences the choice of the Dealer through which purchases are made.

(b) A Listed Issuer must not announce a Normal Course Issuer Bid or file any documentation in connection with a Normal Course Issuer Bid, if it does not have a present intention to purchase securities.

(c) The maximum number of securities to be purchased under a Normal Course Issuer Bid cannot be a number that would make that class of securities ineligible for continued Listing on the Exchange, assuming all the securities are purchased.

(d) A Listed Issuer intending to make a Normal Course Issuer Bid for a class of Listed Securities must file a draft Notice of Normal Course Issuer Bid, which states the number of securities that the listed issuer's board of directors has determined may be acquired under the bid, seven Trading Days prior to issuing a news release announcing the details of the bid and of any bid in the previous 12 month period (including the maximum number of securities that the Listed Issuer sought and obtained approval to purchase and the number purchased and the manner in which they were purchased); the final Notice of Normal Course Issuer Bid must be filed when the news release is disseminated.

(e) A Normal Course Issuer Bid expires on the earlier of:

(i) one year from the date purchases are permitted pursuant to section 6.10(5)(a); and

(ii) any earlier date specified in the Notice of Normal Course Issuer Bid.

(f) The maximum number of securities that can be purchased under the bid must be adjusted for stock splits, stock dividends and stock consolidations. The Listed Issuer must file an amended Notice of Normal Course Issuer Bid reflecting the

adjustment at the same time as it files the documentation required for the subdivision or consolidation.

(g) If:

(i) the original Notice of Normal Course Issuer Bid specified purchases of less than the maximum number permitted under the definition of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the final Notice of Normal Course Issuer Bid; and

(ii) the number of securities outstanding of the class that is the subject of the Normal Course Issuer Bid has increased by more than 25% from the date of Posting of the final Notice of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the amended Notice of Normal Course Issuer Bid.

(h) A Listed Issuer must Post an amended Notice of Normal Course Issuer Bid in the event of any material change in the information in the current Notice of Normal Course Issuer Bid, as soon as practicable, following the material change.

(i) A Listed Issuer must issue a news release prior to or concurrently with the Posting of an amended Notice of Normal Course Issuer Bid containing full details of the amendment.

(j) Within 10 days of the end of each calendar month, the Listed Issuer, trustee or agent must deliver to the Exchange a completed Report of Purchase Normal Course Issuer Bid indicating the number of securities purchased in the previous month (on the Exchange or otherwise), including the volume weighted average price paid.

#### (4) Normal Course Issuer Bids – Restrictions on Purchases

(a) A Listed Issuer, trustee or agent must appoint one (and only one) Dealer at any one time to make purchases under the bid. The Listed Issuer must notify the Market Regulator and the Exchange of the name of the Dealer and the registered representative responsible for the bid. To assist the Exchange in its surveillance function, the Listed Issuer is required to provide written notice to the Exchange before it intends to change its purchasing Dealer. The purchasing Dealer shall be provided with a copy of Notice of Normal Course Issuer Bid and be instructed to make purchases in accordance with the provisions herein and the terms of such notice.

(b) Normal Course Issuer Bid purchases may not be made by intentional crosses, prearranged trades or private agreements, except for purchases under the block purchase exemption in subsection 6.10(5)(f).

(c) If a Normal Course Issuer Bid is outstanding at the time a sale from a Control Person (as referred to in Part 2 of National Instrument 45-102 Resale of Securities) is underway, the Dealer making purchases under the bid must ensure

- that it is not bidding for securities at the same time securities are offered under the sale from control.
- (d) A Listed Issuer must not purchase securities under a Normal Course Issuer Bid while a non-exempt issuer bid for the same securities is outstanding. This restriction does not apply to a trustee or agent making purchases for a plan in which employees, or security holders, participate.
  - (e) If a Listed Issuer has a securities exchange Take-Over Bid outstanding at the same time as a Normal Course Issuer Bid is outstanding for the offered securities, the Listed Issuer may only make purchases under the Normal Course Issuer Bid permitted by OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions*.
  - (f) A Listed Issuer, trustee or agent may not make any purchases under a Normal Course Issuer Bid while in possession of any Material Information that has not been generally disclosed.
  - (g) Failure of a Dealer making purchases pursuant to a Normal Course Issuer Bid to comply with any requirement herein may result in the suspension of the bid.

**(5) Normal Course Issuer Bids – Limits on Price and Volume**

- (a) Normal Course Issuer Bid purchases may not begin until two Trading Days after the later of:
  - (i) the Filing of a Notice of Normal Course Issuer Bid or amended Notice of Normal Course Issuer Bid in connection with the bid; and
  - (ii) the issuance of a news release containing details of the Notice of Normal Course Issuer Bid or amended Notice of Normal Course Issuer Bid.
- (b) It is inappropriate for a Listed Issuer making a Normal Course Issuer Bid to abnormally influence the market price of its securities. Normal Course Issuer Bid purchases must be made at or below the price of the last independent trade of the security (on any marketplace) at the time of purchase.

The following are not "independent trades":

- (i) trades directly or indirectly for the account of (or an account under the direction of) an insider;
  - (ii) trades for the account of (or an account under the direction of) the Dealer making purchases for the bid;
  - (iii) trades solicited by the Dealer making purchases for the bid; and
  - (iv) trades directly or indirectly by the Dealer making purchases for the bid which are made in order to facilitate a subsequent block purchase by the issuer at a certain price.
- (c) Notwithstanding the foregoing, a violation to the preceding rule will not occur where:
- (i) the independent trade occurred no more than one second before the Normal Course Issuer Bid purchase that created the uptick.
  - (ii) the independent trade is a down tick to the previous trade and the Normal Course Issuer Bid purchase would not have created an uptick to the trade prior

- to the last independent trade, and  
(iii) the price difference between the independent trade and the Normal Course Issuer Bid purchase was not more than \$0.02.
- (d) Normal Course Issuer Bid purchases may not be made at the opening of trading or during the 30 minutes prior to the scheduled closing of the continuous trading session. Orders may be entered in a closing call or single price trading session notwithstanding the price restriction in subsection (b).
- (e) Except as provided in subsection (f), a Listed Issuer that is not an investment fund must not make a purchase that:
- (i) for an NV Issuer, when aggregated with all other purchases during the same Trading Day, exceeds the greater of 25% of the Average Daily Trading Volume of the security; and 1,000 of such securities, or
  - (ii) for a Listed Issuer that is not an NV Issuer, when aggregated with all other purchases during the most recent 30 Trading Days, exceeds 2% of the total issued and outstanding shares of that class on the day purchases are made.
- (f) Notwithstanding the restriction in subsection (e), an NV Issuer may make a purchase of a block of securities that:
- (i) has a purchase price of at least \$200,000;
  - (ii) is at least 5,000 securities with an aggregate purchase price of at least \$50,000; or
  - (iii) is at least 20 Board Lots and is greater than 150% of the Average Daily Trading Volume of the security, provided that:
    - 1) the block is naturally occurring, and does not consist of a combination of orders for the purpose of artificially creating a block to rely on this section;
    - 2) the block is not beneficially owned by, or is not under the control or direction of, a Related Person of a Listed Issuer;
    - 3) the Listed Issuer makes no more than one purchase under this subsection in a calendar week; and
    - 4) after making a block purchase, the Listed Issuer makes no further purchases during that Trading Day.
- (g) A Listed Issuer that is an investment fund must not make a purchase that, when aggregated with all other purchases during the preceding 30 days, exceeds 2% of the securities of that class outstanding as of the date of filing of Notice of Normal Course Issuer Bid in connection with the bid.

#### **640 Exchange Traded Fund Unit Creation and Redemption**

An ETF must file Notice of ETF Creation or Redemption, including a nil report as applicable, within 10 days of the end of each month or more frequently in a format acceptable to the Exchange.

## POLICY 7

### INVESTOR RELATIONS, PROMOTIONAL ACTIVITY, AND OTHER SIGNIFICANT TRANSACTIONS AND DEVELOPMENTS

#### 7.1 ~~4.~~ Significant Transactions and Developments

~~1.1~~ The Exchange defines the term “significant transaction” as any corporate transaction, not involving equity securities, that constitutes material information concerning the Listed Issuer. Significant transactions include, but are not limited to, material acquisitions, dispositions, ~~option and joint venture agreements~~ or license agreements entered into by the Listed Issuer. In addition, “significant transaction” includes

- ~~(a)~~ any transaction or series of transactions with a Related Person with an aggregate value greater than the lower of (i) \$10,000 and (ii) 10% of the Listed Issuer’s market capitalization;
- ~~(b)~~ any loan to a Listed Issuer other than a loan made by a financial institution;
- ~~(c)~~ any payment of bonuses, finders fees, commissions or other similar payment by a Listed Issuer; and
- ~~(d)~~ entering into any oral or written contract for Investor Relations Activities relating to the Listed Issuer by the Listed Issuer or by any other person of which the Listed Issuer has knowledge.

~~1.2~~ The Exchange defines the term “developments” as any internal corporate development that constitutes material information concerning the Listed Issuer. Developments include, but are not limited to, material developments to a Listed Issuer’s products or the creation of a new product. A development may also include developments relating to an agreement such as the Issuer completing or failing to complete a milestone provided for in an agreement or breaching the terms of an agreement.

~~1.3~~ If the significant transaction constitutes material information concerning the ~~(1)~~ Listed Issuer, the Issuer Issuers must disseminate a news release pursuant to Policy 5 regarding any Significant Transactions.

1.4 The ~~(2)~~ Listed Issuer Issuers must include updated information relating to ~~significant transactions~~ Significant Transactions and ~~developments~~ Developments in ~~its~~ their Monthly Progress Report and Quarterly Listing Statement.

1.5 ~~(3)~~ Significant ~~transactions~~ Transactions that result in a ~~change~~ Change of ~~business~~ Business may be subject to the ~~additional~~ requirements of Policy 8. Non-arm’s length ~~significant transactions~~ Significant Transactions may be subject to the requirements of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions in addition to the requirements of this Policy. In the case of an acquisition, management of the Listed Issuer is responsible for ensuring



that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request.

- 1.6 ~~(4)~~ Listed Issuers involved in a ~~significant transaction or development~~ Significant Transaction or Development must immediately ~~post~~ Post notice of the proposed ~~significant transaction or development (Form 10)~~ Significant Transaction or Development (Notice of Proposed Transaction) concurrently or as soon as practicable following the issuance of a news release announcing the ~~significant transaction or development (if the significant transaction~~ Significant Transaction or Development (if the Significant Transaction constitutes ~~material information~~ Material Information concerning the Listed Issuer) or upon the Listed Issuer agreeing to the ~~significant transaction~~ Significant Transaction (in all other cases).
- 1.7 ~~(5)~~ At least one full Business Day prior to the closing of a proposed ~~significant transaction~~ Significant Transaction the Listed Issuer must ~~post~~ Post an initial or amended ~~Form 10~~ Notice of Proposed Transaction, if applicable.
- 1.8 ~~(6)~~ Forthwith upon closing of a ~~significant transaction~~ Significant Transaction, the Listed Issuer must ~~post~~ Post
- (a) a letter from the Listed Issuer confirming receipt of proceeds or payment of consideration provided for in the agreement(s) relating to the ~~significant transaction~~ Significant Transaction (or describing the receipt or payment schedule); and
  - (b) an executed Certificate of Compliance (~~Form 6~~) from the Listed Issuer that it has complied and is in compliance with ~~Ontario~~ applicable securities law.

## **7.2 ~~2.~~ Restrictions on Contracts for Investor Relations or Promotional Activities**

- ~~(1)~~ 2.4 Compensation to any ~~persons~~ Person providing Promotional Activities, including Investor Relations Activities, for a Listed Issuer must be reasonable and in proportion to the financial resources and level of operations of the Listed Issuer and should be based on the value of the services provided and not on the Listed Issuer's market performance. In particular, compensation to ~~persons~~ Persons providing Investor Relations Activities may not be determined in whole or in part by the Listed Issuer's securities attaining certain price or trading volume thresholds. ~~The~~ Except as provided in section 7.2(2) below, compensation in the form of shares or options is not acceptable and payment for services should be on a cash basis.
- ~~(2)~~ If permitted by securities laws, options may be granted for persons undertaking Investor Relations activities provided that the total number of listed securities (~~either issued directly or~~ issuable on exercise of options or convertible securities) ~~provided as compensation to persons~~ provided as compensation to all Persons providing Investor Relations Activities cannot exceed ~~42~~ 2% of the outstanding number of listed securities in any 12-month period.

### ~~2.2~~ Persons performing

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### **7.3 Disclosure**

- (1) In addition to the Notice of Proposed Transaction, a Listed Issuer that arranges for a Person to conduct Promotional Activity, including Investor Relations ~~Activities on behalf of a~~ activity, in respect of the Listed Issuer or a security of the Listed Issuer must ensure that they do not engage in any activities requiring registration under applicable securities legislation unless they are appropriately registered, promptly disseminate a news release disclosing the following:
- (a) that the Listed Issuer has arranged for the Person to conduct the Promotional Activity;
  - (b) the name, business address, email and telephone number of each person or company that will be involved in conducting the Promotional Activity, and a description of the Person's relationship with the issuer, if any;
  - (c) the date on which the Promotional Activity will start and the date on which the promotional activity will end or is expected to end;
  - (d) the nature of the Promotional Activity;
  - (e) any platform or other medium on or through which the Promotional Activity will occur; and
  - (f) a description of the compensation that the Person has received or may receive for the Promotional Activity including, the total amount of the compensation and whether the compensation includes options to purchase securities of the Listed Issuer.

#### **(2) Application**

The disclosure requirements in subsection (1) apply whether or not the Person conducting the Promotional Activity has received or may receive compensation for the Promotional Activity.

#### **(3) Exception**

The disclosure requirements of subsection (1) do not apply if the Person conducting the Promotional Activity is an officer, director or employee of the Listed Issuer acting in that capacity and is identified as such at the time the Promotional Activity is conducted.

### **7.4 Suitability Considerations**

Further to s. 2.18 of Policy 2, the Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if that Person has:

- a) made or accepted excessive payments for Promotional Activity or Investor Relations activities, or
- b) been associated with or failed to prevent the production, approval or distribution of overly promotional materials on behalf of, or with respect to the securities of, any reporting issuer.

## POLICY 8

### FUNDAMENTAL CHANGES & CHANGES OF BUSINESS

8.1 ~~4.1~~—A ~~fundamental change~~ Fundamental Change or ~~change~~ Change of ~~business~~ Business of a Listed Issuer effectively results in a new ~~issuer~~ Listed Issuer, such that the existing disclosure record cannot be relied upon to fairly value the company's securities. Listed Issuers that are contemplating a transaction or series of transactions that may be a ~~fundamental change~~ Fundamental Change or ~~change~~ Change of ~~business~~ Business must consult with the Exchange at an early stage to determine how the exchange will characterize the transaction.

~~(a) A "fundamental change" is a major acquisition accompanied or preceded by a change of control.~~

~~(b) A "change of business" is a redeployment of the Issuer's assets or resources that results in a change to the principal business without a major acquisition or change of control.~~

~~12~~—A "major acquisition" by a Listed Issuer means ~~an asset purchase, business acquisition (whether for cash or securities), take-over (formal bid or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12 month period at least 50% of the Listed Issuer's~~

~~(a) assets will be comprised of or~~

~~(b) anticipated revenues are expected to be derived from~~

~~the assets, properties, businesses or other interests that are the subject of the major acquisition.~~

~~A "change of control" is a transaction or series of transactions involving the issue or potential issue of that number of securities of a Listed Issuer that:~~

~~(i) is equal to or greater than 100% of the number of equity securities of the Listed Issuer outstanding prior to the transaction or series of transactions (commonly referred to as a "reverse take-over"), or~~

~~(ii) otherwise results in a change of control of the Listed Issuer or a substantial change of management or of the board of directors of the Listed Issuer.~~

~~The Exchange may determine that a transaction or series of transactions is a fundamental change, notwithstanding these thresholds.~~

8.2 The Exchange may, in its discretion, determine that a transaction or series of transactions is or is not a Fundamental Change, notwithstanding the definition of Fundamental Change. A Listed Issuer should diligently pursue or engage in the business activities described in its Listing Statement before considering any proposed transaction that may be considered a Fundamental Change, including a Change of Business. Notwithstanding the approval requirement of section 8.9 of this Policy, the Exchange will exercise its discretion and is likely to object to a Fundamental Change or Change of Business proposed by a Listed Issuer that has not, in the view of the Exchange, adequately pursued its stated business objectives. In such cases the Issuer may have to delist from the Exchange to pursue the transaction, with no guarantee the issuer will requalify following the transaction.

~~1.3~~ ~~The Exchange believes that one~~ 8.3 One of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices is high quality, timely and continuous disclosure by Listed Issuers. Disclosure sufficient to permit trading to occur on the basis of information adequate for investors to make informed investment decisions must be prepared and disseminated by the Listed Issuer and provided in an information circular or, management proxy circular and/or Listing Statement regarding the Fundamental Change or Change of Business.

~~1.4~~ 8.4 Disclosure must be made in connection with the announcement of a fundamental change Fundamental Change or change Change of business Business. The disclosure should initially be made in a news release (to be issued and posted on the Exchange website Posted pursuant to Policy 5).

~~1.5~~ ~~(a)~~

8.5 The Market Regulator will halt trading in the securities of the Listed Issuer upon the announcement of a fundamental change Fundamental Change to permit dissemination of the material information Material Information. The Exchange will require the Market Regulator to continue the halt at least until the documentation required under sections ~~1.6~~ 8.6 and ~~1.7~~ 8.7 have been accepted and posted Posted. During the halt, it is noted that no Dealer may quote or trade in the security in any marketplace or over-the-counter, either as principal or agent.

~~(b)~~

Listed Issuers must notify and consult with the Market Regulator prior to disseminating ~~material information~~ Material Information concerning a ~~fundamental change~~ Fundamental Change or a ~~change~~ Change of ~~business~~ Business during market hours. If the ~~dissemination will~~ dissemination will occur outside of market hours, the Listed Issuer must notify the Market Regulator in order to effect a trading halt prior to the next trading session.

Contact information for Market Regulator:

Telephone: (604) 643-2792 Email: ~~prwest@IIROC.ca~~ prwest@IIROC.ca

~~1.6~~ 8.6 In order to qualify for listing Listing the securities of the resulting issuer Listed Issuer, the fundamental change or change of business Fundamental Change must be approved by the Exchange and the security holders security holders of the Listed Issuer prior to completion of the transaction. The information circular, Listing Statement or

management proxy circular delivered to ~~securityholders~~security holders of the Listed Issuer must contain ~~prospectus level~~full, true and plain disclosure of the resulting company, including the financial statement disclosure set out in National Instrument 44-101 Short Form Prospectus Distributions, National Instrument 41-

~~404-101~~ – General Prospectus Requirements and Form 41-101F1. For a ~~fundamental change~~Fundamental Change the information circular or management proxy circular must provide historical financial statements for the target company as if it were going public by way of prospectus and making application for ~~listing~~Listing, plus pro forma financial statements giving effect to the transaction for the last full fiscal year of the target company and interim year-to-date of the target company. Particular requirements are specified in ~~Form 2A~~the Listing Statement. The information circular or management proxy circular must be reviewed by the Exchange before being ~~posted on the Exchange website~~Posted and delivered to shareholders.

~~4.7~~ 8.7 The Listed Issuer resulting from a ~~fundamental change~~Fundamental Change must meet the criteria for a new ~~listing~~Listing and make a complete initial application to qualify its securities for ~~listing~~ by filing all of the documents and following the procedures set out in Policy 2 concurrently with filing the information circular or management proxy circular. Completion of the transaction prior to qualification for ~~listing~~Listing of the securities of the Listed Issuer resulting from the transaction will result in a suspension from ~~listing~~Listing of the Listed Issuer. ~~An~~A Listed Issuer undergoing a ~~change~~Change of ~~business~~Business must revise and refile any documents affected by the ~~change~~Change of ~~business~~Business.

~~4.8~~ 8.8 Principals of the resulting Issuer must enter into an escrow agreement as if the company were subject to the requirements of National Policy 46-201 Escrow for Initial Public Offerings (“NP 46-201”) that provides for the escrow of the principal insiders’ shares for a period of 36 months. Escrow releases will be scheduled as follows: 10% will be released on the date that the shares commence trading on the Exchange followed by six subsequent releases of 15% ~~each~~ every six months thereafter. The Exchange will allow earlier releases from escrow where the Listed Issuer demonstrates that it would be the equivalent of an “established issuer” under National Policy ~~46-201~~46-201 Escrow for Initial Public Offerings and such early release would be permitted if the Listed Issuer were an “established issuer.”. - -

~~4.9~~ 8.9 Further to the exercise of Exchange discretion described in section 8.2 of this Policy, the Exchange will not approve a ~~fundamental change~~Fundamental Change or ~~change~~Change of ~~business~~Business proposed for ~~an issuer~~a Listed Issuer that has been listed for a period of less than 12 months unless the Listed Issuer obtains approval from the majority of the minority shareholders.

## POLICY 9

### ~~NAME CHANGE, STOCK SPLITS AND SHARE CONSOLIDATIONS~~

#### CORPORATE ACTIONS

##### ~~1.~~ 9.1 Change of Name

~~1.1~~ (1) Upon a change of name of a Listed Issuer, the Exchange may assign a new stock symbol to the Listed Issuer's securities at the request of the Listed Issuer or on its own initiative. The Listed Issuer's choices ~~should~~must be communicated directly to the Exchange in advance of the effective date of the name change.

~~1.2~~ (2) The following documents must be ~~posted~~Posted in connection with a name change:

- (a) a press release announcing the name change;
- (b) a notarial or certified true copy of the Certificate of Amendment, or equivalent document;
- (c) for a certificated issuance, a copy of the definitive specimen of the new or over-printed share certificates;
- (d) confirmation from the registrar ~~and~~or transfer agent that it is in a position to effect transfer in the new issue; and
- (e) confirmation of notification by the Listed Issuer ~~to the Commission and~~ the Clearing Corporation of the name change.

~~1.3~~ (3) The Listed Issuer's securities will normally commence trading ~~on the~~ under the new name and symbol at the opening of trading two or three ~~trading days~~Trading Days after all the documents set out in Section ~~1.29.1~~(2) are ~~posted~~Posted. The Exchange will issue a Bulletin ~~to Dealers~~ advising of the name change and effective date of trading under the new name and symbol.

##### ~~2.~~ 9.2 Stock Split

~~2.1~~ (1) In order to facilitate trading in the securities of the Listed Issuer and prevent confusion, the Listed Issuer must, after obtaining all necessary shareholder and other corporate approvals but prior to filing its Articles of Amendment, if applicable, fix in advance a Record Date for determining shareholders entitled to the benefit of the stock split. The Exchange must be notified at least three days in advance of the Record Date.

(2) There are two methods of effecting a stock split:

- (a) the "push-out" method, and

- (b) the “call-in” method. If the stock split is accompanied by a share reclassification, either the push-out method or the call-in method may be used; otherwise the push-out method is preferable.
- (3) ~~2.3~~ Under the push-out method, the shareholders keep the share certificates they currently hold, and shareholders of record as of the close of business on the Record Date are provided with additional share certificates by the Listed Issuer.
- (4) ~~2.4~~ Under the call-in method, the Listed Issuer implements the stock split by replacing the share certificates currently in the hands of the shareholders with new certificates. Letters of Transmittal are sent to the shareholders of record as of the Record Date requesting them to exchange their share certificates at the offices of the Listed Issuer’s transfer agent.
- (5) ~~2.5~~ If the stock split must be approved by the shareholders, the meeting of shareholders must take place at least seven ~~trading days~~ Trading Days in advance of the ~~record date~~ Record Date.
- (6) ~~2.6~~ The shares will commence ~~quotation~~ trading on the Exchange on a split basis at the opening of business on the ~~first trading day~~ Trading Day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the stock split and effective date of trading on a split basis.
- (7) ~~2.7~~ If the push-out method is to be used, the following documents must be ~~posted and~~ Posted or filed, as applicable, with the Exchange at least three ~~trading days~~ Trading Days in advance of the Record Date:
- (a) ~~(a)~~ a press release announcing the stock split;
  - (b) ~~written~~ (b) confirmation of the Record Date, which is deemed to be after the close of trading on that day;
  - (c) ~~(c)~~ an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional shares will be validly issued as fully paid and non-assessable;
  - (d) ~~(d)~~ if the stock split is accompanied by a share reclassification, definitive specimens of the new share certificates;
  - (e) ~~(e)~~ confirmation of notification by the Listed Issuer to the ~~Ontario~~ Regulatory Authority and the Clearing Corporation of the stock split; and
  - (f) ~~(f)~~ a copy of the Certificate of Amendment, or equivalent document.

The Listed Issuer must also ~~post~~ Post a ~~written~~ statement as to the date the additional share certificates were ~~mailed~~ sent to the shareholders.

- (8) ~~2.8~~ Where the call-in method is to be used, the following additional documents must be ~~posted and~~ Posted or filed, as applicable, with the Exchange:
- (a) a copy of the Letters of Transmittal;

- (b) for a certificated issuance, a definitive specimen of the new share certificates;  
and
- (c) confirmation from the registrar and transfer agent that it is in a position to effect transfer of the new share certificates giving effect to the stock split.

The Listed Issuer must also ~~post~~Post a ~~written~~ statement as to the mailing date of the Letters of Transmittal.

### ~~3-~~ 9.3 **Stock Consolidation**

~~3.1~~ ~~The name of a Listed Issuer must be changed as part of a share consolidation.~~  
~~The~~

(1) The Listed Issuer must obtain new share certificates and a new Listed number for the consolidated shares, subject to the Clearing Corporation advising the Listed Issuer in response to its application that a new CUSIP number for the consolidated shares is not required.

~~3.2~~ (2) Listed Issuers may not effect a share consolidation which reduces the number of issued and outstanding shares of the Issuer, without giving effect to any other distribution or transaction, to less ~~than~~than 1,000,000 shares or if the share consolidation is effected in connection with another distribution or transaction, to less than 500,000 shares, prior to giving effect to the distribution or transaction. Listed Issuers shall not effect a share consolidation which reduces the number of public holders (as that term is defined in Policy 2) holding at least a ~~board lot~~Board Lot to less than 100, prior to giving effect to any other distribution or transaction. In the case of a share consolidation in connection with a ~~fundamental change~~Fundamental Change, the number of shares and public holders of at least a ~~board lot~~Board Lot may not be reduced below the minimum required for eligibility for ~~listing~~Listing for a new Issuer.

~~3.3~~(3) The Exchange must be notified and the following documents must be ~~posted~~Posted at least three ~~trading days~~Trading Days in advance of the Record Date:

- (a) a press release announcing the stock consolidation;
- (b) a completed ~~Form 12~~Notice of Proposed Consolidation or Reclassification;
- (c) written confirmation of the Record Date (if applicable);
- (d) a copy of the Letters of Transmittal;
- (e) a certified copy of the shareholder resolution authorizing the stock consolidation in accordance with Policy 4 s4.6(8) if applicable;
- (f) an opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;
- (g) a definitive specimen of the new share certificates;
- (h) confirmation from the registrar and transfer agent that it is in a position to effect transfers of the consolidated shares; and
- (i) confirmation of notification by the Listed Issuer to the Commission and the Clearing Corporation of the share consolidation.



**3.4(4)** The **CNSX Listed** Issuer must **post Post** on the Exchange website:

- (a) a copy of the Certificate of Amendment, or equivalent document giving effect to the stock consolidation; and
- (b) a written statement as to the date of the mailing of the Letters of Transmittal.

**3.5 (5)** The shares will commence quotation on the Exchange on a consolidated basis on the first **trading-day Trading Day** preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the share consolidation and effective date of trading on the consolidated basis.

#### **4. 9.4 Share Reclassification (with no Stock Split)**

**(1) 4.1** The following documentation must be **posted Posted** in connection with a share reclassification not involving a stock split, a reclassification into more than one class of shares or other change to the Listed Issuer's capital structure, in which case the Listed Issuer must consult with the Exchange in order to determine the appropriate procedure and **CNSX CSE** Requirements:

- (a) a press release announcing the reclassification;
- (b) a completed **Form 12 Notice of Proposed Consolidation or Reclassification**;
- (c) a written confirmation of the **record-date Record Date**;
- (d) a certified copy of the shareholders resolution approving the reclassification;
- (e) an opinion of counsel that all the necessary steps have been taken to validly effect the share reclassification in accordance with applicable law;
- (f) a definitive specimen(s) of the new or over-printed share certificate(s);
- (g) a copy of the Letters of Transmittal, if applicable;
- (h) confirmation from the registrar and transfer agent that it is in a position to effect transfers in the reclassified shares; and
- (i) confirmation and notification by the Listed Issuer to ~~the Commission and~~ the Clearing Corporation of the share reclassification.

**(2) 4.2** The Listed Issuer must also **post Post**:

- (a) a copy of the Certificate of Amendment, or equivalent document; and
- (b) a written statement as to the date of the mailing of the Letters of Transmittal, if applicable;

**(3) 4.3** The reclassification will normally become effective for **quotation trading** purposes on the Exchange one **trading-day Trading Day** preceding the Record Date. The Exchange will issue a **CNSX** Bulletin to **CNSX** Dealers advising of the share reclassification and effective date of trading on the reclassified basis.

**(4) 4.4** If the reclassification involves the issuance of restricted shares, the company must comply with OSC Rule 56-501 **Restricted Shares** in addition to this Policy.

## **9.5 Dividends and Other Entitlements**

If a Listed Issuer has established a Record Date for a distribution of cash or securities, including securities of an issuer other than the Listed Issuer, the Listed Issuer must notify the Exchange of the Record Date at least 5 days in advance of the Record Date. The Exchange will publish a Bulletin announcing the record date and the ex-dividend date. The ex-dividend date will normally be one Trading Day prior to the Record Date.

## POLICY 10

## SPECIALIST

### POLICY 10

### SPECIAL SECURITIES

**Important Note:** All securities are subject to the requirements of the “General” section of Policy 2

#### 10.1 Eligibility for Listing

4 (1) Where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Listed Issuer must disclose how it compliance has been established and, if relevant germane to the compliance determination, who has established that the securities are in compliance with the stated requirements.

- ~~2~~ — In the case of securities that are held out as being in compliance with Shari’ah, this requirement is met if the Issuer:
  - ~~2.1~~ — appoints a Shari’ah Supervisory Board, with at least two members, to advise in respect of Shari’ah compliance, on all aspects of the offering including advice on the information to be provided;
  - ~~2.2~~ — discloses the names of the members of the Shari’ah Supervisory Board and their respective qualifications, experience and expertise in Islamic jurisprudence and Islamic finance; and
  - ~~2.3~~ — ensures that that the Shari’ah Supervisory Board issues a Shari’ah pronouncement in writing that is signed by the Chairman and at least one other member of the Shari’ah Supervisory Board.

#### **PART B: Documents required before approval**

1 — In the case of Islamic securities, the Shari’ah Supervisory Board’s Shari’ah pronouncement.

# Appendix C – Proposed Policies

## POLICY 1

### INTERPRETATION AND GENERAL PROVISIONS

#### 1.1 Philosophy

- (1) CSE believes that the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality, timely and continuous disclosure by issuers, (b) trading rules designed to ensure integrity and a fair and orderly market, and (c) comprehensive and independent market regulation to administer and enforce the trading rules and timely and continuous disclosure requirements.
- (2) Listed Issuers, irrespective of size, are required to provide an enhanced standard of disclosure to secondary market investors.
- (3) Fundamental to CSE is the establishment by Listed Issuers of a comprehensive, publicly-available disclosure base, providing enhanced quality and timeliness of information. The Exchange's issuer disclosure obligations aim to ensure that investors may trade informed by current full, true and plain disclosure concerning Listed Issuers.
- (4) Issuer disclosure commences with the Listing Statement, a Listed Issuer-prepared document intended to provide prospectus level disclosure. The Listing Statement is accompanied by the Listing Summary which provides a high-level summary of the Listing Statement. A Listed Issuer must certify and Post (a) a Quarterly Listing Statement including quarterly financial statements, management's discussion and analysis, (b) a Monthly Progress Report, reporting activity (or lack of activity) by the Listed Issuer in the preceding calendar month, and (c) a Certificate of Compliance. Listed Issuers must also Post Notices of any distribution or proposed distribution of securities, transactions or Developments. Listed Issuer disclosure obligations are in addition to or supplementary to the continuous disclosure obligations under applicable securities law.

#### 1.2 CNSX Discretion

- (1) The Policies of the Exchange include requirements and guidelines for Listed Issuers, issuers applying to list securities, and their professional advisers. However, the Exchange reserves the right to exercise its discretion in applying the policies in all respects. The Exchange can waive or modify an existing requirement or impose additional requirements. Any such waiver, modification or imposition of additional requirements may be general or particular in its application, as determined by the Exchange. In exercising its discretion, the Exchange will take into consideration facts or situations unique to a particular party. Listing of securities on the Exchange is a privilege, not a right, and the Exchange may grant or deny an application, including an application for the qualification for Listing, notwithstanding the published Policies of the Exchange.

#### 1.3 Definitions

- (1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Policies that is:
- a) defined in the applicable Securities Act has the meaning as ascribed therein;
  - b) defined in the applicable Regulation has the meaning as ascribed therein;
  - c) defined in subsection 1.1(3) of National Instrument 14-101 *Definitions* has the meaning ascribed to it in that subsection;
  - d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14- 501 *Definitions* has the meaning ascribed to it in that subsection;
  - e) defined or interpreted in Part 1 of National Instrument 21-101 *Marketplace Operation* has the meaning ascribed to it in that Part;
  - f) defined in section 1.1 of National Instrument 44-101 *Short Form Prospectus Distributions* has the meaning ascribed to it in that section;
  - g) defined in section 1.1 of UMIR (Universal Market Integrity Rules) has the meaning ascribed to it in that section; and
  - h) a reference to a requirement of the Exchange shall have the meaning ascribed to it in the applicable CSE By-law, Rule or Policy of CNSX Markets Inc.

(2) In all Policies, unless the subject matter or context otherwise requires:

**“Amendment of Warrant Terms”** means Form 13.

**“Annual Listing Statement”** means Form 5A - Annual Listing Summary or Form 51-102F2 *Annual Information Form*.

**“Application Letter”** means Form 1A or a letter in a format acceptable to the Exchange.

**“Average Daily Trading Volume”** means, with respect to a Normal Course Issuer Bid, the trading volume for a listed security on all marketplaces for the six months preceding the date of Posting of an initial Notice of Normal Course Issuer Bid [excluding any purchases made under a Normal Course Issuer Bid, all marketplace purchases by the issuer of the listed security or a Person acting jointly or in concert with the issuer, and all purchases made under section 6.10(3)(a)(ii) divided by the number of Trading Days during that period. If the securities have traded for less than six months, the trading volume on all marketplaces since the first day on which the security traded, which must be at least four weeks prior to the date of Posting of the final Notice of Normal Course Issuer Bid.

**“Award” or “Grant”** means an award issued pursuant to a Security Based Compensation Arrangement

**“Beneficial Holders”** means those security holders of an issuer that are included in either:

- a) a Demographic Summary Report available from the International Investors Communications Corporation; or
- b) a non-objecting beneficial owner list for the issuer under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

**“Board”** means Board of Directors.

**“BCSC”** means British Columbia Securities Commission.

**“CSE Board”** means the CSE Board of Directors and includes any committee of the CSE Board to which powers have been delegated in accordance with the By-laws, Policies or Rules.

**“Board Lot”** means a standard trading unit as defined in UMIR.

**“Builder Shares”** means, except in the case of a SPAC, any security issued or issuable upon conversion of another security to:

- a) any Person for less than \$0.02 per security;
- b) a Related Person to the Listed Issuer for the purchase of an asset with no acceptable supporting valuation;
- c) a Related Person to settle a debt or obligation for less than the last issued price per security; or
- d) a Related Person for the primary purpose of increasing that principal’s interest in the Listed Issuer without a corresponding tangible benefit to the Listed Issuer.

**“Bulletin”** means an electronic communication from the Exchange to Dealers.

**“Business Day”** means any day from Monday to Friday inclusive, excluding Statutory Holidays.

**“By-laws”** means any By-law of the Exchange as amended and supplemented from time to time.

**“Clearing Corporation”** means CDS Clearing and Depository Services Inc. or such other Person as recognized as a clearing agency and which has been designated by the Exchange as an acceptable clearing agency.

**“Certificate of Compliance”** means the certificate of compliance which each Listed Issuer must complete and Post in Form 6.

**“Change of Business”** is a redeployment of the Listed Issuer's assets or resources that results in a change to the principal business without a Major Acquisition or Change of Control.

**“Change of Control”** means, for the purpose of a Fundamental Change, a transaction or series of transactions involving the issue or potential issue of that number of securities of a Listed Issuer that:

- a) is equal to or greater than 100% of the number of Equity Securities of the Listed Issuer outstanding prior to the transaction or series of transactions (commonly referred to as a “reverse take-over”), or
- b) results in new shareholders holding greater than 50% of the voting securities of the Listed Issuer, or
- c) otherwise results in a change in voting control of the Listed Issuer or a substantial change of management or the Board of the Listed Issuer.

**“Circular Bid”** means a non-exempt Take-Over Bid or a non-exempt issuer bid made in compliance with the requirements of the applicable *Securities Act*.

**“Closed End Fund”** or **“CEF”** means a “non-redeemable investment fund” within the meaning of the applicable *Securities Act*.

**“Common Shares”** are Equity Securities with voting rights exercisable in all circumstances that are not, on a per share basis, less than the voting rights attached to any other class of securities

of the issuer.

**“Control Block Holder” or “Control Person”** means any Person or combination of Persons holding a sufficient number of any securities of a Listed Issuer or a Dealer to affect materially the control of that Listed Issuer or Dealer, but any holding of any Person or combination of Persons holding more than 20% of the voting rights attached to all outstanding voting securities of a Listed Issuer or Dealer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that Listed Issuer or Dealer.

**“CSE”, “Canadian Securities Exchange”, “CNSX” and “Exchange”** each mean CNSX Markets Inc.

**“Dealer”** means a participant which has applied to the Exchange for, and has been permitted by Exchange to access the Trading System, provided such access has not been terminated or suspended.

**“Decision”** means any decision, direction, order, ruling, guideline or other determination of the Exchange or the Market Regulator made in the administration or application of these Policies or any Rule.

**“Developments”** means any internal corporate development that constitutes Material Information concerning the Listed Issuer and may include changes to a Listed Issuer’s product(s), the creation of a new product, and agreements (such as the Listed Issuer completing or failing to complete a milestone provided for in an agreement or breaching the terms of an agreement).

**“Disqualify”, “Disqualification” and “Disqualified”** where used in relation to the Listing of an Issuer’s securities means termination of the qualification of a Listed Issuer for Listing of its securities on the Exchange.

**“EMI”** means Listed Issuers whose directing management is largely outside Canada and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.

**“Equity Security”** means a security that carries a residual right to participate in the earnings of the issuer and in its assets upon dissolution or liquidation.

**“NV Issuer”** means a Listed Issuer that has met the additional qualifications set out in Appendix 2A and has been identified as such by the Exchange.

**“ETF”** or “Exchange Traded Fund means a “mutual fund” within the meaning of the applicable *Securities Act*, the units of which are listed and are in continuous distribution.

**“Exchange Requirements”** means collectively:

- a) the Rules;
- b) these Policies;
- c) UMIR; and
- d) any Decision,

as amended, supplemented and in effect from time to time. The electronic version of the Rules and the Policies, as published on the CSE’s website, shall be the definitive version of such if the website so indicates.

**“Financial Institution”** means a financial institution regulated by the Office of the Superintendent of Financial Institutions (“OSFI”), if a foreign financial institution, regulated by a regulatory body with equivalency to OSFI and having not less than \$150 million market capitalization.

**“Founding Security Holders”** means, with respect to a SPAC, insiders and Equity Security holders of the Listed Issuer prior to the completion of the IPO who continue to be insiders or Equity Security holders, as the case may be, immediately after the IPO.

**“Freely Tradeable”** in respect of securities means securities that have no restriction on resale or transfer, including restrictions imposed by pooling or other arrangements or in a shareholder agreement.

**“Fundamental Change”** means a Major Acquisition accompanied or preceded by a Change of Control, or a transaction or series of transactions determined to be such by the CSE.

**“Handbook”** means the handbook of the Chartered Professional Accountants of Canada, as amended from time to time.

**“Inactive Issuer”** means a Listed Issuer that has been designated by the Exchange as having not met the continued Listing requirements as set out in Policy 2.

**“Independent Director”** means a director of a Board that is considered independent in accordance with National Instrument 52-110 *Audit Committees*.

**“IIROC”** means the Investment Industry Regulatory Organization of Canada.

**“Investor Relations Activities”** means any activities or oral or written communications, by or on behalf of a Listed Issuer or shareholder of a Listed Issuer that promote or reasonably could be expected to promote the purchase, or sale of securities of the Listed Issuer, but does not include:

- a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Listed Issuer
  - (i) to promote the sale of its products or services, or
  - (ii) to raise public awareness of the Listed Issuer,that cannot reasonably be considered to promote the purchase, or sale of securities of the Listed Issuer;
- b) activities or communications necessary to comply with
  - (i) applicable securities law, or
  - (ii) Exchange Requirements or the requirements of any other regulatory body having jurisdiction over the Listed Issuer;
- c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular circulation if
  - (i) the communication is only through the newspaper, magazine or publication, and
  - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- d) such other activities or communications that may be specified by the Exchange.



**“IPO”** means an initial public offering.

**“Issuer” and “Listed Issuer”** both mean an issuer which has any of its securities qualified for Listing on the Exchange and, as the context requires, an issuer which has applied to have its securities qualified for Listing on the Exchange.

**“Listing”** means the grant of a Listing and quotation of, and permission to deal in, securities on the Exchange and “listed” and “quoted” shall be construed accordingly.

**“Listing Agreement”** means Form 4.

**“Listing Application”** means Form 1B.

**“Listing Statement”** means Form 2A, or a current prospectus for which a final receipt has been issued, together with all required supporting documents.

**“Listing Summary”** means Form 2B.

**“Major Acquisition”** means, with respect to Policy 8, an asset purchase (whether for cash or securities), take-over (either a formal or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12-month period at least 50% of the Listed Issuer’s

- a) assets or resources will be comprised of,
  - b) anticipated revenues are expected to be derived from, or
  - c) expenditures and management time and effort will be devoted to
- the assets, properties businesses or other interests that are the subject of the Major Acquisition.

**“Market Regulator”** means IIROC or such other Person recognized by the applicable Securities Regulatory Authority as a regulation services provider for the purposes of securities laws and which has been designated by the Exchange as an acceptable regulation services provider.

**“Material Information”** means any information relating to the business and affairs of an issuer that results in or would reasonably be expected to result in a significant change in the market price or value of any of the issuer's listed securities and includes a material fact or a material change.

**“Materially Affect Control”** means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such an ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances outlined above.

**“Maximum Permitted Discount”** means the discount as set out in s. 6.2(2)(a).

**“Monthly Progress Report”** means Form 7.

**“MR Policy”** means a Policy as defined in UMIR, being a policy statement adopted by the

Market Regulator in connection with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

**“Non-voting Securities”** mean Restricted Securities that do not carry a right to vote or carry a right to vote only in certain circumstances as required by applicable corporate or securities law.

**“Normal Course Issuer Bid” or “NCIB”** means an issuer bid by a Listed Issuer for its own listed securities to be made over a 12-month period and subject to certain volume and price restrictions, specifically where the purchases over a 12-month period by the Listed Issuer or Persons acting jointly and in concert with the Listed Issuer, commencing on the date specified in the Notice of Normal Course Issuer bid, do not exceed the greater of

- a) 10% of the Public Float on the date of filing of the initial Notice of Normal Course Issuer Bid with the Exchange, or
  - b) 5% of such class of securities issued and outstanding on the date of filing of the Notice of Normal course issuer Bid with the Exchange,
- excluding purchases made under a Circular Bid.

**“Notice of ETF Creation or Redemption”** means Form 15.

**“Notice of Formal Issuer Bid”** means Form 16.

**“Notice of Normal Course Issuer Bid”** means Form 17A.

**“Notice of Proposed Consolidation or Reclassification”** means Form 12.

**“Notice of Prospectus Offering”** means Form 8.

**“Notice of Proposed Issuance of Listed Securities”** means Form 9.

**“Notice of Proposed Stock Options”** means Form 11.

**“Notice of Proposed Transaction”** means Form 10.

**“Notice of Shareholder Rights Plan”** means Form 14.

**“Notice of Take-Over Bid”** means Form 18.

**“OSC”** means Ontario Securities Commission.

**“OSC EMI Guide”** means OSC Staff Notice 51-720 - Issuer Guide for Companies Operating in Emerging Markets.

**“Outside Director”** means a director who is not an officer or employee of a Listed Issuer or any of its affiliates, and may or may not be an Unrelated Director.

**“Permitted Investments”** means, with respect to a SPAC, investments in the following: cash or in book-based securities, negotiable instruments, investments or securities which evidence: (i) obligations issued or fully guaranteed by the Government of Canada, the Government of the United States of America or any Province of Canada or State of the United States of America; (ii) demand deposits, term deposits or certificates of deposit of banks listed Schedule I or Schedule III of the Bank Act (Canada), which have an approved credit rating by an approved credit rating organization (as defined under National Instrument 45-106 - *Prospectus Exemptions*); (iii) commercial paper directly issued by Schedule I or Schedule III Banks which have an approved credit rating by an approved credit rating organization (as defined under

National Instrument 45-106 - *Prospectus Exemptions*); or (iv) call loans to and notes or bankers' acceptances issued or accepted by any depository institution described in (ii) above;

**"Person"** includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership, trust, and individual.

**"Personal Information Form"** or **"PIF"** means Form 3.

**"Policy"** means any Decision of the CSE Board in connection with the administration or application of these Policies.

**"Post"** means submitting a document in prescribed electronic format to the Exchange website and, in the case of a requirement to Post a share certificate, means filing a definitive specimen with the Exchange and Posting an electronic version of the certificate on the Exchange website in PDF format.

**"Preferred Shares" or "Preference Shares"** are securities that have a preference or right over any class of equity securities.

**"Principal Security Holder"** means a person or company who beneficially owns or exercises control or direction over more than 10% of the issued and outstanding securities of any class of voting securities or equity securities of the Listed Issuer.

**"Promoter"** means "Promoter" within the meaning of the applicable Securities Act.

**"Promotional Activity"** means promotional activity as defined in the *Securities Act* (British Columbia).

**"Public Float"** means the number of securities of the class which are issued and outstanding, less the number of securities that are pooled, escrowed or non-transferable, and less the number of securities of the class, known to the Listed Issuer after reasonable inquiry, beneficially owned, or over which control or direction is exercised by:

- a) the Listed Issuer;
- b) every senior officer or director of the Listed Issuer; and
- c) every Principal Security Holder of the Listed Issuer.

**"Qualifying Acquisition"** means, with respect to a SPAC, the acquisition of assets or one or more businesses by the corporation which result in the corporation meeting the Exchange's original Listing requirements set out in Policy 2,

**"Quarterly Listing Statement"** means Form 5Q.

**"Record Date"** means the date fixed as the record date for the purpose of determining shareholders of a Listed Issuer eligible for a distribution or other entitlement.

**"Registered Holders"** means the registered security holders of an issuer that are beneficial owners of the Equity Securities of that issuer. For the purposes of this definition, where the beneficial owner controls or is an affiliate of the registered security holder, the registered security holder shall be deemed to be the beneficial owner.

**"Regulation"** means a general regulation made under the applicable Securities Act.

**"Related Person"** means, in respect of a Listed Issuer, means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known

by the Listed Issuer or a director or senior officer of the Listed Issuer to be:

- a) a Control Person of the Listed Issuer;
- b) a person of which a person referred to in paragraph (a) is a Control Person;
- c) a person of which the Listed Issuer is a Control Person;
- d) a person that has
  - (i) beneficial ownership of, or control or direction over, directly or indirectly, or
  - (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the Listed Issuer carrying more than 10% of the voting rights attached to all the Listed Issuer's outstanding voting securities,
- e) a director or senior officer of
  - (i) the Listed Issuer, or
  - (ii) a person described in any other paragraph of this definition,
- f) a person that manages or directs, to any substantial degree, the affairs or operations of the Listed Issuer under an agreement, arrangement or understanding between the person and the Listed Issuer, including the general partner of a Listed Issuer that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,
- g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of securities,
- h) an affiliated entity of any person described in any other paragraph of this definition,
- i) a Promoter of the Listed Issuer, or, where the Promoter is not an individual, an officer, director or Control Person of the Promoter; or
- j) if the Listed Issuer is an investment fund, a "related party" to the investment fund determined with reference to section 2.5(1) National Instrument 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance*; and
- k) such other Person as may be designated from time to time by the Exchange.

**"Report of Purchase Normal Course Issuer Bid"** means Form 17B.

**"Restricted Securities"** means Equity Securities with voting rights inferior to another class of securities and includes Non-Voting Securities, Subordinate Voting Securities and Restricted Voting Securities, but does not include Common Shares.

**"Restricted Voting Securities"** means Restricted Securities that carry a vote subject to a restriction on the number or percentage that may be voted by a shareholder or combination of shareholders (unless the voting restriction applies only to Persons that are non-residents or non-citizens of Canada).

**"Rules"** means the CSE trading rules adopted by CSE.

**"Security Based Compensation Arrangement"** means a compensation or incentive plan that includes:

- a) Stock Option plan or individual option grants for employees, insiders, consultants or service providers;
- b) share purchase plans;
- c) stock appreciation rights;
- d) any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Listed Issuer,

and for clarity, includes evergreen plans.

Arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Listed Issuer are not Security Based Compensation Arrangements.

**“Securities Act”** means the *Securities Act* (Ontario) and the *Securities Act* (British Columbia).

**“Securities Regulatory Authorities”** means one or more of the members of the Canadian Securities Administrators.

**“SEDAR”** means SEDAR as defined in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR) or any replacement filing system to SEDAR under a successor instrument.

**“SEDI”** means SEDI as defined in National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI) or any replacement filing system to SEDI under a successor instrument.

**“Significant Connection to Alberta”** means, with respect to a Listed Issuer, that the issuer has:

- a) Registered Holders and Beneficial Holders resident in Alberta who beneficially own more than 20% of the total number of equity securities beneficially owned by the Registered Holders and Beneficial Holders of the issuer; or
- b) mind and management principally located in Alberta and has Registered Holders and Beneficial Holders resident in Alberta who beneficially own more than 10% of the total number of equity securities beneficially owned by the Registered Holders and Beneficial Holders of the issuer.

For the purposes of item (b), the residence of the majority of the directors in Alberta or the residence of the president or chief executive officer in Alberta may be considered determinative in assessing whether the mind and management of the issuer is principally located in Alberta.

**“Significant Transaction”** means any corporate transaction not involving Equity Securities that constitutes Material Information concerning the Listed Issuer, including:

- a) acquisitions,
- b) dispositions,
- c) option and joint venture agreements,
- d) license agreements,
- e) any transaction or series of transactions with a Related Person with an aggregate value greater than:
  - (i) \$100,000,
  - (ii) 10% of the Listed Issuer’s market capitalization, or

- (iii) 25% of an NV Issuer's market capitalization;
- f) any loan to a Listed Issuer other than a loan made by a Financial Institution;
- g) any payment of bonuses, finders fees, commissions or other similar payment by a Listed Issuer; and
- h) the entering into any contract (whether written or oral) for Investor Relations Activities relating to the Listed Issuer by the Listed Issuer or by any other Person of which the Listed Issuer has knowledge.

**"SPAC"** means a special purpose acquisition corporation.

**"SPAC Builder Shares"** means shares issued to the founding holders, excluding those purchased under the IPO or on the same or similar terms as the IPO at essentially the same time, on the secondary market, or by way of a rights offering of a listed SPAC.

**"Statutory Holiday"** means such day or days as may be designated by the CSE Board or established by law applicable in Ontario.

**"Stock Option"** means an option to purchase shares from treasury granted to an employee, director, officer, consultant or service provider of a Listed Issuer.

**"Structured Products"** mean securities generally issued by a Financial Institution under a base shelf prospectus and pricing supplement where an investor's return is contingent on, or highly sensitive to, changes in the value of underlying assets, indices, interest rates or cash flows. Structured Products include securities such as non-convertible notes, principal or capital protected notes, index or equity linked notes, tracker certificates and barrier certificates. CSE, in its discretion, shall determine if the securities will be considered a Structured Product.

**"Subordinate Voting Securities"** means Restricted Securities that carry a right to vote where there is another class of securities outstanding that carry a greater right to vote on a per-security basis.

**"Superior Voting Securities"** means any class of securities with greater voting rights on a per-security basis than another class of securities.

**"Take-Over Bid"** means an offer to purchase securities which, under applicable securities law or Exchange Requirements, must be made to all or substantially all holders of the securities.

**"Trading Day"** means a Business Day during which trades are executed on the Exchange.

**"Trading System"** means the electronic system operated by the Exchange for trading and quoting securities.

**"Trading and Access Systems"** includes all facilities and services provided by the Exchange to facilitate quotation and trading, including, but not limited to: the Trading System, data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by the Exchange and a trading or order routing system operated or maintained by a Dealer, another market or other Person approved by the Exchange, a communications network linking authorized Persons to quotation dissemination, trade reporting and order execution systems and the content entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through the Exchange.

**"Unrelated Director"** means an Outside Director who has no relationship with the Listed Issuer,

in any capacity (e.g., as lawyer, accountant, banker, supplier or customer), other than as a shareholder of the Listed Issuer and who is not a Control Block Holder.

“**Volume-weighted-average-price**” or “**VWAP**” is calculated as the total value of all trades in a given period, divided by the total number of shares traded in the period.

#### **1.4 Rules of Construction**

- (1) The division of Exchange Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of Exchange Requirements.
- (2) The use of the words “hereof”, “herein”, “hereby”, “hereunder” and similar expressions indicated the whole of the Policies and not only the particular Policy in which the expression is used, unless the context clearly indicates otherwise.
- (3) The word “or” is not exclusive and the word “including”, when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as “without limitation” or “but not limited to” or similar words) is used.
- (4) Any reference to a statute, unless otherwise specified, is a reference to that statute and the Regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or Regulation that may be passed which supplements or supersedes that statute or Regulation.
- (5) Unless otherwise specified, any reference to a Policy, Rule, blanket order or instrument includes all amendments made and in force from time to time and any Policy, Rule, blanket order or instrument which supplements or supersedes that Policy, Rule, blanket order or instrument.
- (6) Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.
- (7) All times mentioned in Exchange Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.
- (8) Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).
- (9) Failure by the Exchange to exercise any of its rights, powers or remedies under the Exchange Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its subsequent exercise or the exercise of any other right, power or remedy. The Exchange will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the Person to whom such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by the Exchange.

#### **1.5 Appeals of Decisions**

- (1) A Listed Issuer or any Person directly affected by a Decision under these Policies, other than a Decision of the Market Regulator, may appeal such Decision to the CSE Board.
- (2) At the request of either the appellant or Exchange management, the matter may first be considered by the Listing Committee for an advisory opinion, but the Listing Committee shall not have the power to make a final determination of the matter.
- (3) A Decision of the Market Regulator or a Market Integrity Official made pursuant to these Policies may be appealed pursuant to the provisions of Rule 11.3 of UMIR.



## POLICY 2

### QUALIFICATIONS FOR LISTING

2.1 This Policy sets out the minimum requirements that must be met as a pre-requisite to the Listing of securities on the Exchange, irrespective of Listing method.

(1) These minimum requirements are not exhaustive. The Exchange may impose additional requirements as it determines appropriate, including those taking into consideration the public interest.

The Exchange has discretion to accept or reject applications for Listing. Satisfaction of the applicable requirements may not result in approval of the Listing application.

(2) Where an application is made to list a security that is convertible into another security or backed by another security or asset, the Exchange must be satisfied that investors will be able to obtain the necessary information to form a reasoned opinion regarding the value of the underlying security or asset. This requirement may be met where the underlying security is listed on a stock exchange.

An issuer is eligible for Listing if is not in default of any requirements of securities law in any jurisdiction in Canada and:

- a) has filed and received a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada;
- b) will only list debt securities issued or guaranteed by
  - (i) a government in Canada that are exempt from the prospectus requirements under paragraph 2.34(2)(a) of National Instrument 45-106 *Prospectus Exemptions* (“NI 45-106”) or clause 73(1)(a) of the *Securities Act* (Ontario), or
  - (ii) a Financial Institution that are exempt from the prospectus requirements under paragraph 2.34(2)(c) of NI 45-106 or clause 73(1)(b) of the *Securities Act* (Ontario); or
- c) is a reporting issuer or the equivalent in a jurisdiction in Canada other than:
  - (i) solely as a result of Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* or any similar rule that may be made by a Securities Regulatory Authority,
  - (ii) as a company with only a capital pool through the filing of a prospectus and has not completed a qualifying transaction as defined in the prospectus,
  - (iii) as a result of a business combination with a reporting issuer that was created, by way of a statutory plan of arrangement or other means, for the purpose of providing security holder distribution or reporting issuer status to the applicant, or
  - (iv) having a controlling interest of its principal assets or operations through one or more special purpose entities or variable interest entities.

- (3) Each Issuer submitting a Listing application must:
- a) prepare and file with the Exchange a Listing Statement and prescribed documentation;
  - b) execute a Listing Agreement; and
  - c) remit the applicable Listing fees, based on the type of securities to be listed, in accordance with the Exchange's fee schedule.

The Listing of the Issuer's securities will not be completed until the Listing fees in full have been received by the Exchange.

## **2.2 Eligibility for Listing**

- (1) An issuer must meet the eligibility requirements set out in the appendices to this Policy, based on the type of securities to be listed, as follows:
- a) Equity Securities – Appendix 2A: Part A;
  - b) debt securities - Appendix 2B: Part A; and
  - c) SPACs – Appendix 2C: Part A.
- (2) In addition, if the Listed Issuer's securities are held out as being in compliance with specific, non-exchange-mandated requirements, the Listed Issuer must also comply with the requirements of Policy 10.
- (3) Eligibility of a particular issuer can usually be confirmed through discussions with the Exchange prior to an application. An issuer intending to apply for Listing concurrently with or immediately following the filing of a preliminary prospectus with a Securities Regulatory Authority must first receive confirmation from the Exchange that the eligibility requirements have been met by providing the information described in s. 2.3(1).

## **2.3 Required Documentation**

- (1) For the purpose of obtaining written confirmation of eligibility an issuer must submit a document with sufficient detail to determine that the eligibility requirements of the Exchange have been met or will be met prior to Listing. A draft prospectus will be accepted, provided the required information is included. For natural resource issuers, the relevant technical report is required. The Exchange will conduct a review ("Eligibility Review") and provide a confirmation of eligibility or identify any conditions to be met prior to Listing. The Eligibility Review is subject to a fee, which will be applied to the non-refundable portion of the Listing fee.
- (2) In connection with an initial application for Listing, an issuer must file with the Exchange the documents set out in the appendices to this Policy, based on the type of securities to be listed, as follows:
- a) Equity Securities - Appendix 2A: Part B;
  - b) debt securities - Appendix 2B: Part B; and
  - c) SPACs – Appendix 2C: Part B

## **2.4 Limited Liability**

All securities to be listed must be fully paid and non-assessable.

## **2.5 Responses and Additional Information and Documentation**

The Listed Issuer must submit any additional information, documents or agreements requested by the Exchange.

## **2.6 Final Documentation**

- (1) The Exchange must receive the following documents prior to qualification for Listing:
- a) one executed original of the Listing Statement dated within three Business Days of the date it is submitted to the Exchange, together with any additions or amendments to the supporting documentation previously provided as required by Appendix A to the Listing Application;
  - b) one original Listing Summary dated within three Business Days of the date it is submitted to the Exchange and all documents set out in the Listing Summary;
  - c) two executed originals of the applicable Listing Agreement;
  - d) three choices for a stock symbol;
  - e) a legal opinion that the Listed Issuer:
    - i. is in good standing under and not in default of applicable corporate law or other applicable laws of establishment,
    - ii. has the corporate power and capacity to own its properties and assets, to carry on its business as it is currently being conducted, and to enter into the Listing Agreement and to perform its obligations thereunder, and
    - iii. has taken all necessary corporate action to authorize the execution, delivery and performance of the Listing Agreement and that the Listing Agreement has been duly executed and delivered by the Issuer and constitutes a legal, valid and binding obligation of the Listed Issuer, enforceable against the Listed Issuer in accordance with its terms;
    - iv. is a reporting issuer or equivalent under the securities law of [state applicable jurisdictions] and is not in default of any requirement of any jurisdiction in which it is a reporting issuer or equivalent; or
    - v. if it is not a reporting issuer and is proposing to list debt securities that qualify under section 1.1 of this Policy, that the securities so qualify;
  - f) a legal opinion that all securities previously issued of the class of securities to be listed or that may be issued upon conversion, exercise or exchange of other previously issued securities are or will be duly issued and are or will be outstanding as fully paid and non-assessable securities; and
  - g) a certificate of the applicable government authority that the Listed Issuer is in good standing under and not in default of applicable corporate law or other applicable laws of

establishment.

## **2.7 Postings**

- (1) The Listed Issuer must Post the following:
  - a) the Listing Statement, which must also be concurrently filed on SEDAR as a filing statement, including all reports and material contracts required to be filed therewith;
  - b) the Listing Summary;
  - c) the Listing Agreement;
  - d) an executed Certificate of Compliance;
  - e) an unqualified letter from the Clearing Corporation confirming the ISIN assigned to the securities;
  - f) a letter from its duly appointed transfer agent indicating the date of appointment and stating that the transfer agent is ready to record security transfers and make prompt delivery of shares; and
  - g) If the issuer completed a financing concurrently with Listing, or to qualify for Listing, a completed Notice of Proposed Issuance of Listed Securities.
- (2) All documents must be Posted in the format prescribed by the Exchange from time to time.

## **2.8 Posting Officer**

- (1) A Listed Issuer must designate at least two individuals to act as the Issuer's Posting officers ("Posting Officers"). The Posting Officers will be responsible for Posting or arranging for the Posting of all of the documents required to be Posted by the Issuer.
- (2) A Listed Issuer may Post documents through the facilities of a third-party service provider.

## **2.9 Continuing to Qualify for Listing**

- (1) A Listed Issuer must meet all of the following requirements, failing which the Listed Issuer may be subject to suspension, delisting, or such other action as the Exchange may determine appropriate for the situation:
  - a) the Listed Issuer must be in good standing under and not in default of applicable corporate law or other applicable laws of establishment;
  - b) in each jurisdiction in which the Listed Issuer is a reporting issuer or equivalent, it must remain in good standing and not be in default of any requirement of any such jurisdiction;
  - c) the Listed Issuer must be in compliance with Exchange Requirements, and the terms of the Listing Agreement;
  - d) the Listed Issuer must Post all required documents and information required under the Policies of the Exchange;
  - e) the Listed Issuer must concurrently Post all public documents submitted to SEDAR

(unless identical disclosure has not already been Posted in an Exchange-specific Form);

- f) if the Issuer is required to submit PIFs for each Related Person at the time of Listing then the Listed Issuer must submit a PIF for any new Related Person of the Listed Issuer (and if any of these Persons is not an individual, a PIF for each director, officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual);
- g) the Listed Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to the Exchange or Posted by the Listed Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information.
- h) a Listed Issuer with Equity Securities listed must meet the continued Listing requirements described in section 2A.1(9) of Appendix 2A of this Policy.

(2) Each Listed Issuer that is not a reporting issuer in Alberta must:

- a) assess whether it has a Significant Connection to Alberta;
- b) upon becoming aware that it has a Significant Connection to Alberta, immediately notify the Exchange and promptly make a *bona fide* application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a Listed Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a Significant Connection to Alberta);
- c) assess, on an annual basis, in connection with the delivery of its annual financial statements to security holders, whether it has a Significant Connection to Alberta;
- d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their Registered Holders and Beneficial Holders; and
- e) if requested, provide to the Exchange evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*).

(3) Where it appears to the Exchange that a Listed Issuer making an application for Listing has a Significant Connection to Alberta, the Exchange will, as a condition of its acceptance or approval of the Listing application, require the Listed Issuer to provide evidence that it has made a *bona fide* application to the Alberta Securities Commission to become a reporting issuer in Alberta.

## 2.10 Suspensions

The Exchange may suspend from trading the securities of a Listed Issuer if the Exchange or the Market Regulator determines that the Listed Issuer fails to meet any requirement, or it is otherwise in the public interest to suspend trading of the securities of the Listed Issuer.

## 2.11 Listing in US Dollars

Securities may be traded and quoted in US dollars.

## **2.12 Transfer and Registration of Securities**

(1) The Listed Issuer must maintain transfer and registration facilities in good standing where the securities of the Listed Issuer are directly transferable. Where certificates are issued, they must name the cities where they are transferable and must be interchangeably transferable and identical in colour and form with each other.

### **(2) Treasury Orders**

(a) Every Listed Issuer must require that its transfer agent provide to the Exchange, within five business days following the issuance of any securities, a copy of the applicable treasury order.

(b) Each treasury order and reservation order submitted to the Listed Issuer's transfer agent must contain the following information:

(i) the date of the treasury order;

(ii) the name and municipality of the transfer agent;

(iii) full particulars of the number and type of securities being issued or reserved for issuance;

(iv) the issue price per security or the deemed issue price;

(v) the balance of issued securities of the Listed Issuer following the issuance;

(vi) the names and addresses of all parties to whom the securities are being issued or are reserved for issuance;

(vii) the date of the Exchange acceptance, if applicable, of the issuance of such securities;

(viii) confirmation that the Issuer has received full payment for the securities and that the securities are validly issued as fully paid and non-assessable;

(ix) instructions that the wording of any legend required by applicable Securities Laws or by s. 6.1(4) of Policy 6 be imprinted on the face of the certificate (or if the face of the certificate has insufficient space, on the back of the certificate with a reference on the face of the certificate to the legend); and

(x) a legend describing the hold period required by s 6.1(4) of Policy 6.

(c) Every treasury order must be signed by at least two directors or senior officers of the Issuer. The names and titles of each signatory must be printed beneath their respective signatures.

## **2.13 Share Certificates**

(1) Certificates must bear a valid ISIN number.

(2) Certificates must conform with the requirements of the corporate and securities law applicable to the Listed Issuer.

(3) The foregoing requirements, except for a valid ISIN, do not apply to a completely uncertificated issue that complies with the requirements of the Clearing Corporation.

## **2.14 Book-Based System**

The securities to be listed must be eligible for and deposited into the book-based system maintained by the Clearing Corporation.

## **2.15 Full, True & Plain Disclosure**

As an overriding principle, the Listing Statement must contain full, true and plain disclosure of all material facts regarding the securities issued or proposed to be issued by the Listed Issuer. Disclosure must include such particulars and information which, according to the particular nature of the Listed Issuer and the securities for which Listing is sought, are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Listed Issuer and of its profits and losses (and of any guarantee) and of the rights attaching to such securities and must set out such information accurately and in plain language.

## **2.16 Prior Violations**

The Exchange will not approve a Listed Issuer for Listing if any Related Persons, or investor relations Persons associated with the Listed Issuer have been convicted of fraud, been found liable of a breach of fiduciary duty, been sanctioned pursuant to violations of securities laws (other than a minor violation that does not necessarily give rise to investor protection or market integrity concerns) or any other activity that concerns integrity of conduct unless the Listed Issuer severs relations with such Person(s) to the satisfaction of the Exchange.

## **2.17** The Exchange may not approve a Listed Issuer for Listing if any Related Persons, or investor relations Person(s) associated with the Listed Issuer:

- a) have entered into a settlement agreement with a Securities Regulatory Authority or other authority;
- b) are known to be associated with other offenders depending on the nature and extent of the relationship and the seriousness of the offence committed; or
- c) have a consistent record of business failures, particularly failures involving public companies,

unless the Listed Issuer first severs relations with such Person(s) to the satisfaction of the Exchange.

## **2.18** The Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if the Exchange reasonably believes such association will give rise to investor protection concerns, could bring the Exchange into disrepute, or it is in the public interest to do so.

## **2.19 ISIN Eligibility**

A Listed Issuer must confirm in writing to the Exchange that its securities to be listed have been made eligible in the Clearing Corporation prior to the start of trading of such securities.



## APPENDIX 2A: Equity Securities

For the purposes of this Appendix, Equity Securities include any securities that are convertible into Equity Securities. Appendix 2A does not apply to Special Purpose Acquisition Corporations

### PART A: Eligibility for Listing

#### 2A.1 GENERAL

In addition to meeting the minimum Listing requirements at the time of Listing, an issuer meeting the NV Issuer requirements set out in this Appendix 2A may be considered by the Exchange to be an NV Issuer.

##### (1) Business Development Prior to Listing

The qualifications for Listing are intended to allow for early-stage businesses that are well managed and are adequately financed with clearly stated objectives. An issuer that appears to be a shell company or a blind pool company with little or no operating history, a limited history of financing, or minimal expenditures to develop the business or proposed business in which it operates or intends to operate may be considered ineligible for Listing. In such cases the Exchange will also consider the relevant experience of the Board and senior management of the issuer. Listing expenses or fees for professional services associated with Listing do not qualify as business development expenditures.

##### (2) Pursuit of Objectives and Milestones

The comprehensive disclosure provided in a Listing Statement describes the business objectives and milestones of a Listed Issuer and how available funds and management effort will be spent to achieve those objectives or reach those milestones. An issuer that has applied and been granted a Listing based on the disclosure in a Listing Statement should diligently pursue those objectives or engage in the business activities described in that disclosure.

#### 2A.2 Float and Distribution

For the purposes of Policy 2, a “Public Holder” is any security holder other than: a Related Person, an employee of a Related Person of a Listed Issuer or any Person or group of Persons acting jointly or in concert holding:

- a) more than 10% of the issued and outstanding securities of the class to be listed; or
- b) securities convertible or exchangeable into the listed Equity Security and would, on conversion or exchange, hold more than 10% of the issued and outstanding securities.

##### (1) Minimum Float

- a) An issuer of Equity Securities must have a Public Float of at least 500,000 Freely Tradeable shares and consisting of at least 150 Public Holders holding at least a Board Lot each of the security. The Public Float must constitute at least 10% of the total issued

and outstanding of that security.

- b) NV Issuer - A Listed Issuer must have: (i) a Public Float of at least 1,000,000 Freely Tradeable and (ii) at least 300 Public Holders each holding at least a Board Lot.
  - c) Closed End Funds, ETFs and Structured Products must meet the minimum float requirements for an NV Issuer.
- (2) The Exchange may not consider as part of the Public Float any shares that were obtained in a distribution that was primarily effected as a gift or through an arrangement primarily designed for the purpose of meeting the minimum float distribution requirement. The minimum float distribution requirement will not be met if a significant number of the Public security holders:
- a) did not purchase the shares directly or receive the shares in exchange for previously purchased shares of another issuer; or
  - b) hold the minimum number of shares described in s. 2A.2(1) above.

### **2A.3 Restricted Securities**

This section is applicable to Listed Issuers with outstanding listed Restricted Securities or those intending to list Restricted Securities. Restricted share structures may not be appropriate for all Listed Issuers. Details of a proposed issuance of Superior Voting Securities should be provided to the Exchange in advance of the Listed Issuer seeking security-holder approval.

- (1) Restricted Securities
- a) A Listed Issuer's constating documents must clearly designate and identify any securities that are Restricted Securities. Such securities will be identified by the Exchange as Restricted Securities in market data displays prepared for the financial media.
  - b) A class of shares may not be designated or identified in any Listed Issuer's constating documents or other communication as 'common' unless the shares are Common Shares and there are no Superior Voting Securities.
  - c) A class of shares may not be designated or identified in any Listed Issuer's constating documents or other communication as 'preference' or 'preferred' securities unless the shares are Preference Shares.
  - d) A Listed Issuer's constating documents must provide Restricted Security holders the same right to receive notice of, attend and speak at all shareholder meetings as holders of any Superior Voting Securities and to receive all disclosure documents and other information sent to holders of any Superior Voting Securities.
  - e) A Listed Issuer with outstanding listed Restricted Securities or those intending to list Restricted Securities must include in its Listing Statement the disclosure required by Part 2 of OSC Rule 56-501 *Restricted Shares*.
- (2) **Coattail Provisions**
- a) Coattail provisions are intended to ensure that holders of Restricted Securities are able to participate in a Take-Over Bid together with holders of Superior Voting Securities, proportionate to their equity interests in the Listed Issuer. The Exchange may intervene in a transaction that has been structured to circumvent the coattail provisions.

- b) Subject to s. 2A.3(2)(c), the Exchange will not list Restricted Securities unless the Listed Issuer's constating documents or an agreement provide that if a Take-Over Bid is made for Superior Voting Securities, whether or not the Superior Voting Securities are listed, all Restricted Securities will automatically convert to Superior Voting Securities unless an identical offer (in terms of price per share, percentage of shares to be taken up exclusive of shares already owned by the offeror and its associates and all other material terms) is concurrently made to Restricted Security holders.
- c) If the class or classes of Superior Voting Securities are not publicly traded, the Exchange may accept a coattail agreement executed by all holders of those shares that stipulates that they will not tender to a Take-Over Bid unless an identical offer as described in s. 2A.3(2)(b) is also made to the holders of the Restricted Securities.
- d) The conversion right or identical offer described in subsection s. 2A.3(2)(b) and (c) may contain appropriate modifications to account for any material difference between the equity interests of the Restricted Securities and Superior Voting Securities.

### **(3) Issuance of Restricted and Superior Voting Securities**

- a) A Listed Issuer may not distribute any Superior Voting Securities unless the distribution has been approved by the holders, that do not or would not have an interest in the Superior Voting Securities, of the Restricted Securities.
- b) For the purpose of the approval described in 2A.3(3)(a), security holders that have or would have an interest in the Superior Voting Shares after the distribution may not vote.
- c) The Exchange will consider an exemption from the security holder approval requirement in 2A.3(3)(a) where the Listed Issuer demonstrates that the proposed distribution of Superior Voting Securities would not reduce the voting power of the holders of Restricted Securities.
- d) Notwithstanding the security holder approval requirements, the Exchange will generally object to the distribution of Superior Voting Securities of a Listed Issuer that is not an NV Issuer.

## **2A.4 Basic Qualifications**

(1) To qualify for Listing an issuer must be:

- a) an operating company with revenue from the sale of goods or services;
- b) a non-operating company with financial resources to carry out a proposed work plan or achieve stated objectives for 12 months following Listing, subject to a minimum of \$200,000 in working capital at the time of Listing, and have advanced to a stage of development at which additional financing is typically available to the companies in the industry;
- c) a company that is listed on an exchange in Canada and is not proposing a transaction or change that would be considered a Fundamental Change or Change of Business, provided that the Company has the financial resources to achieve stated objectives for 12 months following Listing. This qualification will not be met by an issuer that is only

listed on a board or tier of a stock exchange that is designated for issuers that do not meet the ongoing requirements of that exchange or

d) an ETF or CEF

(2) An NV Issuer must also meet at least one of the four standards set out in this section. The Exchange may, in its sole discretion, designate a Listed Issuer as a NV Issuer if the Listed Issuer is sufficiently advanced in capitalization or operations that it is near the thresholds of at least two of the four tests or the Exchange determines it would be in the public interest to do so. The standards are as follows, with market value being based on the number of outstanding securities and the IPO price or concurrent financing price:

a) Equity Standard:

(i) Shareholders' equity of at least \$5,000,000, and

(ii) Expected market value of Public Float of at least \$10,000,000; or

b) Net Income Standard:

(i) Net income of at least \$400,000 from continuing operations in the most recent fiscal year or in two of three of the most recent fiscal years,

(ii) Shareholders' equity of at least \$2,500,000, and

(iii) Expected market value of Public Float of at least \$5,000,000; or

c) Market Value Standard:

(i) Market value of all securities, including the class(es) to be listed and any class convertible into the class(es) to be listed, but excluding warrants and options, of at least \$50,000,000,

(ii) Shareholders' equity of at least \$2,500,000 including the value of any offering concurrent with Listing, and

(iii) Expected market value of Public Float of at least \$10,000,000; or

d) Assets and Revenue Standard:

(i) Total assets and total revenues of at least \$50,000,000 each in the most recent fiscal year or in two of three of the most recent fiscal years, and

(ii) Expected market value of Public Float of at least \$5,000,000.

(3) **Closed End Funds and ETFs**

a) Closed End Funds must have a Minimum Net Asset Value of \$10,000,000;

b) ETFs must have a Minimum Net Asset Value of \$1,000,000;

c) An ETF or CEF must confirm to the Exchange that the net asset value will be published each Trading Day.

(4) An operating company must have achieved revenue from the sale of goods or the delivery of services to customers and these revenues must appear on its audited financial statements or on an interim financial statement supported by a comfort letter from the company's auditor. Such companies must have financial resources and a business plan that demonstrate a reasonable

likelihood that the company can sustain its operations and achieve its objectives for 12 months following Listing.

- (5) A non-operating company must have
- a) a significant interest in its primary business or asset,
  - b) a history of development of the business or asset, and
  - c) specific objectives and milestones and the financial resources necessary to achieve them.

In determining whether the company has met requirements (b) and (c) above, the Exchange will consider the capital invested in the development of the business or asset and evidence of testing, development or manufacturing of the product or service, including prototypes, clinical trials or sponsorships.

(6) **Industry-specific Requirements for Natural Resource Companies**

The following industry criteria apply:

- a) A mineral resource company:
  - (i) must have title to a property that is prospective for minerals and on which there has been exploration previously conducted including qualifying expenditures of at least \$75,000 by the Listed Issuer or predecessor during the most recent 36 months (if the company does not have title to the property, it must have the means and ability to acquire an interest in the property upon completion of specific objectives or milestones within a defined period);
  - (ii) must have obtained an independent report that meets the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* and that recommends further exploration on the property, with a budget for the first phase of at least \$100,000; and,
  - (iii) if the resource company meets the minimum Listing requirements with a single exploration project must include disclosure of its objectives to pursue additional exploration projects or opportunities or to otherwise remain in the mineral exploration business.

Qualifying expenditures include exploration expenditures related to geological and scientific surveys to advance mineral project but do not include general and administrative, land maintenance, property acquisition or payments, staking, investor or public relations, non-domestic flight expenditures or taxes.

- b) An energy resource company must have:
  - (i) title to a property on which measurable quantities of conventional energy resources have been identified or the means and ability to acquire an interest in the property upon meeting specific objectives or milestones within a defined period; or
  - (ii) title to an unproven property with prospects or the means and ability to acquire a significant interest in the property upon completion of a fully financed exploration program. The company must also submit a qualifying report on the property in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas*

## *Activities.*

### **(7) Industry Specific Requirements for Investment or Real Estate Companies**

An investment or real estate company must have an appropriate balance between income and activity depending on the nature of its investments. A holding company that is not active in the management of investee companies should own majority interests or have effective control in businesses that can generate returns that will flow to the shareholders through distributions, or have prospects for growth through the reinvestment of earnings. Such companies must have:

- a) minimum net assets of:
  - (i) \$2 million, at least 50% of which has been allocated to at least 2 specific investments;  
or
  - (ii) \$4 million; and
- b) management with a track record of acquiring and divesting interests in arm's-length enterprises in a manner that can be characterized as conducting an active business.
- c) a clearly defined investment policy disclosed in the Listing Statement.

## **2A.5 CAPITAL STRUCTURE, BUILDER SHARES AND ESCROW**

### **(1) Capital Structure**

A Listed Issuer's capital structure must be acceptable to the Exchange.

### **(2) Builder Shares & Low Priced Shares**

Notwithstanding the specific restrictions set out in 2A.5(4), the Exchange may determine that the number of Builder Shares combined with shares issued at or near the Builder Share threshold price appears to be excessively dilutive or imbalanced. In such cases the Exchange may object unless adjustments are made.

### **(3) Pricing**

A Listed Issuer may not sell securities pursuant to an IPO for less than

- a) \$0.10 per share or unit; or
- b) For an NV Issuer, \$2.00 per share or unit.

For Listed Issuers not yet generating revenue from business activity, the Exchange will not consider an application where Builder Shares have been issued for less than \$0.005 in the previous 18-month period.

### **(4) Specific Restrictions**

At the time of Listing, or re-qualifying following a Fundamental Change:

- a) The ratio of shares in the post-offering or reverse takeover capital structure must not exceed one Builder Share for every three non-Builder Shares.
- b) Where there is no concurrent financing, the minimum permitted price at which securities can be exercisable or convertible into the listed security and not be subject to escrow is \$0.10.
- c) The Exchange will not permit the exercise, conversion or exchange price of any exercisable, convertible or exchangeable security to be fixed until the security has been granted or issued to a particular Person.

(5) **Substantial Float**

The Exchange may consider exercising discretion to amend or waive the requirements of paragraphs (3) and (4) of section 2A.5 if a Listed Issuer has a “Substantial Float”. The Exchange will generally consider a Listed Issuer that meets all the following criteria to have a Substantial Float:

- a) \$1,000,000 in capital raised, excluding funds from Related Persons;
- b) 1,000,000 Free Trading shares;
- c) 200 public shareholders with a minimum of one Board Lot each with no resale restrictions; and
- d) 20% of the issued and outstanding shares held by public shareholders.

(6) Acceptance of an alternative proposed structure is contingent upon an evaluation by the Exchange using the following criteria:

- a) track record, quality and experience of management and Board;
- b) percentage of time devoted by management to the Listed Issuer;
- c) capital contribution (cash paid in, reasonable value of assets and reasonable value of services performed, less any cash payments) by Related Persons;
- d) relationship of capital contribution to ownership by Related Persons; and
- e) relationship of share price in pre-IPO financing rounds to the IPO price.

(7) All issuances prior to Listing will be reviewed *seriatim* to determine suitability taking into account management activity, significant Developments, and elapsed time as well as arm’s-length party participation.

(8) **Escrow**

Prior to Listing, all securities issued to Related Persons are generally required to be subject to an escrow agreement pursuant to National Policy 46-201 *Escrow for Initial Public Offerings* (“NP 46-201”).

- a) In addition, where convertible securities (such as Stock Options, common share purchase warrants, special warrants, convertible debentures or notes) are issued less than 18

months before Listing and are exercisable or convertible into listed securities at a price that is less than the issuance price per security under a prospectus offering or other financing or acquisition made contemporaneously with the Listing application, then the underlying security will be subject to escrow with releases scheduled at periods specified under NP 46-201.

- b) A Listed Issuer that has, within the six months prior to applying to list on the Exchange, completed a transaction that would have been considered a Fundamental Change, must enter into escrow agreements with the Related Persons as if the Listed Issuer were subject to the requirements of NP 46-201 and the provisions of section 8.8 of Policy 8 shall apply in all respects to the Listed Issuer.
- c) Related Persons with securities that have been previously subject to a required escrow agreement will not generally be required to enter a new escrow agreement.
- d) The Exchange, in its sole discretion, may impose escrow arrangements that are in addition to those required by NP 46-201, or consider different proposals such as an “earn-out” escrow, on a case-by-case basis.

## **2A.6 Continued Listing Requirements**

### **(1) Minimum**

In addition to the general requirements in section 2.9, a Listed Issuer with Equity Securities listed must meet the specific criteria set out below on an annual basis:

- a) Public distribution
  - (i) minimum of 250,000 shares in the Public Float;
  - (ii) 10% or more of listed shares in the Public Float;
  - (iii) at least 150 public security holders each holding one Board Lot of freely trading shares, subject to the exemption provided in Policy 9 that would permit no less than 100 public security holders immediately following a consolidation;
- b) Financial resources

Adequate working capital or financial resources to maintain operations for a period of 6 months.
- c) Assets

No specific value, however, the Exchange may determine that a Listed Issuer no longer meets the continued Listing requirements if the Listed Issuer:

  - (i) reduces or impairs its principal operating assets; or
  - (ii) ceases or substantively reduces its business operations.
- d) Activity for a mining or oil and gas Listed Issuer, either:
  - (i) For the most recent fiscal year, positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures; or
  - (ii) For the three most recent fiscal years, an aggregate of \$100,000 in exploration or development expenditures.



- e) Activity for industry segments other than mining or oil & gas, either:
  - (i) For the most recent fiscal year, positive cash flow, or \$100,000 in revenue from operations or \$100,000 in development expenditures; or
  - (ii) For the three most recent fiscal years, either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business.

## **(2) NV Issuers**

In addition to the general requirements in section 2.9, an NV Issuer with Equity Securities listed must meet the specific criteria set out below on an annual basis:

- a) Public Distribution
  - (i) 500,000 shares in the Public Float; and
  - (ii) Public Float value of \$2,000,000.
- b) Standards
  - (i) Net income from continuing operations of \$100,000; or
  - (ii) Market value of listed securities of at least \$3,000,000.

In determining whether the standards of 2A.6(2)(b) have been met, the Exchange may exercise discretion in consideration of general economic conditions and the economic conditions affecting the industry of the Issuer.

## **(3) Closed End Funds**

In addition to the general requirements in s. 2.9 a Closed End Fund must continue to meet the following criteria:

- a) Public Distribution
  - (i) 500,000 securities in the Public Float;
  - (ii) Net asset value of \$3,000,000;
  - (iii) 150 public holders holding at least one Board Lot;
- b) The net asset value is published each Trading Day.

## **(4) Exchange Traded Funds**

In addition to the general requirements in section 2.9 an Exchange Traded Fund must continue to meet the following criteria:

- a) Net Asset Value of \$500,000;
- b) The net asset value is published each Trading Day.

## **(5) Structured Products**

In addition to the general requirements in section 2.9 a Structured Product must continue to meet the following criteria:

- a) Net Asset Value of \$500,000.

## **PART B: Documents required with application**

### **2A.7 Application**

- (1) The application for Listing must include the following:
- a) an Application Letter for Listing one or more specific classes of Equity Securities of the Listed Issuer, indicating the number and class of the Listed Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;
  - b) a completed Listing Application together with the supporting documentation set out in Appendix A to the Listing Application;
  - c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit committee;
  - d) a duly executed PIF from each Related Person of the Listed Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
  - e) current insider reports from each Person required to file a PIF, as filed with the applicable Securities Regulatory Authority; or confirmation that a SEDI profile has been created or an undertaking to create such profile;
  - f) if applicable, the escrow agreement required under s. 2A.5(8); and
  - g) the relevant portion of the listing fees, plus applicable taxes.

## **APPENDIX 2B: Debt Securities**

For the purposes of this Appendix, “debt securities” includes bonds, debentures, notes, Eurobonds, medium term notes, Sukuk (Islamic bonds) and any other fixed income security that the Exchange deems to be a debt security.

### **PART A: Eligibility for Listing**

#### **2B.1 General**

- (1) A Listed Issuer must have net assets of at least \$1 million or where the Listed Issuer is a special purpose vehicle, or a holding company that does not meet this requirement itself, the Exchange may consider the assets of an underlying entity.
- (2) In the case of asset-backed securities, a trustee or other independent representative must be appointed to represent the interests of the holders of the asset-backed securities and the trustee or an independent custodian must hold the underlying assets and all money and benefits flowing from the assets to the Listed Issuer or the holder of the asset-backed securities.
- (3) In the case of asset-backed securities that are secured on debt obligations or other receivables from a managed pool of assets, the entity appointed to manage the pool of assets must have adequate experience and expertise and such entity must be required to provide periodic financial reports on the performance and credit quality of the pool, for the benefit of the trustee.
- (4) In the case of asset-backed securities that are secured by Equity Securities, the Equity Securities must represent minority interests in, and must not carry legal or management control of, the underlying entities and must be listed on the Exchange or listed on another exchange recognized for this purpose by the Exchange.
- (5) The Listed Issuer must appoint and maintain a payment agent acceptable to the Exchange.

## **PART B: Documents required with application**

### **2B.2 Application**

- (1) The application for Listing must include the following:
- (a) an Application Letter for Listing one or more specific classes of securities of the Listed Issuer;
  - (b) a completed Listing Application together with the supporting documentation set out below;
  - (c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit committee;
  - (d) a duly executed PIF from each Related Person of the Listed Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
  - (e) current insider reports from each Person required to file a PIF, as filed with the Securities Regulatory Authority; and
  - (f) the relevant portion of the Listing fees, plus applicable taxes.

The Exchange may, at its sole discretion, determine that items (d) and (e) do not apply to an application to list a debt security that is exempt from prospectus requirements under applicable securities law.

#### **(2) Listing Statement**

The Listing Statement is required to be submitted to the Exchange or in the case of a tranche issued pursuant to a programme, a term sheet shall be submitted.

#### **(3) Supporting Documents**

In addition to the Listing Application the Issuer must submit:

- a) the participation agreement; and
- b) the declaration of trust or other document constituting the securities.

The Exchange may also require a legal opinion that confirms that the debt securities have been duly constituted.

#### **(4) Pre-approval of Issuance Programmes**

- a) Where a Listed Issuer issues debt securities of the same class on a regular basis under an issuance programme a Listed Issuer may make an application for the pre-approval of the Listing of a specified number of securities which may be issued in a particular case.
- b) Where debt securities are to be issued under an issuance programme, the initial application must cover the maximum number of securities that may be in issue at any one

time under the programme. If the Exchange approves the application, it will grant pre-approval for the Listing of all the securities that may be issued under the programme within twelve (12) months after the approval, subject to the Exchange receiving:

- (i) advice of the final terms of each issue,
- (ii) copies of any supplementary document or pricing supplement issued in support of the tranche or series,
- (iii) confirmation that the Issuer is still in full compliance with Exchange Policy and that the issue falls within the terms and conditions of the issuance programme, and
- (iv) confirmation that the securities in question have been issued.

c) The debt securities to be issued under an issuance programme must be identical, except in respect of their designation (i.e., they can be different series), the term of the securities (i.e., the maturity date may vary), the amount of the tranche (within the overall maximum amount of the programme), and the yield (e.g., the coupon rate may vary). Securities that are not identical may not be issued under a programme and will require a separate application.

(5) The final terms of each issue which is intended to be listed must be submitted in writing to the Exchange as soon as possible after they have been agreed and, in any event, no later than two (2) Business Days before the Listing is required to become effective. The Exchange reserves the right to impose additional requirements on an issue made under an issuance programme, including imposing a requirement to make a new application in respect of that issue, if it considers that the issue does not fall within the scope of the programme.

## APPENDIX 2C: Special Purpose Acquisition Corporations

All securities are subject to the requirements of the “General” section of Policy 2

In this Appendix:

### PART A: Eligibility for Listing

#### 2C.1 General Listing Matters

##### *Securities to be Listed*

- (1) A SPAC must submit a Listing Application sufficient to demonstrate that it is able to meet the Exchange's original Listing requirements for SPACs, as detailed in Policy 2.

##### *Exchange Discretion*

- (2) Pursuant to Section 2.1(1), the Exchange may grant or deny the application notwithstanding the prescribed original Listing requirements. In exercising its discretion, the Exchange must be satisfied that public interest considerations are satisfied. In addition, the Exchange will consider:
  - (a) The experience and track record of the officers and directors of the SPAC;
  - (b) The nature and extent of officers' and directors' compensation; and
  - (c) The extent of the Founding Security Holders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution.

#### 2C.2 Original Listing Requirements

##### *IPO*

- (1) A SPAC must raise a minimum of \$30,000,000 through the sale of shares or units by way of a prospectus offering. A unit may contain no more than one share, and no more than two warrants.
- (2) Builder Shares and Resale Restrictions
  - a) The terms of purchase of SPAC Builder Shares must be disclosed in the IPO prospectus.
  - b) The founding shareholders must agree not to transfer any of their SPAC Builder Shares prior to the completion of a Qualifying Acquisition and that in the event of liquidation and delisting, SPAC Builder Shares will not participate in the liquidation distribution.
- (3) The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the Listed Issuer's principal regulator.

##### *No Operating Business*

- (4) An issuer is not eligible for Listing as a SPAC if it is carrying on an active business, or if has entered into a binding acquisition agreement for a Qualifying Acquisition. A statement that the issuer has not entered into such an agreement must be included in the IPO prospectus. The SPAC may have identified a target business sector or geographic area in which to make a Qualifying Acquisition, provided that it discloses this information in its IPO prospectus.

#### *Jurisdiction of Incorporation*

- (5) The jurisdiction of incorporation must be acceptable to the Exchange. Where the Listed Issuer is incorporated in a jurisdiction outside of Canada, the Listed Issuer should first consult with the Exchange to determine acceptability.

#### (6) Capital Structure

The capital structure of a SPAC must be acceptable to the Exchange.

(a) Except for the SPAC Builder Shares, listed securities must have:

- (i) A redemption feature or similar feature that will permit holders, in the event that a Qualifying Acquisition is completed within the permitted time as set out in section 2C.4(1), to elect that each share held be redeemed for an amount at least equal to the aggregate amount remaining in the escrow account (net of applicable taxes and expenses related to redemption) divided by the number of shares outstanding, excluding SPAC Builder Shares; and
- (ii) A liquidation distribution or similar feature that will provide holders, for each share held, if the qualifying transaction is not completed within the permitted time as set out in section 2C.4(1), an amount equal to the aggregate amount remaining in the escrow account (net of applicable taxes and expenses related to liquidation distribution) divided by the number of shares outstanding, excluding SPAC Builder Shares.

A Listed Issuer may establish a maximum number of shares to which an individual, with affiliates or Persons acting jointly or in concert, may exercise a redemption right, provided that such limit is not lower than 15% of the shares sold in the IPO and the limit is disclosed in the prospectus.

Exchange discretion with respect to the requirements of this subsection may only be exercised after discussions with, and the concurrence of, the OSC and BCSC.

(b) In addition to Section 2C.2(6)(a), if share purchase warrants are issued in the IPO:

- (i) the share purchase warrants must not be exercisable prior to the completion of the Qualifying Acquisition;
- (ii) the share purchase warrants must expire on the earlier of: a date specified in the IPO prospectus, and the date on which the SPAC fails to complete a Qualifying Acquisition within the permitted time set out in s. 2C.4; and
- (iii) share purchase warrants will not have an entitlement to the escrowed funds upon liquidation of the SPAC.



### *Prohibition of Debt Financing*

- (7) A SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its Qualifying Acquisition. A credit facility may be entered into prior to completion of a Qualifying Acquisition, but may only be drawn down contemporaneous with, or after, completion of a Qualifying Acquisition. The Listed Issuer must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 2C.2(7).

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from Founding Security Holders or their affiliates, up to a maximum aggregate principal amount equal to the lesser of: (i) 10% of the funds escrowed under Section 2C.2(8); and (ii) \$5 million, repayable in cash no earlier than the closing of the Qualifying Acquisition, provided that (1) such limit is disclosed in the IPO prospectus and the prospectus of the resulting ; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

### *Use of Proceeds Raised in the IPO and Escrow Requirements*

- (8) Concurrent with Listing, 100% of the gross proceeds raised in the IPO and the underwriter's deferred commissions (in accordance with Section 2C.2(11)), must be placed in escrow with an escrow agent acceptable to the Exchange.
- (9) The escrow agent must invest the escrowed funds in Permitted Investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the Permitted Investments.
- (10) The escrow agreement governing the escrowed funds must provide for:
- (a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with Section 2C.2(6)(a)(i) and the remaining escrowed funds to the Listed Issuer if the Listed Issuer completes a Qualifying Acquisition within the permitted time set out in Section 2C.4(1); and
  - (b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than for SPAC Builder Shares) in accordance with s. 2C.2(6)(a)(ii) and the terms of s. 2C.5 if the Listed Issuer fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1).
- (11) The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a Qualifying Acquisition within the permitted time set out in Section 2C.4(1). If the SPAC fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including

any deferred commissions.

- (12) The proceeds from the IPO that are not placed in escrow, if any, and interest or other proceeds earned on the escrowed funds from Permitted Investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a Qualifying Acquisition.

#### *Float and Distribution*

- (13) The Listed Issuer must satisfy all of the criteria below:
- (a) at least 1,000,000 Freely Tradeable securities are held by public holders;
  - (b) the aggregate market value of the securities held by public holders is at least \$30,000,000; and
  - (c) at least 150 public holders of securities, holding at least one Board Lot each.

#### *Pricing*

- (14) The minimum IPO price is \$2.00 per share or unit.

#### *Other Requirements*

- (15) A SPAC will not be permitted to adopt a Security Based Compensation Arrangement prior to the completion of a Qualifying Acquisition.

### **2C.3 Continued Listing Requirements Prior to Completion of a Qualifying Acquisition**

#### *Additional Equity by way of Rights Offering Only*

- (1) Prior to completion of a Qualifying Acquisition, a SPAC may only raise additional capital by way of a rights offering in accordance with the requirements in Policy 6 and at least 90% of the funds raised must be placed in escrow in accordance with the provisions of Sections 2C.2(8) to (12). Contemporaneous with or following completion of a Qualifying Acquisition, the Listed Issuer may raise additional funds in accordance with Policy 6 of the Policies.
- (2) A SPAC may only raise additional funds pursuant to the issuance or potential issuance of Equity Securities from treasury pursuant to Section 2C.3(1) of this Appendix to fund a Qualifying Acquisition and/or administrative expenses of the Listed Issuer.

#### *Other Requirements*

- (3) Prior to completion of its Qualifying Acquisition, in addition to this Appendix, the Listed Issuer will be subject to the following CSE Policies:
- (a) Sections 2.6 to 2.18 of Policy 2;
  - (b) Policy 3;
  - (c) Policy 4;
  - (d) Policy 5;

- (e) Policy 6;
- (f) Policy 9; and
- (g) Applicable listing fees and forms.

Until completion of a Qualifying Acquisition, a SPAC may only issue and make Equity Securities issuable in accordance with Sections 2C.3(1) and (2) of this Appendix. Security Based Compensation Arrangements may not be adopted until completion of a Qualifying Acquisition.

## **2C.4 Completion of a Qualifying Acquisition**

### *Permitted Time for Completion of a Qualifying Acquisition*

- (1) A SPAC must complete a Qualifying Acquisition within 36 months of the date of closing of the distribution under its IPO prospectus or complete a liquidation distribution pursuant to 2C.5. Where the Qualifying Acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the Qualifying Acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 2C.4(2).

### *Value of a Qualifying Acquisition*

- (2) The businesses or assets forming the Qualifying Acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the Qualifying Acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a Qualifying Acquisition, these acquisitions must close concurrently and within the time frame in Section 2C.4(1).

### *Approvals*

- (3) The Qualifying Acquisition must be approved by:
  - (a) a majority of directors unrelated to the Qualifying Acquisition; and
  - (b) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose.

Shareholder approval of the Qualifying Acquisition is not required where the Listed Issuer has placed 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 2C.3(1) in escrow in accordance with Section 2C.2(8). The shareholder approval requirements set out in Sections 8.6 and 8.9 of Policy 8 will not apply to transactions concurrently effected with the Qualifying Acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the Qualifying Acquisition. Where the Qualifying Acquisition is comprised of more than one acquisition, each acquisition must be approved.

- (4) The IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the Qualifying Acquisition and the shareholders entitled to vote upon the matter. If a Qualifying Acquisition is subject to shareholder approval, the Listed Issuer must prepare an information circular containing disclosure of the resulting issuer assuming completion of the Qualifying Acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.
- (5) The Listed Issuer may impose additional conditions on the completion of a Qualifying Acquisition, provided that the conditions are described in the prospectus or information circular describing the Qualifying Acquisition. For example, a SPAC may impose a condition not to proceed with a proposed Qualifying Acquisition if more than a pre-determined percentage of public shareholders exercise their redemption rights.
- (6) In accordance with Section C2.6, holders of shares other than SPAC Builder Shares must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the Qualifying Acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the Qualifying Acquisition and such redeemed shares shall be cancelled.

#### *Prospectus Requirement for Qualifying Acquisition*

- (7) A prospectus must be filed containing disclosure regarding the SPAC and its proposed Qualifying Acquisition with the Securities Regulatory Authority in each jurisdiction in which the SPAC and the resulting issuer is, and will be, a reporting issuer assuming completion of the Qualifying Acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the Qualifying Acquisition is located in Canada. Completion of the Qualifying Acquisition without a receipt for the final prospectus will result in the delisting from the Exchange.

If a Qualifying Acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable Securities Regulatory Authorities prior to mailing the information circular described in Section 2C.4(4).

If a Qualifying Acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise physically deliver the prospectus to shareholders no later than midnight (Toronto time) on the second Business Day prior to the deadline for redemption. The notice of redemption must be pre-cleared by CSE prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC and BCSC.

#### *Exchange Approval*

- (8) The Listed Issuer resulting from the completion of the Qualifying Acquisition by the SPAC must meet the Exchange's original Listing requirements for an NV Issuer set out in Policy 2. The

Exchange will provide the Listed Issuer with up to 90 days from the completion of the Qualifying Acquisition to provide evidence that it meets the requirements set out in s. 2A.1(1), failing which the Listed Issuer will generally be subject to Policy 3.

Failure to obtain the Exchange's approval of the Listing of the resulting Listed Issuer prior to the completion of the Qualifying Acquisition will result in delisting. For greater certainty, a Qualifying Acquisition may include a merger or other reorganization or an acquisition of the Listed Issuer by a third party.

#### *Escrow Requirements*

- (9) Upon completion of the Qualifying Acquisition, the resulting Listed Issuer shall be subject to the Exchange's escrow requirements outlined in s. 2A.5(8) and s. 8.8.

### **2C.5 Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition**

- (1) If a SPAC fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), subject to applicable laws, it must complete a liquidation distribution within 30 calendar days of the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares other than SPAC Builder Shares on a pro rata basis, and in accordance with Section 2C.5(2).
- (2) In accordance with Section 2C.2(2), the Founding Security Holders may not participate in any liquidation (or redemption) distribution with respect to any of their SPAC Builder Shares. In addition, in accordance with Section 2C.2(11), all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 100% of the gross proceeds raised in the Listed Issuer's IPO, as required under Section 2C.2(8) and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through Permitted Investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.
- (3) If the Listed Issuer fails to complete a Qualifying Acquisition within the permitted time set out in Section 2C.4(1), the Exchange will delist the securities on or about the date on which the liquidation distribution is completed.

### **2C.6 Continued Listing Requirements Following Completion of a Qualifying Acquisition**

Upon completion of a Qualifying Acquisition pursuant to these requirements, the resulting Listed Issuer will be subject to all continued listing requirements in the Policies except where otherwise provided in Section 2C.4(8).



## **PART B: Documents required with application**

### **2C.7 Application**

- (1) The application for Listing must include the following:
- a) an Application Letter for Listing one or more specific classes of Equity Securities of the Listed Issuer and indicating the number and class of the Listed Issuer's securities issued and outstanding and, if convertible or exchangeable securities are issued and outstanding, the number and type of securities reserved for issuance;
  - b) a completed Listing Application together with the supporting documentation set out in Appendix A to the Listing Application;
  - c) a draft Listing Statement including financial statements approved by the Listed Issuer's Board or its audit;
  - d) a duly executed PIF from each Related Person of the Issuer and, if any of these Persons is not an individual, a PIF from each director, senior officer and each Person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual;
  - e) current insider reports from each Person required to file a PIF, as filed on SEDI; or confirmation that a SEDI profile has been created; or an undertaking to create such profile;
  - f) if applicable, the escrow agreement required under paragraph 2.8 of Part A of this Appendix; and
  - g) the relevant portion of the Listing Fees, plus applicable taxes.

## **POLICY 3**

### **SUSPENSIONS AND INACTIVE ISSUERS**

#### **3.1 Listing Agreement**

The Listing Agreement authorizes the Exchange or the Market Regulator to halt, and authorizes the Exchange to suspend, trading in a Listed Issuer's securities without notice and at any time, or the Exchange to delist the securities of a Listed Issuer, if the Exchange or the Market Regulator, as the case may be, has determined it is in the public interest to do so.

#### **3.2 Halts**

The Exchange or the Market Regulator can halt trading to allow for public dissemination of material news pursuant to Policy 5.

#### **3.3 Suspensions**

(1) The Exchange may without any prior notice suspend trading in a Listed Issuer's securities if, at any time, the Listed Issuer fails to meet any of the requirements as set out in CSE Policies.

#### **(2) Reinstatement and Extension of Suspension**

a) Subject to section 3.5(3) for Inactive Issuers, if a Listed Issuer which has had its securities suspended pursuant to this Policy 3 or otherwise has, within 90 days from the date of such suspension,

(i) cured the default or breach that gave rise to the suspension, and

(ii) paid the reinstatement fee set out in fee schedule of the Exchange,

the Listed Issuer's securities may resume trading.

b) The Exchange will extend the period of suspension for an additional 90 days if the Exchange is satisfied that the Listed Issuer has made progress towards curing the default or breach that gave rise to the suspension.

(3) Throughout the period during which a Listed Issuer's securities are suspended, the Exchange will not allow quotation or trading by Dealers in the securities of the Listed Issuer and the Exchange website will indicate that the Issuer's securities have been suspended. Dealers may quote or trade the securities of the Listed Issuer on other marketplaces or over-the-counter unless prohibited under securities law or UMIR.

(4) Throughout the period during which a Listed Issuer's securities are suspended, the Listed Issuer must continue to comply with all applicable Exchange Requirements.

#### **3.4 Delisting**

(1) Following a 90 -day suspension the Exchange will, without any prior notice, delist a Listed Issuer's securities unless the period of suspension has been extended in accordance with Section 3.3(2)(b) of this Policy.



- (2) A Listed Issuer may at any time request that all or any class of its securities be delisted. Any such request must be made in writing and must identify the securities that will be the subject of the delisting. Pursuant to Policy 1 Section 1.2(1), the Exchange may, in its sole discretion, deny such request for any of the following reasons:
- (a) outstanding fees are owed to the Exchange;
  - (b) the request is made in order to proceed with a transaction that is unacceptable to the Exchange or that the Exchange finds objectionable;
  - (c) the Exchange has determined it is in the public interest to deny such a request.

### **3.5 Application of Continued Listing Requirements**

For the purpose of this section, “applicable continued listing requirements” means, for all Listed Issuers the requirements set out in 2A.6(1) “Minimum” and for NV issuers, the requirements set out in 2A.6(2) “NV Issuer”.

A Listed Issuer must meet the applicable continued listing requirements to remain listed in good standing. The Exchange may remove the NV designation, designate a Listed Issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet applicable continued listing requirements.

#### **(1) Notification**

A Listed Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will:

- a) for an NV Issuer, remove the NV designation;
- b) suspend the Listed Issuer pending delisting in 90 days;
- c) assign the Listed Issuer to a different industry classification; or
- d) designate the Listed Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the Listed Issuer.

The policy intent of the 9-month period is to permit the Listed Issuer time to demonstrate that it is pursuing the business objectives as described in its Listing Statement and that its failure to meet a continued listing requirement is temporary. An Issuer that discloses, directly or indirectly, that it is not pursuing its stated business objectives or actively operating its described business has acknowledged that it is inactive, and therefore the reason for the 9-month period does not apply. In such cases, the inactive designation may be applied by Exchange immediately, or at any time following the Exchange becoming aware of the disclosure.

#### **(2) Restrictions**

The following restrictions apply to any Listed Issuer that has been designated inactive and

received such notice from the Exchange:

- (a) an Inactive Issuer may not enter into a contract or agreement with any person for the provision of investor relations services.
- (b) an Inactive Issuer is not eligible for confidential price protection as per Policy 6 section 6.2(4). An Inactive Issuer with an intention to complete a private placement must issue a news release.
- (c) in addition to the procedures set out in Policy 6, any private placement proposed by an Inactive Issuer must be approved by the Exchange prior to closing.
- (d) any additional requirements or restrictions as the Exchange determines appropriate.

**(3) Suspensions – Inactive Issuers**

Section 3.3(2) does not apply for suspended Inactive issuers or Listed Issuers suspended pursuant to section 3.5(1)(a). Such Listed Issuers will be delisted in 90 days unless an application is made to requalify for Listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. If the Listed Issuer's requalification application is approved, the Listed Issuer will not be delisted and for Inactive Issuers, the inactive designation will be removed upon the approval. If the Listed Issuer's requalification application is not approved, the Listed Issuer will be delisted at the later of the expiry of the 90-day suspension or the date of disapproval.

**(4) Removal of the Inactive Designation**

A Listed Issuer that has, pursuant to section 3.5(1), received notice or been designated as inactive, will be considered inactive until:

- a) there is evidence in the Listed Issuer's interim or audited financial statements, updated Listing Statement or other continuous disclosure document that confirms the Listed Issuer meets the continued listing requirements;
- b) the Listed Issuer requalifies for Listing pursuant to Policy 2 or Policy 8; or
- c) the Exchange is otherwise satisfied that the Listed issuer has met the continued Listing requirements.

## POLICY 4

### **CORPORATE GOVERNANCE, SECURITY HOLDER APPROVALS AND MISCELLANEOUS PROVISIONS**

#### **4.1 Introduction**

- (1) Boards should be structured and their proceedings conducted in a way to encourage, reinforce, and demonstrate the Board's role as an independent and informed monitor of the conduct of the corporation's affairs and the performance of its management. Board structure and practice will, over time, significantly affect the extent to which a Board is likely to exercise its powers and discharge its obligations in a manner that effectively advances corporate objectives.
- (2) No single governance structure fits all publicly-held corporations, and there is considerable diversity of organizational styles. Each Listed Issuer should develop a governance structure that is appropriate to its nature and circumstances.

#### **4.2 Corporate Governance**

- (1) The Board of every Listed Issuer is responsible for, among other things, the following matters:
  - (a) strategic planning;
  - (b) principal business risks and risk management;
  - (c) appointing, training and monitoring senior management;
  - (d) executive compensation;
  - (e) succession planning;
  - (f) communications policy; and
  - (g) internal control and management information systems.
- (2) Canadian corporate law generally prescribes requirements related to the number or percentage of Outside Directors. Both Outside Directors and Unrelated Directors can bring a fresh perspective to issuers in addition to acting as an independent discipline on management. The Exchange considers that a requirement to have a specified number or percentage of Outside Directors or a specified number or percentage of Unrelated Directors may not be suitable for all Listed Issuers.

Smaller corporations frequently do not have the resources or the ability to attract talented individuals to serve as Outside Directors or Unrelated Directors. It may also be more important for small issuers to have on their Board individuals who have a prior familiarity with the issuer's business rather than those who can bring an independent perspective or discipline. For this reason the Exchange does not prescribe requirements dealing with Outside Directors or Unrelated Directors; however Listed Issuers must comply with applicable law. However, Listed Issuers are encouraged to examine the appropriateness of including either or both Outside Directors or Unrelated Directors, on their Boards.
- (3) Every Listed Issuer, as an integral element of the process for appointing new directors, should

provide an orientation and education program or manual for new recruits to the Board.

- (4) Every Board should examine its size and undertake where appropriate, to reduce or increase the number of directors to a number which facilitates more effective decision-making.
- (5) The Board, together with the senior management, such as the chief executive officer or president, should develop written position descriptions for the Board chair, chairs of the Board's committees and for each member of senior management, involving the definition of the limits to management's responsibilities. In addition, the Board should approve or develop the corporate objectives which the senior management is responsible for achieving. The Board and the Board committees should have written charters that have been approved by the Board.
- (6) Canadian corporate law generally prescribes a minimum number or percentage of directors sitting on the audit committee of the Board that must be Outside Directors.
- (7) National Instrument 52-110 *Audit Committees* ("NI 52-110") establishes audit committee standards. Companion Policy to NI 52-110 ("52-110CP") provides additional guidelines to Listed Issuers.
  - a) Part 2 of 52-110CP provides that the roles of an audit committee include:
    - (i) helping directors meet their responsibilities;
    - (ii) providing better communication between directors and external auditors;
    - (iii) enhancing the external auditor's independence;
    - (iv) increasing the credibility and objectivity of financial reports; and
    - (v) strengthening the role of the directors by facilitating in-depth discussions between directors, management and external auditors.
  - b) NI 52-110 requires that the audit committee also be responsible for managing, on behalf of the shareholders, the relationship between the issuer and the external auditors. In particular, it provides that an audit committee must have responsibility for:
    - (i) overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or related work; and
    - (ii) recommending to the board of directors the nomination and compensation of the external auditors.
- (8) Boards of Listed Issuers should adapt the responsibilities of their audit committees to their particular circumstances. No published set of practices can substitute for the active commitment to high standards by every party having responsibility for the corporate disclosure system.
- (9) The Exchange strongly encourages Boards of Listed Issuers to select Independent Directors as members of audit committees, to limit membership to such directors whenever possible and that the chair of the audit committee should be an Independent Director.
- (10) For reasons similar to those expressed in paragraph 4.2(2), the Exchange does not consider that it is appropriate to prescribe a higher threshold for Listed Issuers than that prescribed by corporate law or NI 52-110. However, the Exchange endorses the recommendations and guidelines of 52-110CP. Listed Issuers should consider that placing a greater number or higher percentage of Outside Directors or Unrelated Directors on the audit committee may function as

an effective protection of shareholder interests.

- (11) The Board should implement a system which enables an individual director to engage an outside adviser at the expense of the Listed Issuer in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the Board.
- (12) Although the Exchange does not prescribe corporate governance requirements, investors will expect that all Listed Issuers are subject to the requirements that generally apply to Canadian corporations unless informed otherwise. Therefore, non-corporate Listed Issuers and Listed Issuers incorporated in jurisdictions outside of Canada must state in their Listing Statement the nature and extent to which their governing law or constating documents differ materially from Canadian law with respect to the aspects of corporate governance described in this Policy.
- (13) At each annual meeting of shareholders, the Board must:
  - (a) present the audited annual financial statements to the shareholders for review;
  - (b) permit the shareholders entitled to do so to vote on the appointment of an auditor; and
  - (c) permit the shareholders entitled to do so to vote on the election of directors.
- (14) Each director of an NV Issuer must be individually elected by a majority (at least 50% +1 vote) of the votes cast with respect to their election other than at contested meetings ("Majority Voting Requirement"). An NV Issuer must adopt a majority voting policy (a "MV Policy"), unless it otherwise satisfies the Majority Voting Requirement in a manner acceptable to the Exchange, for example, by applicable statutes, articles, by-laws or other similar instruments.

The MV Policy must provide that:

- a) any director must immediately tender their resignation to the Board if they are not elected by at least a majority of the votes cast with respect to their election;
  - b) the Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant meeting and the Board shall accept the resignation absent exceptional circumstances;
  - c) the resignation will be effective when accepted by the Board;
  - d) a director who tenders a resignation pursuant to the MV Policy will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered; and
  - e) the NV Issuer shall promptly issue a news release with the Board's decision. If the Board determines not to accept a resignation, the news release must fully state the reasons for that decision.
- (15) If a Listed Issuer adopts a MV Policy to satisfy the Majority Voting Requirement, it must be described fully in materials sent to security holders in connection with a meeting at which directors are being elected and it must be made available on the Listed Issuer's website.
  - (16) NV Issuers that are majority controlled are exempted from the Majority Voting Requirement. NV Issuers with more than one class of listed voting securities may only rely on this exemption with respect to the majority-controlled class or classes of securities that vote together for the election of directors. An NV Issuer relying on this exemption must disclose, on an annual basis in its materials sent to holders of listed securities in connection with a meeting at which directors are being elected, its reliance on this exemption and its reasons for not adopting majority voting.

### **4.3 Directors and Officers**

- (1) The identity, history and experience of management, including officers and directors, is important information concerning a Listed Issuer.
- (2) Every officer and director of a Listed Issuer is required to complete a PIF upon their appointment or election as an officer or director of a Listed Issuer.
- (3) The Exchange may collect personal information about the current or proposed directors and officers of a Listed Issuer as the Exchange may require and, notwithstanding the qualification for Listing of its securities, a Listed Issuer may not appoint, and must remove or cause the resignation of, any director or officer which the Exchange determines is not suitable for the purpose of acting as a director or officer of a Listed Issuer, failing which the Exchange may immediately Disqualify the Listed Issuer's securities.
- (4) Where a Listed Issuer has a Significant Connection to Alberta, the Exchange may refuse to accept any director, officer or insider, or revoke, amend or impose conditions in connection with acceptance of any such application until such time as the Listed Issuer has complied with a direction from Exchange or the Exchange requirement to make application to the Alberta Securities Commission and to become a reporting issuer in Alberta.
- (5) Management
  - a) A Listed Issuer must have:
    - (i) a chief executive officer ("CEO");
    - (ii) a chief financial officer ("CFO"); and
    - (iii) a corporate secretary
  - b) The CFO must be financially literate, as defined in NI 52-110, and have experience or knowledge of Canadian corporate governance laws and reporting requirements.
  - c) The CEO or CFO may also act as corporate secretary. No individual, except in unusual and temporary circumstances, may act as both CEO and CFO of a Listed Issuer.
- (6) Collectively, a Listed Issuer's directors, officers and management must have adequate reporting issuer experience (including experience with and knowledge of Canadian corporate governance laws and reporting requirements), and experience and expertise relevant to the Listed Issuer's industry and the languages, customs and laws relevant to the Listed Issuer's operations in each of the jurisdictions in which the Listed Issuer operates.
- (7) Duties of Officers and Directors
  - a) Officers and directors of a Listed Issuer are responsible for ensuring that Listed Issuer complies with applicable Exchange Requirements, corporate and securities laws.
  - b) Each officer and director must act honestly and in good faith in the best interests of the Listed Issuer.
  - c) Officers and directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (8) Further to 2A.1(2) Pursuit of Objectives and Milestones, a history of involvement with Listed

Issuers that fail to pursue the business objectives disclosed in the Listing disclosure documents may lead the Exchange to object to a person acting as an officer or director of a Listed Issuer.

#### **4.4 Guidance for Listed Issuers with Principal Business Operations or Operating Assets in Emerging Markets**

A primary focus of the initial and continued Listing requirements of the Exchange is appropriate level of disclosure. While relevant to all Listed Issuers, the guidance contained in this section is primarily intended for EMIs.

##### **(1) Areas of Concern**

A Listed Issuer with a governance structure that is appropriate to its circumstances should have identified and addressed the areas of concern listed in the OSC EMI Guide. Listed Issuers are encouraged to review the OSC EMI Guide and assess their approach to specific risks and tailor both their governance practices and disclosure to address the OSC EMI Guide areas of concern that are pertinent to them.

###### **a) Business and operating environment**

A Listed Issuer is required by securities law to describe its business and operations. Additionally, the Listing Statement must include, among other things, disclosure about the Listed Issuer's principal markets, competitive conditions in the principal markets and geographic areas in which it operates, and economic dependence on significant contracts<sup>1</sup>.

<sup>1</sup> Listing Statement, Item 4 Narrative Description of Business

###### **b) Language and cultural differences**

In considering its responsibilities as described in s. 4.2(1), an EMI's Board should include members that have appropriate experience in each market in which the Listed Issuer conducts business. This will enable the Board to identify specific risks associated with each market so its governance oversight responsibilities will be met. It is noted that reliance on local management may not be appropriate without the provision for additional input from independent sources.

###### **c) Corporate structure**

A corporate structure that addresses differing political, legal and cultural realities may be complex and difficult for investors to understand. The complexity of a corporate structure also creates additional risks associated with effective decision making and accurate reporting across the organization.

Disclosure about a Listed Issuer's corporate structure should:

- (i) be clear and understandable;
- (ii) explain why the structure is necessary; and
- (iii) describe the risks associated with the structure and how those risks are managed.

Policy 2 – Qualifications for Listing specifically disqualifies special purpose entities and variable interest entities.

**d) Related parties**

Disclosure requirements for related party transactions are prescribed in both accounting standards and securities law. Business, cultural and legal differences may result in increased risks, especially in cases where the interests of the controlling shareholders do not necessarily align with the interests or expectations of the minority shareholders. The Board should have appropriate policies and procedures for the evaluation of related party transactions.

**e) Risk management and disclosure**

Risk disclosure is an important element of investor protection, and the Board should ensure that adequate disclosure is provided of the specific risks of operating in each market in which the Issuer operates. The Listing Statement requires full risk disclosure, as well as reasonable detail and a discussion of any trend, commitment, event or uncertainty that is both presently known and reasonably expected to have a material effect on the Issuer's business, financial condition, or results of operations<sup>2</sup>.

**f) Internal controls**

Appropriate internal controls will provide checks and balances to reduce the risks of inaccurate financial reporting. If there are concerns about the effectiveness of internal controls, or if material weaknesses have been identified, audit committee members should apply greater scrutiny in their reviews. It is also advisable for Listed Issuers to disclose known material weaknesses in their risk disclosure if the weakness creates a risk for the company.

<sup>2</sup> Listing Statement, Item 3.3

Disclosure should be adequate for investors to assess the nature and implications of those weaknesses.

**g) Use of and reliance on experts**

Industry professionals in emerging markets are not necessarily subject to rules of conduct equivalent to those in Canada. The Board should evaluate an expert's credentials and knowledge in the context of what would be acceptable in Canada. If an expert is retained to perform a service or function that could expose the listed company to a disruption in operations or significant liability, the Board should determine whether the level of diligence exercised by the expert is adequate. As part of the oversight role, the Board should ensure adequate disclosure of an expert's interests in the Listed Issuer.

**h) Oversight of the external auditor**

The external auditor's competence, experience and qualifications in the foreign market should be considered by the audit committee. The audit committee should also evaluate the external auditor's approach in the areas that present risks specific to the Listed Issuer.

**(2) The Role of the Exchange**

The Exchange considers the guidance in this section to be consistent with existing disclosure requirements for all Listed Issuers. Each Listed Issuer is encouraged to closely adhere to the principles set out in the OSC EMI Guide to assist them in meeting their disclosure obligations under securities law and Exchange Requirements.



### **(3) Application of the Guidance**

#### **a) Original Listing**

The Listing Statement includes specific disclosure requirements concerning risk issues. Section 17 - Risk Factors - includes, in the first 2 sections, some of the common risks that should be described. Section 17.3 specifically addresses “any risk factors material to the Listed Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.” For Listed Issuers with their principal business operations or operating assets in emerging markets, the OSC EMI Guide areas of concern should be addressed in the context of the guidance provided by OSC Staff.

#### **b) Continued Listing**

All Listed Issuers are reminded that the OSC EMI Guide provides an excellent reference for any questions regarding continuous disclosure requirements, including disclosure in CSE filings. Notice of Proposed Issuance of Listed Securities, and Notice of Proposed Transaction, for example, each include questions that relate to one or more of the OSC EMI Guide areas of concern. A change related to any of these areas could be Material Information that requires immediate disclosure by news release.

### **4.5 Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets**

(1) A Listed Issuer must demonstrate clear title or right to its assets or operations, and the receipt of the relevant licence or permit required to operate. At the time of Listing where applicable, the Listed Issuer must provide a title opinion or appropriate confirmation, and a legal opinion that the Listed Issuer has the required permits, licences or approvals to carry out its operations in each relevant jurisdiction.

#### **(2) Audit Committee**

In addition to the guidance in section 2.7 and requirements of NI 52-110, the majority of the members of a Listed Issuer’s audit committee must be financially literate as defined in NI 52-110, subject to a minimum of three financially literate members.

Disclosure in the Listing Statement must include a summary of the steps taken in selecting an external auditor and the procedures in place to ensure the audit committee can effectively evaluate the audit process.

#### **(3) Risk Disclosure and Mitigation**

Disclosure in the Listing Statement must address and adequately explain the risks and the reasonable steps taken, consistent with the OSC EMI Guide, to mitigate these risks.

### **4.6 Security holder Approvals**

## (1) **General Requirements**

- a) Any Related Party of a Listed Issuer that has a material interest in a transaction that:
  - (i) differs from the interests of security holders generally, and
  - (ii) would Materially Affect Control of the Listed Issuer,may not vote on any resolution to approve that transaction.
- b) Any Exchange Requirement for securityholder approval may be satisfied by a written resolution signed by security holders of more than 50% of the securities having voting rights.
- c) Listed Issuers relying on s. 4.6(2)(b) will be required to issue a press release at least seven Trading Days in advance of the closing of the transaction, which shall disclose the material terms of the transaction and that the Listed Issuer has relied upon this exemption.
- d) The securityholder approval requirements apply to transactions involving the issuance or potential issuance of listed Non-Voting Securities.
- e) Where a transaction will affect the rights of holders of different classes of securities, the securityholder approval requirements will apply on a class-by-class basis, provided that the Exchange may permit voting together as if a single class or series provided this complies with all applicable corporate and securities law and the issuer's constating documents.
- f) Where a transaction involves the issuance of Restricted Securities or Super-Voting Securities, the provisions of 2A.3(1) shall apply.
- g) Materials sent to security holders in connection with a vote for approval must contain information in sufficient detail to allow a security holder to make an informed decision. The Listed Issuer must file a draft of the information circular for Exchange review before it sends the information circular to security holders in respect of a transaction that requires Exchange review or approval.
- h) In addition to any specific requirement for security holder approval, the Exchange will generally require security holder approval if in the opinion of the Exchange the transaction would Materially Affect Control of the Listed Issuer.
- i) CSE may, in its discretion, require that security holder approval be given at a meeting at which holders of Restricted Securities are entitled to vote with the holders of any class of securities of the Listed Issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the Listed Issuer.

## (2) **Sale of Securities**

- (a) Subject to subsection 4.6(2)(b), security holders must approve a proposed securities offering (by way of prospectus or by private placement) if:
  - (i) the number of securities issuable in the offering (calculated on a fully diluted basis) is more than
    - 1) 25% of the total number of securities or votes outstanding (calculated on a non-diluted basis) for an NV Issuer, or

- 2) for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) accompanied by a new Control Person or 100% of the total number of securities or votes outstanding;
  - (ii) the price is lower than the market price less the Maximum Permitted Discount, regardless of the number of shares to be issued; or
  - (iii) the number of securities issuable to Related Persons of an NV Issuer in the offering, when added to the number of securities issued to such Related Persons of the NV Issuer in private placements or acquisitions in the preceding twelve months (in each case, calculated on a fully diluted basis), is more than 10% of the total number of securities or votes outstanding (calculated on a non-diluted basis), regardless of the price of the offering.
- (b) Security holder approval of an offering may not be required if:
- (i) the Listed Issuer is in serious financial difficulty;
  - (ii) the Listed Issuer has reached an agreement to complete the offering;
  - (iii) no Related Person of a Listed Issuer is participating in the offering; and
  - (iv) the
    - (1) audit committee, if comprised solely of Independent Directors, or
    - (2) Independent Directors constituting a majority of the Board's Independent Directors in a vote in which only Independent Directors participate,
 have determined that the offering is in the best interests of the Listed Issuer, is reasonable in the circumstances and that it is not feasible to obtain security holder approval or complete a rights offering to existing security holders on the same terms.
- (c) A Listed Issuer using the exemption in subsection 4.6(2)(b) must issue a news release five days in advance of the security offering stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

### (3) **Acquisitions and Dispositions**

- a) Securityholders must approve an acquisition if:
- (i) a Related Person of an NV Issuer or a group of Related Persons of an NV Issuer has a 10% or greater interest in the assets to be acquired and the total number of securities issuable (calculated on a fully diluted basis) are more than 5% of the total number of securities or votes of the NV Issuer outstanding (calculated on a non-diluted basis); or
  - (ii) for Listed Issuers that are not investment funds, the total number of securities issuable (calculated on a fully diluted basis) is more than
    - 1) 25% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis) for an NV Issuer; or
    - 2) for a Listed Issuer that is not an NV Issuer, 50% of the total number of securities or votes of the Listed Issuer outstanding (calculated on a non-diluted basis)

accompanied by a new Control Person or 100% of the total number of securities or votes outstanding;

where,

(iii) the term “total number of securities issuable” includes securities issuable pursuant to:

- 1) the acquisition agreement;
- 2) any Security Based Compensation Arrangement of the target Entity assumed by the Listed Issuer, Awards issued by the Listed Issuer as a replacement for Awards issued by the target Entity, and Security Based Compensation Arrangements created for employees of the target Entity as a result of the acquisition; and

(iv) any concurrent private placement upon which the acquisition is contingent or otherwise linked.

- b) Security holders must approve a disposition that is more than 50% of the assets, business or undertaking of the Listed issuer.
- c) A Listed Issuer that is an investment fund must comply with applicable securities law requirements.

#### **(4) Security Based Compensation Arrangements**

Security holders must approve the adoption of, or amendments to, a plan as described in Policy 6, s. 6.5.

#### **(5) Rights Offering**

(a) Subject to section 4.6(5)(b), security holder approval is required where securities offered by way of rights offering are offered at a price greater than the Maximum Permitted Discount to the market price.

(b) Security holder approval for a rights offering is not required where:

- (i) the audit committee, if comprised solely of Independent Directors has, or
- (ii) a majority of the Independent Directors in a vote in which only Independent Directors participate have,

determined that the rights offering, including the pricing thereof, is in the best interests of the Listed Issuer, and is reasonable in the circumstances.

(c) A Listed Issuer taking advantage of the exemption in s. 4.6(5)(b) must forthwith issue a news release stating it will not hold a security holder vote and fully explaining how it qualifies for the exemption.

#### **(6) Shareholder Rights Plan**

Security holders must approve the adoption of or amendments to a plan as described in Policy 6, s. 6.9.

(7) **Related Party Transactions**

Any transaction subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) must comply with any requirements for formal valuations and minority security holder approval.

(8) **Consolidations**

Security holders must approve a consolidation of a listed security if

- (a) the consolidation ratio is greater than 10 to 1; or
- (b) when combined with any other consolidation in the previous 24 months that was not approved by shareholders, the consolidation ratio is greater than 10 to 1.

## POLICY 5

### **TIMELY DISCLOSURE, TRADING HALTS AND POSTING REQUIREMENTS**

#### **5.1 Introduction**

- (1) The Exchange believes that two of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices are: (a) high quality and timely continuous disclosure by Listed Issuers, and (b) comprehensive market regulation to ensure that high quality and timely continuous disclosure occurs. All investors must have equal and timely access to Material Information about a Listed Issuer, both to allow investors to make reasoned and informed investment decisions, and to participate in securities markets on an equal footing with other investors.
- (2) Information dissemination sources such as SEDAR facilitate immediate, widespread and economical dissemination of Listed Issuer information. For this reason, the Exchange requires Listed Issuers to provide an enhanced standard of disclosure to secondary market participants, irrespective of the Listed Issuer's size. The establishment of a comprehensive, publicly available disclosure base for every Listed Issuer is fundamental.
- (3) To continue to qualify for Listing, every Listed Issuer must make high quality, timely and continuous disclosure of Material Information.
- (4) This Policy is not an exhaustive statement of the timely and continuous disclosure requirements applicable to Issuers. Listed Issuers must comply with all applicable requirements of securities law. In particular, mining Issuers must comply with the additional disclosure requirements of National Instrument 43-101- *Standards of Disclosure for Mineral Projects*. Oil and gas Issuers must comply with the additional disclosure requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. All Listed Issuers must comply with National Policy 51-201 – *Disclosure Standards*.

#### **5.2 Disclosable Events**

- (1) Listed Issuers are required to make public disclosure of all Material Information.
- (2) Listed Issuers 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 and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, Listed Issuers 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. A reasonable investor's investment decision may be affected by factors relating directly to the securities themselves as well as by information concerning the Listed Issuer's business and affairs. For example, changes in a Listed Issuer's issued capital, stock splits, redemptions and dividend decisions may all have an impact upon

the reasonable investor's investment decision.

- (3) Actual or proposed Developments that require immediate disclosure include:
- (a) changes in share ownership that may affect control of the Listed Issuer;
  - (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 Listed Issuer's resources, technology, products or market;
  - (i) significant discoveries or exploration results, both positive and negative, 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; and
  - (q) any other Developments relating to the business and affairs of the Listed Issuer that might reasonably be expected to influence or change an investment decision of a reasonable investor.
- (4) Disclosure is only required where a development is within the scope of Material Information. Announcements of a transaction or activity should be made when the decision to proceed by the Listed Issuer's Board, or by senior management (with the expectation of concurrence from the Board) has been made. However, a corporate development in respect of which no firm decision has yet been made but that is reflected in the market price may require prompt disclosure.
- (5) 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 must be disclosed. Forecasts should not be provided on a selective basis to investors or others not involved in the management of the affairs of the Listed Issuer. If disclosed, they should be publicly disclosed.

### **5.3 Consultation with the Market Regulator**

- (1) It is the responsibility of each Listed Issuer to determine what information is material in the context of the Listed Issuer's own affairs. The materiality of information varies from one Listed

Issuer to another, and will be influenced by factors such as the Listed Issuer's profitability, assets, capitalization, and the nature of its operations. An event that is "significant" or major" in the context of a smaller Listed Issuer's business and affairs may not be material to a larger Listed Issuer.

- (2) Given the element of judgment involved, Listed Issuers are encouraged to consult with the Market Regulator on a confidential basis as to whether a particular event gives rise to Material Information.

Proposed transactions or events may be subject to additional requirements. Listed Issuers should review the Policies, and communicate with the Exchange regarding any questions.

#### **5.4 Rumours and Unusual Trading Activity**

- (1) Rumours and unusual trading activity may influence or change the investment decision of a reasonable investor or the trading price of the Listed Issuer's securities. It is impractical to expect a Listed Issuer's management to be aware of, and comment on, all rumours or unusual trading activity. However, when either rumours or unusual trading activity occur, the Market Regulator may request that the Listed Issuer make a clarifying statement. A trading halt may be imposed pending release of a "no corporate developments" statement from the Listed Issuer. If a rumour is correct in whole or in part, or if it appears that the unusual trading activity reflects illicit trading on non-disclosed Material Information, the Market Regulator will require the Listed Issuer to make immediate disclosure of the relevant Material Information, and a trading halt may be imposed pending release and dissemination of that information.

#### **5.5 Timing of Disclosure and Pre-Notification of the Market Regulator**

- (1) Subject to pre-notification of the Market Regulator, a Listed Issuer is required to disclose Material Information 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 that Persons with access to that information will act upon undisclosed information.
- (2) The policy of immediate disclosure frequently requires that press releases be issued during trading hours, especially when an important corporate development has occurred. When this occurs, the Listed Issuer must notify the Market Regulator prior to the issuance of a press release. The Market Regulator will then be able to determine whether trading in the Listed Issuer's securities should be temporarily halted.

#### **5.6 Dissemination**

- (1) A news release must be transmitted to the media by the quickest and widest disseminating method 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 that provides national and simultaneous coverage.
- (2) The Exchange accepts the use of any news services that meet the following criteria:



- a) dissemination of the full text of the release to the national financial press and to daily newspapers that provide regular coverage of financial news;
  - b) dissemination to all Dealers; and
  - c) dissemination to all relevant regulatory bodies.
- (3) Dissemination of news is essential to ensure that all investors have equal and timely information. The onus is the Listed Issuer 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 or Disqualification from Listing. In particular, The Exchange will not consider relieving a Listed Issuer from its obligation to disseminate news properly because of cost factors.

Listed Issuers must Post to the Exchange website all news releases immediately following dissemination.

## **5.7 No Selective Disclosure**

- (1) Disclosure of Material Information must not be made on a selective basis. The disclosure of Material Information should not occur except by means that ensure that all investors have equal access to the information. The Exchange recognizes that good governance involves actively communicating with investors, brokers, analysts, and other interested parties with respect to the entity's business and affairs, through private meetings, formal or informal conferences, or by other means. However, when communications of any nature occur other than by widely disseminated press releases in accordance with this Policy, Listed Issuers may not, under any circumstances, communicate Material Information to anyone, other than in the necessary course of business, in which case the party receiving the information must be instructed to keep it confidential and not to trade the Listed Issuer's securities or funds that hold such securities.
- (2) The Board of a Listed Issuer should put in place policies and procedures that will ensure that those responsible for dealing with shareholders, investment dealers, analysts, and other external parties are aware of their and the Listed Issuer's obligations with respect to the disclosure of Material Information.
- (3) Should Material Information be disclosed, whether deliberately or inadvertently, other than through a widely disseminated press release in accordance with this Policy, the Listed Issuer must immediately communicate with the Market Regulator and request a trading halt pending the widespread dissemination of the information.

## **5.8 Content of News Releases**

- (1) Announcements of Material Information must be factual and balanced. Unfavourable news must be disclosed as promptly and completely as favourable news. News releases must contain sufficient detail to enable investors to assess the importance of the information to allow for informed investment decisions. Listed Issuers must communicate clearly and accurately the nature of the information, without including unnecessary details, exaggerated reports or editorial commentary.
- (2) All news releases must include the name of an officer or director of the Listed Issuer who is responsible for the announcement, together with the Issuer's telephone number. The Issuer may

include additional contact information.

- (3) Any Listed Issuer that fails to comply with any provision of this Policy may be subject to a halt of quotation and trading of its securities without prior notice.

## **5.9 Confidential Disclosure - When Information May be Kept Confidential**

- (1) Section 7 of National Instrument 51-102 *Continuous Disclosure Obligations* provides that where a reporting issuer reasonably believes that the public disclosure of a material change would be unduly detrimental to its interests or the material change consists of a decision to implement a change made by the reporting issuer's senior management who believe that confirmation of the decision by the Board is probable (and senior management has no reason to believe that any Person with knowledge of the material change has purchased or sold the reporting issuer's securities or traded a related derivative), the reporting issuer may file a report with the Securities Regulatory Authority disclosing a material change on a confidential basis.
- (2) When a Listed issuer requests that information be kept confidential, the Listed Issuer must advise the Securities Regulatory Authority in writing within 10 days of filing if it wishes that the information continue to be held on a confidential basis, and every 10 days thereafter until the Material Change is generally disclosed. The Securities Regulatory Authority can require the Listed Issuer to disclose confidential information when, in its view, the benefit from public disclosure would outweigh the harm to the reporting issuer resulting from disclosure.
- (3) Listed Issuers should be guided by applicable securities law in determining whether a Material Change can be filed on a confidential basis with the Securities Regulatory Authority. Where a decision is made to file a confidential report with the Securities Regulatory Authority, the Market Regulator must be immediately notified of the Listed Issuer's decision to do so. The Market Regulator must be provided with a copy of all submissions to the Securities Regulatory Authority relating to a request to make or to continue confidential disclosure, or to make general disclosure of previously held confidential information. The Market Regulator must be kept fully apprised of the nature of any discussions between the Listed Issuer and the Securities Regulatory Authority relevant thereto, and any decision of the Securities Regulatory Authority with respect to the ability of the Issuer to make or continue confidential disclosure, or requiring the Issuer to make general disclosure.

## **5.10 Maintaining Confidentiality**

- (1) Where disclosure of Material Information is delayed, the Listed Issuer must maintain complete confidentiality. 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 Listed Issuer is required to make an immediate announcement on the matter. The Market Regulator must be notified of the announcement, in advance, in the usual manner. During the period before Material Information is disclosed, market activity in the Listed Issuer's securities should be closely monitored by the Listed Issuer. 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, the Market Regulator should be advised immediately and a halt in trading will be imposed until the Issuer has made disclosure of the Material Information.
- (2) At any time when Material Information is being withheld from the public, the Listed Issuer is

under a duty to take precautions to keep such information completely confidential. Such information must not be disclosed to any of the Listed Issuer's officers, employees or advisers, except to those with a need to know in the normal course of business. The directors, officers and employees of a Listed Issuer should be reminded on a regular basis that confidential information obtained in the course of their duties must not be disclosed.

### **5.11 Insider Trading**

- (1) Listed Issuers should make Persons who have access to Material Information about the Listed Issuer aware that trading in securities of the Issuer or securities ultimately impacted by the Material Information with knowledge of Material Information that has not been generally disclosed or tipping such information is prohibited under applicable securities law, and may give rise to administrative, civil and criminal liability.
- (2) In any situation where Material Information is being kept confidential, a Listed Issuer shall take every possible precaution to prevent trading by Persons in which use is made of such Material Information before it is generally disclosed.
- (3) In the event that the Market Regulator is of the opinion that insider or improper trading may have occurred before Material Information has been generally disclosed, the Market Regulator may require that an immediate announcement be made disclosing such Material Information. The Market Regulator refers matters for enforcement to the appropriate Securities Regulatory Authority for enforcement action.

### **5.12 Trading Halts**

- (1) The Market Regulator will normally halt trading if:
  - (a) the Listed Issuer requests a halt, during trading hours, to allow for the dissemination of Material Information - the Market Regulator must be advised of the Material Information and halt request as soon as possible by phone so that the Market Regulator may determine whether a trading halt is warranted pending the filing and dissemination of the news release;
  - (b) rumours are circulating in the marketplace that might influence or change a reasonable investor's investment decision;
  - (c) unusual trading activity suggests that Material Information is selectively available - the Market Regulator may require that the Listed Issuer either disseminate an initial news release if it has not yet done so, or a further news release to rectify the situation;
  - (d) the Listed Issuer is not in compliance with the terms of its Listing Agreement or any Exchange Requirement or applicable securities law;
  - (e) the Listed Issuer has issued an inaccurate, inadequate or misleading news release or 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
  - (f) circumstances exist which, in the opinion of the Exchange or the Market Regulator, could adversely affect the public interest or the integrity of the market.
- (2) Where rumours or unusual trading activity are not based on undisclosed Material Information,

the Market Regulator may halt quotation and trading pending the release and dissemination of a “no corporate developments” statement. When the rumours or unusual trading activity are based on whole or in part on undisclosed Material Information, the Market Regulator may halt trading and quotation pending the release of the Material Information.

- (3) The Market Regulator, upon consultation with the Listed Issuer, if appropriate, will determine the time required to disseminate the news release and consequently the length of any quotation and trading halt.
- (4) A Listed Issuer may request a halt in quotation and trading of its securities pending public disclosure of Material Information concerning the Issuer.
- (5) In the event a Listed Issuer requests a halt in quotation and trading of its securities, the Listed Issuer shall disseminate a news release as soon as practicable and in any event within 24 hours of the halt, either:
  - (a) disclosing the Material Information; or
  - (b) advising that the halt is at the request of the Listed Issuer and that public disclosure is pending.

In the case of (a), the halt shall be lifted after dissemination of the news release.

In the case of (b), the halt shall continue unless the Exchange or the Market Regulator determines resumption of quotation and trading is in the public interest.

- (6) It is not appropriate for a Listed Issuer to request a halt if an announcement of Material Information is not going to be made forthwith.
- (7) A Listed Issuer may request a halt if Material Information is to be kept confidential and disclosure delayed temporarily.
- (8) Throughout the period during which a Listed Issuer’s securities are halted, Dealers shall not quote or trade the securities of the Issuer on any marketplace or over-the-counter as principal or agent.

### **5.13 Documents Required to be Posted**

- (1) Subject to section 5.13(2), every Listed Issuer must Post the following documents (unless the disclosure contained therein is Posted in a CNSX Form):
  - (a) every document required by the Policies;
  - (b) every document required to be:
    - (i) filed with any Securities Regulatory Authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or
    - (ii) delivered to security holders; or
    - (iii) filed on SEDAR,and such documents must be Posted concurrently or as soon as practicable following the filing or the delivery;
  - (c) an annually-updated management discussion and analysis set out in Section 6 of the Listing Statement, to be Posted concurrently with the audited financial statements for

Listed Issuers that are not exempt from the requirement to provide management discussion and analysis;

- (d) a Quarterly Listing Statement (current as of the last day of the relevant quarter, to be Posted concurrently with a Listed Issuer's unaudited interim financial statement required under applicable securities law, and for an NV Issuer no later than 45 days from the last day of the relevant quarter;
  - (e) if the Listed Issuer is not an NV Issuer, a Monthly Progress Report (Form 7) current as of the last day of each month (whether or not the month is also the end of a quarter or year), to be Posted before the opening of trading on the fifth Trading Day of the following month; and
  - (f) an Annual Listing Statement completed to reflect all changes to information appearing in the previously Posted Listing Statement or Annual Listing Statement to be Posted concurrently with the Listed Issuer's audited annual financial statements, or for an NV Issuer, a Form 51-102F2 *Annual Information Form* no later than 90 days from the NV Issuer's financial year end.
- (2) In respect of every debt security listed on the Exchange, the Listed Issuer must Post the following documents (unless the disclosure contained therein is Posted in an Exchange-specific Form):
- (a) every document required to be:
    - (i) filed with any Securities Regulatory Authority for a jurisdiction in which the Listed Issuer is a reporting issuer or equivalent; or
    - (ii) delivered to security holders of the Issuer; or
    - (iii) filed on SEDAR,and such documents must be Posted concurrently or as soon as practicable following the filing or the delivery; and
  - (b) an Annual Listing Statement completed to reflect all changes to information appearing in the previously Posted Listing Statement or Annual Listing Statement to be Posted concurrently with the Listed Issuer's audited annual financial statements, or for an NV Issuer, a Form 51-102F2 *Annual Information Form* no later than 90 days from the NV Issuer's financial year end.

#### **5.14 Continuous Disclosure Obligations**

- (1) General:
- (a) a Listed Issuer shall disclose to the public as soon as reasonably practicable any information relating to the Listed Issuer or any of its subsidiaries that has come to the knowledge of the Listed Issuer, if the information
    - (i) is necessary to enable the public to appraise the financial position of the Issuer and its subsidiaries,
    - (ii) is necessary to avoid the creation or continuation of a false market in the securities of the Issuer, or
    - (iii) might reasonably be expected to materially affect market activity in or the price of the

- securities of the Issuer.
- (b) paragraph (a) does not apply to information that
- (i) affects the market or a sector of the market generally, and
  - (ii) has already been made available to the investing public.

## POLICY 6

### DISTRIBUTIONS & CORPORATE FINANCE

#### 6.1 General

- (1) Listed Issuers must comply with this Policy for any distribution of listed securities or any distribution of a security that is exchangeable, exercisable or convertible into a listed security. The specific requirements that apply depend on the nature of the agreement giving rise to the distribution.
- (2) Policy 5 recognizes that certain circumstances exist where a Listed Issuer may keep Material Information confidential for a limited period of time if general disclosure would be unduly detrimental to the company.

Listed Issuers must not set option exercise prices or prices at which shares may be issued that do not reflect information known to management that has not been disclosed. Exceptions are where the share option or issuance relates directly to the undisclosed event and the grantee or recipient of the shares is not an employee or insider of the Listed Issuer at the time of grant or issue (e.g., an issuance of shares in payment for an acquisition, or a grant of options to an employee of the company to be acquired as an incentive to continue employment with the Listed Issuer).
- (3) Requirements for stock splits and consolidations are detailed in Policy 9. Distributions that result in or could result in a Change of Business or a Change of Control may be subject to Policy 8. Non-arm's length distributions may also be subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* in addition to the requirements of this Policy.
- (4) Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) for exempt distributions including rights offerings and National Instrument 45-102 *Resale of Securities* (45-102) for restrictions on resale of securities.
  - a) In addition to any applicable resale restrictions under securities law, securities issued under the prospectus exemption in section 2.24 of NI 45-106 (Employee, executive officer, director and consultant) must be subject to a hold period of 4 months commencing on the date of distribution of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.
  - b) In determining whether the hold period will be required, the Exchange will consider such things as the relationship between the Listed Issuer and the Person receiving securities, the price per security, number of securities to be issued, the value of the transaction, and any other factors the Exchange considers relevant to the decision.
  - c) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, or lack thereof, on the securities to be issued.
- (5) As an issuance or potential issuance of securities constitutes Material Information, the Listed Issuer must comply with Policy 5 in addition to the requirements of this Policy.

- (6) All treasury and reservation orders must contain the information set out in Policy 2 s. 2.12, and copies must be provided to the Exchange within 5 business days of each issuance of shares.

## 6.2 Private Placements

- (1) The Exchange defines “private placement” as a prospectus-exempt distribution of securities for cash or in consideration for forgiveness of *bona fide* debt. Private placements are subject to the securityholder approval requirements in Policy 4.

- (2) Price

- (a) Listed Issuers may not make a private placement at a price per security lower than the greater of:

(i) \$0.05, and

(ii) the closing market price of the security on the Exchange on the Trading Day prior to the earlier of the dissemination of a news release disclosing the private placement or the Posting of notice of the proposed private placement, less a discount which shall not exceed the Maximum Permitted Discount set forth below:

Closing Price	Maximum Permitted Discount
Up to \$0.50	25% (subject to a minimum price of \$0.05)
\$0.51 to \$2.00	20%
Above \$2.00	15%

- (b) The closing price is to be adjusted to reflect stock splits or consolidations and may not be influenced by the Listed Issuer, any officer or director of the issuer or any Person with knowledge of the private placement.

- (c) Notwithstanding s. 6.2(2)(a), a Listed Issuer may complete a private placement at a price lower than \$0.05 provided that:

(i) The price must not be lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange, which for the purposes of shareholder approval in 4.6(3) will be considered to include the Maximum Permitted Discount); and

(ii) The proceeds are to be used for working capital or *bona fide* debt settlement, excluding accrued salaries to officers or directors of the Listed Issuer and payment for Investor Relations Activities; and

(iii) The information required by 6.2(4) is provided to the Exchange and the price is approved by the Exchange in advance of closing.

- (d) The Exchange, at its discretion, may accept or require an alternate price such as a multi-day volume-weighted-average-price in place of a closing price.

- (3) If debt is to be exchanged for shares, the purchase price is to be determined by the face amount of the debt divided by the number of shares to be issued. If the private placement consists of special warrants, the price per share is to be determined based on the total number of shares that may be issued under the private placement assuming any penalty provisions are triggered.



If the private placement involves securities exercisable or convertible into a listed security, also refer to section 7 in addition to this section.

- (4) Other than an Inactive Issuer, a Listed Issuer with a *bona fide* intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange and the Exchange has not consented to an extension. An Inactive Issuer may not close a financing without prior Exchange approval. The request must be submitted via email to [PriceProtection@thecse.com](mailto:PriceProtection@thecse.com) and must include the following:
- a) Listed Issuer name and trading symbol;
  - b) the level of intended or anticipated insider participation, including whether the proposed issuance will result in a new insider or control position;
  - c) confirmation there is no undisclosed Material Information about the Listed Issuer,
  - d) the intended total value and use of proceeds;
  - e) the structure of the financing, including type and issue price of securities and the exercise price of any securities convertible into listed securities.
  - f) any significant information not included above that may be relevant, including but not limited to, any upcoming shareholders meeting for which a Record Date has been or is shortly expected to be determined, any pending mergers, acquisitions, Take-Over Bids, changes to capital structure or other significant transactions, and any details regarding potential dissident shareholders and/or proxy contests.
- (5) Subject to the Timely Disclosure requirements of Policy 5, a Listed Issuer, including a Listed Issuer that has requested price protection pursuant to section 6.2(4),
- a) must announce an intention to complete a private placement at least 5 Business Days prior to closing, and
  - b) immediately Post notice of the proposed private placement (Notice of Proposed Issuance of Listed Securities).
- (6) Upon closing of the proposed private placement the Listed Issuer must Post:
- a) an amended Notice of Proposed Issuance of Listed Securities, if applicable, and
  - b) a signed Certificate of Compliance.
- (7) Forthwith upon closing, the Listed Issuer must Post the following documents:
- (a) a letter from the Listed Issuer confirming receipt of proceeds;
  - (b) an opinion of counsel that the securities issued in connection with the private placement (including any underlying securities, if applicable) have been duly issued and are outstanding as fully paid and non-assessable shares; and
  - (c) a copy of final Notice of Proposed Issuance of Listed Securities, with an appendix containing the information set out in Table 1B of the Notice of Proposed Issuance of Listed Securities for all places in the financing.

### **6.3 Acquisitions**

- (1) Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately Post notice of the proposed acquisition (Notice of Proposed Issuance of Listed Securities). Management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request. Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.
  - (a) Shares must be issued at a price that does not exceed the Maximum Permitted Discount under section 6.2(1).
  - (b) Where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply.
  - (c) Acquisitions are subject to the security holder approval requirements in Policy 4.
  - (d) A Listed Issuer must, at least 5 Business Days prior to closing,
    - (i) announce the intention to complete the acquisition.
    - (ii) provide notice to the Exchange and a completed Notice of Proposed Issuance of Listed Securities.
  - (e) If the Exchange has not objected to the acquisition within the five business day period, the Listed Issuer may proceed to close the acquisition
- (2) Forthwith upon closing, a Listed Issuer must Post the following documents:
  - (a) a letter from the Listed Issuer confirming closing of the acquisition and receipt of the assets, transfer of title to the assets or other evidence of receipt of consideration for the issuance of the securities,
  - (b) a signed Certificate of Compliance, and
  - (c) an amended Notice of Proposed Issuance of Listed Securities, if applicable.
- (3) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the acquisition (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

### **6.4 Prospectus Offerings**

- (1) A Listed Issuer proposing to issue securities pursuant to a prospectus must disseminate a press release and file Notice of Prospectus Offering forthwith upon filing the preliminary prospectus or earlier for a bought deal.
- (2) The Listed Issuer must Post the following documents concurrently with their filing on SEDAR:
  - (a) a copy of the preliminary prospectus;

- (b) a copy of the receipt for the preliminary prospectus issued by the applicable Securities Regulatory Authority;
- (c) a copy of the final prospectus; and
- (d) a copy of the receipt for the final prospectus issued by the Securities Regulatory Authority.

The Listed Issuer may Post any other information or documentation relating to the proposed prospectus offering that the Listed Issuer considers relevant or of interest to investors.

- (3) Prior to closing of the prospectus offering and the issuance of any securities pursuant thereto the Listed Issuer must Post the following documents:
  - (a) an amended Notice of Prospectus Offering, if applicable;
  - (b) a copy of the final prospectus (if not already Posted);
  - (c) a copy of the receipt for the final prospectus issued by the applicable Securities Regulatory Authority (if not already Posted); and
  - (d) a signed Certificate of Compliance
- (4) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with an opinion of counsel that the securities issued in connection with the offering (including any underlying securities, if applicable) have been or will be duly issued and are or will be outstanding as fully paid and non-assessable shares.

## **6.5 Security Based Compensation Arrangements**

- (1) This section sets out the Exchange Requirements respecting Security Based Compensation Arrangements, including Stock Options (other than overallotment options to an underwriter in a prospectus offering or options to increase the size of the distribution prior to closing) which are used as incentives or compensation mechanisms for employees, directors, officers, consultants and other Persons who provide services for Listed Issuers.
- (2) A Security Based Compensation Arrangement must state a maximum number of securities issuable as a fixed number or percentage of the issued and outstanding shares of the same class of securities.
- (3) A Listed Issuer must not grant Stock Options or Awards with an exercise price lower than the greater of the closing market prices of the underlying securities on
  - (a) the Trading Day prior to the date of grant of the Stock Options; and
  - (b) the date of grant of the Stock Options.
- (4) Within three years after institution and within every three years thereafter, a Listed Issuer must obtain security holder approval for an evergreen plan (also known as a rolling plan) in order to continue to grant Awards. Evergreen plans contain provisions so that the Awards replenish upon the exercise of options or other entitlements, and such provisions must be properly disclosed and approved by security holders. Security holders must pass a resolution specifically approving unallocated entitlements under the evergreen plan. Security holder approval relating to other types of amendments to an evergreen plan must not be accepted as implicit approval to continue granting Awards under an evergreen plan. In addition, the resolution should include the next date by which the Listed Issuer must seek security holder approval, such date being no later

than three years from the date such resolution was approved. If security holder approval is not obtained within three years of either the institution of an evergreen plan or subsequent approval, as the case may be, all unallocated entitlements must be cancelled and the Listed Issuer must not be permitted to grant further entitlements under the evergreen plan, until such time as security holder approval is obtained. However, all allocated Awards under an evergreen plan, such as options that have been granted but not yet exercised, can continue unaffected. If security holders fail to approve the resolution for the renewal of a plan, the Listed Issuer must forthwith stop granting Awards under such plan, even if such renewal approval was sought prior to the end of the three-year period.

- (5) A Listed Issuer must Post the notice of Stock Option or Award grant Notice of Proposed Stock Options immediately following each Grant by the Listed Issuer.
- (6) Upon the first Grant under a Security Based Compensation Arrangement, or following an amendment to a Security Based Compensation Arrangement, the Listed Issuer must provide the Exchange with:
  - (a) an opinion of counsel that all the securities issuable under the Security Based Compensation Arrangement will be duly issued and be outstanding as fully paid and non-assessable shares ("Opinion"). For Grants outside of a plan, the Opinion must be provided with each Grant;
    - (i) a copy of the Security Based Compensation Arrangement; and
    - (ii) if the Security Based Compensation Arrangement provides for the issuance of greater than 5% of the issued and outstanding shares at the time of adoption as applying to an individual, or 10% in total in the next 12 months, evidence of shareholder approval of the Security Based Compensation Arrangement and confirmation that it was adopted by the majority of shareholders other than those excluded by law, Exchange Requirements, or the Listed Issuer constating documents.
- (7) The terms of a Stock Option or Award may not be amended once issued. If a Stock Option or Award is cancelled prior to its expiry date, the Listed Issuer shall not grant new Stock Options or Awards to the same Person until 30 days have elapsed from the date of cancellation.
- (8) The Listed Issuer must include notice of exercise or cancellation during any month in the Monthly Progress Report.

## **6.6 Rights Offerings**

### **(1) General Requirements**

A Listed Issuer intending to complete a rights offering must inform the Exchange in advance and provide the following documents (in addition to any other documents that may be required by applicable securities law):

- a) a copy of the final version of the rights offering circular in Form 45-106F15 *Rights Offering Circular for Reporting Issuers*; and;
  - b) a written statement as to the intended mailing date for the rights offering notice and rights certificates to the shareholders. The mailing date should be as soon as possible after the Record Date.
- (2) Prior to the Record Date, the Listed Issuer must provide the Exchange with an opinion of counsel

that the securities issued in connection with the rights offering (including any underlying securities, if applicable) will be duly issued and outstanding as fully paid and non-assessable shares.

**(3) Listing of Rights**

- (a) Rights may be qualified for Listing if the rights entitle the holders to purchase securities that are qualified for Listing. Rights which do not fall into this category will normally not be listed unless such other issuer and its securities are qualified for Listing on the Exchange.
- (b) Rights are listed on the first Trading Day preceding the Record Date. At the same time, the shares of the Listed Issuer commence trading on an ex-rights basis, which means that purchasers of the Listed Issuer's securities are not entitled to receive the rights.
- (c) Quotation and trading in rights for normal settlement ceases prior to the opening on the second Trading Day preceding the expiry date. Quotation and trading of rights ceases at 12:00 noon on the expiry date.

**(4) Other Requirements Respecting Rights**

- (a) Rights must be transferable.
- (b) Once the rights have been listed on the Exchange, the essential terms of the rights offering, such as the exercise price or the expiry date, may not be amended.
- (c) Shareholders must receive at least one right for each share held.
- (d) The rights offering must be unconditional.

**(5) Report of Results of Rights Offering**

As soon as possible after the expiry of the rights offering, the Listed Issuer must do the following:

- a) Post a letter stating the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement; and
- b) disseminate a news release setting out the results of the rights offering and confirming the closing of the offering.

**6.7 Options, Warrants and Convertible Securities Other Than Incentive Options or Rights**

**(1) Issue Price and Exercise Price**

- a) Subject to a minimum of \$0.05, listed securities issuable on conversion of an option, warrant or other convertible security other than an incentive option or right (collectively, "convertible securities") may not be issued at a price (including the purchase price of the convertible) lower than the closing market price of the listed security on the Exchange on the Trading Day prior to the earlier of dissemination of a news release disclosing the issuance of the convertible security or the Posting of notice of the proposed issuance of the convertible security. For example, if the closing price of the Common Shares of a Listed Issuer was \$0.50 and a warrant was sold at \$0.05, the exercise price of the warrant could not be less than

\$0.45. If a convertible preferred share were issued at \$1.00, it could not be convertible into more than 2 Common Shares.

- b) Warrants may be attached to or issued concurrently with other securities as a bonus or additional incentive. Warrants may not otherwise be issued for nil or for a purchase price less than \$0.05.
- c) The conversion price for convertible debentures may be established at the time of issuance as a fixed price in accordance with s6.7(1)(a), or at the market price at the time of conversion, determined by the most recent closing price of the underlying security on the day of conversion.

## (2) **Restrictions**

- a) If warrants are issued in connection with a private placement of the listed securities, the total number of listed securities issuable under the terms of the warrants cannot be greater than the number of listed securities initially purchased in the private placement.
- b) In all other respects, the provisions of this Policy apply to the issuance of convertibles. Please refer to section 6.2 for further requirements for private placements of convertibles, section 3 for issuances of convertibles in connection with an acquisition and section 4 for prospectus offerings.
- c) The maximum term permitted for warrants and convertible securities is 5 years from the date of issuance.

## (3) **Amendments**

Except as provided for in this section 6.7(3), Listed Issuers must not change, modify or amend the characteristics of outstanding warrants or other convertible securities other than pursuant to standard anti-dilution terms. For greater certainty, the fact that a convertible security will expire out of the money is not an “exceptional circumstance.”

A Listed Issuer may amend the terms of private placement warrants (not including warrants issued to an agent as compensation) if:

- a) the warrants are not listed for trading;
- b) the exercise price is higher than the current market price of the underlying security;
- c) no warrants have been exercised in the last six months; and
- d) at least 10 Trading Days remain before the expiry date.

- (4) The amendment of warrant terms must be disclosed in a press release no later than one day prior to the effective date of the amendment, and a notice Posted to the Exchange website immediately thereafter (Amendment to Warrant Terms). For any amendment, the press release must disclose the old warrant term and the new warrant term so that investors can fully understand the change.

## (5) **Warrant Extension**

The term of a warrant may not be extended more than 5 years from the date of issuance.

**(6) Warrant Repricing**

A Listed Issuer may amend the exercise price of warrants if:

- (a) the warrants were priced above the market price of the underlying security at the time of issuance and the amended price is also at or above that price;
- (b) the amended price is at or above the average closing price, or the midpoint between the closing bid and ask on days with no trades, of the underlying shares for the most recent 20 Trading Days;
- (c) the price has not previously been amended; and,
- (d) the amended exercise price is higher than the exercise price at the time of issuance and all Warrant holders consent to the amended price.

**(7) A Listed Issuer may amend the exercise price to a price below the market price of the underlying security at the time of issuance provided that:**

- a) if, following the amendment, for any 10 consecutive Trading Days the closing price of the listed shares exceeds the amended exercise price by the applicable private placement discount, the term of the warrants must also be amended to 30 days. The amended term must be announced by press release and Amendment to Warrant Terms and the 30-day period will commence 7 days from the end of the 10-day period;
- b) consent is obtained from all holders of the warrants; and
- c) the price has not previously been amended.

**(8) For any repricing of warrants permitted by section 6.7(8), a maximum of 10% of the total number of warrants being repriced may be repriced for insiders holding warrants. If insiders hold more than 10%, then the 10% allowed will be allocated *pro rata* among those insiders.**

**(9) Listed Issuers must obtain appropriate corporate approvals prior to any change, modification or amendment of outstanding warrants or other convertible securities (including non-listed securities). The amendment of the terms of a warrant (or other security) may be considered to be the distribution of a new security under securities laws and required exemptions from legislative requirements. Furthermore, the amendment of the terms of a security held by an insider or a related party may be considered to be a related party transaction under MI 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and require exemptions from provisions of that rule. Issuers should consult legal counsel before amending the terms of a security.**

**6.8 Control Block Distributions (Sale From a Control Position)**

- (1) A Control Block Holder (in this section, "Seller") wishing to distribute securities of a Listed Issuer through a Dealer and the Exchange shall Post a copy of the Form 45-102F1 *Notice of Intention to Distribute Securities* at least seven days prior to the first trade of the distribution.
- (2) The Listed Issuer and the Dealer acting on behalf of the Seller shall be responsible for ensuring the Control Block Holder complies with the provisions of this Policy, failing which the Exchange or the Market Regulator may halt for trading, or the Exchange may suspend or Disqualify, the

securities of the Listed Issuer. The Dealer and Seller should review the requirements in Part 2 of National Instrument 45-102 *Resale of Securities*.

- (3) The Seller must notify the Exchange of the Dealer that will act on their behalf, and the Dealer must confirm its appointment to the Exchange prior to the first trade of the distribution.
- (4) The Seller must file with the Exchange a report of each sale within three days of the trade and such report shall contain substantially the same information as an insider report to be filed in accordance with securities law. The Dealer must file with the Exchange, within 5 Trading Days following the end of each month, a summary of the number of shares sold during the month and a confirmation when all shares have been sold.
- (5) **Restriction on Control Block Sales**
  - (a) **Private Agreements** – A Dealer is not permitted to participate in sales from control by private agreement transactions.
  - (b) **Normal Course Issuer Bids** -- If securities are the subject of a sale from a control position and a Normal Course Issuer Bid in accordance with s. 6.10(3), the sale from control and the NCIB will be permitted on the condition that:
    - (i) The Dealer acting for the Listed Issuer confirms to the Exchange it will not bid for securities on behalf of the Listed Issuer at a time when the securities are being offered by the Seller;
    - (ii) the Dealer acting for the Seller confirms in writing to the Exchange that it will not offer securities on behalf of the Seller at a time when securities are being bid for under the NCIB; and
    - (iii) transaction in which the Listed Issuer is on one side and the Seller on the other are not permitted.
  - (c) **Price Guarantee** – The price at which sales are to be made cannot be established or guaranteed prior to the seventh day after Posting the Form 45-102F1.
  - (d) **Crosses** – A Dealer may distribute the whole of a control block sale to a client by way of a cross, subject to UMIR.

## **6.9 Shareholder Rights Plans**

This section applies to any shareholder rights plan, commonly referred to as a “poison pill”, that is adopted by a Listed Issuer. Such plans are subject to review by the applicable Securities Regulatory Authorities pursuant to National Policy 62-202 *Take-Over Bids – Defensive Tactics*.

- (1) A Listed Issuer must Post the following documentation as soon as practicable after issuing a news release announcing the plan:
  - (a) a Notice of Shareholder Rights Plan; and
  - (b) a copy of the shareholder rights plan, unless already filed on SEDAR.
- (2) A shareholder rights plan may not exempt any securityholders from the operation of the plan, except that, where minority shareholder approval is obtained, a shareholder rights plan may provide exemptions to grandfather existing securityholders.



- (3) A plan may not have a triggering threshold of less than 20% unless shareholder approval is obtained.
- (4) Securityholders must ratify the plan no later than six months following the adoption of any material amendment to the plan. If securityholder ratification is not obtained within this time period, the plan must be cancelled.
- (5) The Listed Issuer must issue a news release immediately upon the occurrence of any event causing the rights to separate from the Listed Security.

## **6.10 Takeover Bids and Issuer Bids**

### **(1) Takeover Bids**

- (a) A Listed Issuer undertaking a Take-Over Bid must provide documentation in the manner described below:
  - (i) Post Notice of Take-Over Bid within one Trading Day following announcement of the bid;
  - (ii) Post a copy of the Take-Over Bid circular, unless already filed on SEDAR; and
  - (iii) as soon as practicable, provide an opinion of counsel that any securities to be issued (and any underlying securities, if applicable) are or will be duly issued and are or will be fully paid and non-assessable (or equivalent in the case of non-corporate issuers).
- (b) If the Listed Issuer is offering a new class of securities as payment under the bid and wants to list those securities, the provisions of section 2A.1(3) (Restricted Securities) will apply.
- (c) As an acquisition, a Take-Over Bid is subject to the approval requirements of section 4.6(3).
- (d) Within five days of end of the month in which the Take-Over Bid closed, the Listed Issuer will file a final Notice of Take-Over Bid.

### **(2) Issuer Bids**

A Listed Issuer undertaking a formal issuer bid for a class of listed securities must:

- (a) Post a Notice of Formal Issuer Bid within one Trading Day following announcement of the bid; and
- (b) Post a copy of the issuer bid circular required by applicable Canadian securities law as soon as practicable.
- (c) For a Listed Issuer undertaking a formal issuer bid for a class of Listed Securities, include the Cancellation of Securities in the Monthly Progress Report.

### **(3) Normal Course Issuer Bids**

(a) Sections 6.10(3)(c) through 6.10(5)(e) apply to:

- (i) all Normal Course Issuer Bids by Listed Issuers; and
- (ii) all purchases of Listed Securities by a trustee or other agent for a pension, stock purchase, Stock Option, dividend reinvestment or other plan in which employees or securities holders of a Listed Issuer may participate if:

(A) the trustee or agent is an employee, director, associate or affiliate of the Listed Issuer, or

- (B) the Listed Issuer directly or indirectly controls the time, price, amount or manner of purchases or directly or indirectly influences the choice of the Dealer through which purchases are made.
- (b) A Listed Issuer must not announce a Normal Course Issuer Bid or file any documentation in connection with a Normal Course Issuer Bid, if it does not have a present intention to purchase securities.
  - (c) The maximum number of securities to be purchased under a Normal Course Issuer Bid cannot be a number that would make that class of securities ineligible for continued Listing on the Exchange, assuming all the securities are purchased.
  - (d) A Listed Issuer intending to make a Normal Course Issuer Bid for a class of Listed Securities must file a draft Notice of Normal Course Issuer Bid, which states the number of securities that the listed issuer's board of directors has determined may be acquired under the bid, seven Trading Days prior to issuing a news release announcing the details of the bid and of any bid in the previous 12 month period (including the maximum number of securities that the Listed Issuer sought and obtained approval to purchase and the number purchased and the manner in which they were purchased); the final Notice of Normal Course Issuer Bid must be filed when the news release is disseminated.
  - (e) A Normal Course Issuer Bid expires on the earlier of:
    - (i) one year from the date purchases are permitted pursuant to section 6.10(5)(a); and
    - (ii) any earlier date specified in the Notice of Normal Course Issuer Bid.
  - (f) The maximum number of securities that can be purchased under the bid must be adjusted for stock splits, stock dividends and stock consolidations. The Listed Issuer must file an amended Notice of Normal Course Issuer Bid reflecting the adjustment at the same time as it files the documentation required for the subdivision or consolidation.
  - (g) If:
    - (i) the original Notice of Normal Course Issuer Bid specified purchases of less than the maximum number permitted under the definition of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the final Notice of Normal Course Issuer Bid; and
    - (ii) the number of securities outstanding of the class that is the subject of the Normal Course Issuer Bid has increased by more than 25% from the date of Posting of the final Notice of Normal Course Issuer Bid, a Listed Issuer may Post an amended Notice of Normal Course Issuer Bid permitting the purchase of up to the greater of 10% of the Public Float or 5% of the outstanding securities as of the date of the Posting of the amended Notice of Normal Course Issuer Bid.
  - (h) A Listed Issuer must Post an amended Notice of Normal Course Issuer Bid in the event of any material change in the information in the current Notice of Normal Course Issuer Bid, as soon as practicable, following the material change.
  - (i) A Listed Issuer must issue a news release prior to or concurrently with the Posting of an amended Notice of Normal Course Issuer Bid containing full details of the amendment.

- (j) Within 10 days of the end of each calendar month, the Listed Issuer, trustee or agent must deliver to the Exchange a completed Report of Purchase Normal Course Issuer Bid indicating the number of securities purchased in the previous month (on the Exchange or otherwise), including the volume weighted average price paid.

#### **(4) Normal Course Issuer Bids – Restrictions on Purchases**

- (a) A Listed Issuer, trustee or agent must appoint one (and only one) Dealer at any one time to make purchases under the bid. The Listed Issuer must notify the Market Regulator and the Exchange of the name of the Dealer and the registered representative responsible for the bid. To assist the Exchange in its surveillance function, the Listed Issuer is required to provide written notice to the Exchange before it intends to change its purchasing Dealer. The purchasing Dealer shall be provided with a copy of Notice of Normal Course Issuer Bid and be instructed to make purchases in accordance with the provisions herein and the terms of such notice.
- (b) Normal Course Issuer Bid purchases may not be made by intentional crosses, prearranged trades or private agreements, except for purchases under the block purchase exemption in subsection 6.10(5)(f).
- (c) If a Normal Course Issuer Bid is outstanding at the time a sale from a Control Person (as referred to in Part 2 of National Instrument 45-102 *Resale of Securities*) is underway, the Dealer making purchases under the bid must ensure that it is not bidding for securities at the same time securities are offered under the sale from control.
- (d) A Listed Issuer must not purchase securities under a Normal Course Issuer Bid while a non-exempt issuer bid for the same securities is outstanding. This restriction does not apply to a trustee or agent making purchases for a plan in which employees, or security holders, participate.
- (e) If a Listed Issuer has a securities exchange Take-Over Bid outstanding at the same time as a Normal Course Issuer Bid is outstanding for the offered securities, the Listed Issuer may only make purchases under the Normal Course Issuer Bid permitted by OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions*.
- (f) A Listed Issuer, trustee or agent may not make any purchases under a Normal Course Issuer Bid while in possession of any Material Information that has not been generally disclosed.
- (g) Failure of a Dealer making purchases pursuant to a Normal Course Issuer Bid to comply with any requirement herein may result in the suspension of the bid.

#### **(5) Normal Course Issuer Bids – Limits on Price and Volume**

- (a) Normal Course Issuer Bid purchases may not begin until two Trading Days after the later of:
  - (i) the Filing of a Notice of Normal Course Issuer Bid or amended Notice of Normal Course Issuer Bid in connection with the bid; and
  - (ii) the issuance of a news release containing details of the Notice of Normal Course Issuer Bid or amended Notice of Normal Course Issuer Bid.

- (b) It is inappropriate for a Listed Issuer making a Normal Course Issuer Bid to abnormally influence the market price of its securities. Normal Course Issuer Bid purchases must be made at or below the price of the last independent trade of the security (on any marketplace) at the time of purchase.

The following are not "independent trades":

- (i) trades directly or indirectly for the account of (or an account under the direction of) an insider;
  - (ii) trades for the account of (or an account under the direction of) the Dealer making purchases for the bid;
  - (iii) trades solicited by the Dealer making purchases for the bid; and
  - (iv) trades directly or indirectly by the Dealer making purchases for the bid which are made in order to facilitate a subsequent block purchase by the issuer at a certain price.
- (c) Notwithstanding the foregoing, a violation to the preceding rule will not occur where:
- (i) the independent trade occurred no more than one second before the Normal Course Issuer Bid purchase that created the uptick,
  - (ii) the independent trade is a down tick to the previous trade and the Normal Course Issuer Bid purchase would not have created an uptick to the trade prior to the last independent trade, and
  - (iii) the price difference between the independent trade and the Normal Course Issuer Bid purchase was not more than \$0.02.
- (d) Normal Course Issuer Bid purchases may not be made at the opening of trading or during the 30 minutes prior to the scheduled closing of the continuous trading session. Orders may be entered in a closing call or single price trading session notwithstanding the price restriction in subsection (b).
- (e) Except as provided in subsection (f), a Listed Issuer that is not an investment fund must not make a purchase that:
- (i) for an NV Issuer, when aggregated with all other purchases during the same Trading Day, exceeds the greater of 25% of the Average Daily Trading Volume of the security; and 1,000 of such securities, or
  - (ii) for a Listed Issuer that is not an NV Issuer, when aggregated with all other purchases during the most recent 30 Trading Days, exceeds 2% of the total issued and outstanding shares of that class on the day purchases are made.
- (f) Notwithstanding the restriction in subsection (e), an NV Issuer may make a purchase of a block of securities that:
- (i) has a purchase price of at least \$200,000;
  - (ii) is at least 5,000 securities with an aggregate purchase price of at least \$50,000; or
  - (iii) is at least 20 Board Lots and is greater than 150% of the Average Daily Trading Volume of the security, provided that:
    - 1) the block is naturally occurring, and does not consist of a combination of orders for the purpose of artificially creating a block to rely on this section;
    - 2) the block is not beneficially owned by, or is not under the control or direction of, a Related Person of a Listed Issuer;

- 3) the Listed Issuer makes no more than one purchase under this subsection in a calendar week; and
  - 4) after making a block purchase, the Listed Issuer makes no further purchases during that Trading Day.
- (g) A Listed Issuer that is an investment fund must not make a purchase that, when aggregated with all other purchases during the preceding 30 days, exceeds 2% of the securities of that class outstanding as of the date of filing of Notice of Normal Course Issuer Bid in connection with the bid.

#### **6.11 Exchange Traded Fund Unit Creation and Redemption**

An ETF must file Notice of ETF Creation or Redemption, including a nil report as applicable, within 10 days of the end of each month or more frequently in a format acceptable to the Exchange.

## POLICY 7

### **INVESTOR RELATIONS, PROMOTIONAL ACTIVITY, AND OTHER SIGNIFICANT TRANSACTIONS**

#### **7.1 Significant Transactions and Developments**

- (1) Listed Issuers must disseminate a news release pursuant to Policy 5 regarding any Significant Transactions.
- (2) Listed Issuers must include updated information relating to Significant Transactions and Developments in their Monthly Progress Report and Quarterly Listing Statement.
- (3) Significant Transactions that result in a Change of Business may be subject to the requirements of Policy 8. Non-arm's length Significant Transactions may be subject to the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* in addition to the requirements of this Policy. In the case of an acquisition, management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request.
- (4) Listed Issuers involved in a Significant Transaction or Development must immediately Post notice of the proposed Significant Transaction or Development (Notice of Proposed Transaction) concurrently or as soon as practicable following the issuance of a news release announcing the Significant Transaction or Development (if the Significant Transaction constitutes Material Information concerning the Listed Issuer) or upon the Listed Issuer agreeing to the Significant Transaction (in all other cases).
- (5) At least one full Business Day prior to the closing of a proposed Significant Transaction the Listed Issuer must Post an initial or amended Notice of Proposed Transaction, if applicable.
- (6) Forthwith upon closing of a Significant Transaction, the Listed Issuer must Post
  - (a) a letter from the Listed Issuer confirming receipt of proceeds or payment of consideration provided for in the agreement(s) relating to the Significant Transaction (or describing the receipt or payment schedule); and
  - (b) an executed Certificate of Compliance from the Listed Issuer that it has complied and is in compliance with applicable securities law.

#### **7.2 Restrictions on Contracts for Investor Relations or Promotional Activities**

- (1) Compensation to any Person providing Promotional Activities, including Investor Relations Activities, for a Listed Issuer must be reasonable and in proportion to the financial resources and level of operations of the Listed Issuer and should be based on the value of the services provided and not on the Listed Issuer's market performance. In particular, compensation to Persons

providing Investor Relations Activities may not be determined in whole or in part by the Listed Issuer's securities attaining certain price or trading volume thresholds. Except as provided in section 7.2(2) below, compensation in the form of shares or options is not acceptable and payment for services should be on a cash basis.

- (2) If permitted by securities laws, options may be granted for persons undertaking Investor Relations activities provided that the total number of listed securities issuable on exercise of options provided as compensation to all Persons providing Investor Relations Activities cannot exceed 2% of the outstanding number of listed securities in any 12-month period.

### **7.3 Disclosure**

- (1) In addition to the Notice of Proposed Transaction, a Listed Issuer that arranges for a Person to conduct Promotional Activity, including Investor Relations activity, in respect of the Listed Issuer or a security of the Listed Issuer must promptly disseminate a news release disclosing the following:

- (a) that the Listed Issuer has arranged for the Person to conduct the Promotional Activity;
- (b) the name, business address, email and telephone number of each person or company that will be involved in conducting the Promotional Activity, and a description of the Person's relationship with the issuer, if any;
- (c) the date on which the Promotional Activity will start and the date on which the promotional activity will end or is expected to end;
- (d) the nature of the Promotional Activity;
- (e) any platform or other medium on or through which the Promotional Activity will occur; and
- (f) a description of the compensation that the Person has received or may receive for the Promotional Activity including, the total amount of the compensation and whether the compensation includes options to purchase securities of the Listed Issuer.

- (2) **Application**

The disclosure requirements in subsection (1) apply whether or not the Person conducting the Promotional Activity has received or may receive compensation for the Promotional Activity.

- (3) **Exception**

The disclosure requirements of subsection (1) do not apply if the Person conducting the Promotional Activity is an officer, director or employee of the Listed Issuer acting in that capacity and is identified as such at the time the Promotional Activity is conducted.

### **7.4 Suitability Considerations**

Further to s. 2.18 of Policy 2, the Exchange may deem any Person to be unacceptable to be associated in any manner with a Listed Issuer if that Person has:

- a) made or accepted excessive payments for Promotional Activity or Investor Relations activities, or
- b) been associated with or failed to prevent the production, approval or distribution of overly

promotional materials  
on behalf of, or with respect to the securities of, any reporting issuer.



## **POLICY 8**

### **FUNDAMENTAL CHANGES and CHANGES of BUSINESS**

- 8.1 A Fundamental Change or Change of Business of a Listed Issuer effectively results in a new Listed Issuer, such that the existing disclosure record cannot be relied upon to fairly value the company's securities. Listed Issuers that are contemplating a transaction or series of transactions that may be a Fundamental Change or Change of Business must consult with the Exchange at an early stage to determine how the exchange will characterize the transaction.
- 8.2 The Exchange may, in its discretion, determine that a transaction or series of transactions is or is not a Fundamental Change, notwithstanding the definition of Fundamental Change. A Listed Issuer should diligently pursue or engage in the business activities described in its Listing Statement before considering any proposed transaction that may be considered a Fundamental Change, including a Change of Business. Notwithstanding the approval requirement of section 8.9 of this Policy, the Exchange will exercise its discretion and is likely to object to a Fundamental Change or Change of Business proposed by a Listed Issuer that has not, in the view of the Exchange, adequately pursued its stated business objectives. In such cases the Issuer may have to delist from the Exchange to pursue the transaction, with no guarantee the issuer will requalify following the transaction.
- 8.3 One of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices is high quality, timely and continuous disclosure by Listed Issuers. Disclosure sufficient to permit trading to occur on the basis of information adequate for investors to make informed investment decisions must be prepared and disseminated by the Listed Issuer and provided in an information circular, management proxy circular or Listing Statement regarding the Fundamental Change or Change of Business.
- 8.4 Disclosure must be made in connection with the announcement of a Fundamental Change or Change of Business. The disclosure should initially be made in a news release (to be issued and Posted pursuant to Policy 5).
- 8.5 The Market Regulator will halt trading in the securities of the Listed Issuer upon the announcement of a Fundamental Change to permit dissemination of the Material Information. The Exchange will require the Market Regulator to continue the halt at least until the documentation required under sections 8.6 and 8.7 have been accepted and Posted. During the halt, it is noted that no Dealer may quote or trade in the security in any marketplace or over-the-counter, either as principal or agent.

Listed Issuers must notify and consult with the Market Regulator prior to disseminating Material Information concerning a Fundamental Change or a Change of Business during market hours. If the dissemination will occur outside of market hours, the Listed Issuer must notify the Market Regulator in order to effect a trading halt prior to the next trading session.

Contact information for Market Regulator:

Telephone: (604) 643-2792 Email: [prwest@IIROC.ca](mailto:prwest@IIROC.ca)

- 8.6 In order to qualify for Listing the securities of the resulting Listed Issuer, the Fundamental Change must be approved by the Exchange and the security holders of the Listed Issuer prior to completion of the transaction. The information circular, Listing Statement or management proxy circular delivered to security holders of the Listed Issuer must contain full, true and plain disclosure of the resulting company, including the financial statement disclosure set out in National Instrument 44-101 *Short Form Prospectus Distributions*, National Instrument 41-101 – *General Prospectus Requirements* and Form 41-101F1. For a Fundamental Change the information circular or management proxy circular must provide historical financial statements for the target company as if it were going public by way of prospectus and making application for Listing, plus pro forma financial statements giving effect to the transaction for the last full fiscal year of the target company and interim year-to-date of the target company. Particular requirements are specified in the Listing Statement. The information circular or management proxy circular must be reviewed by the Exchange before being Posted and delivered to shareholders.
- 8.7 The Listed Issuer resulting from a Fundamental Change must meet the criteria for a new Listing and make a complete initial application to qualify its securities for by filing all of the documents and following the procedures set out in Policy 2 concurrently with filing the information circular or management proxy circular. Completion of the transaction prior to qualification for Listing of the securities of the Listed Issuer resulting from the transaction will result in a suspension from Listing of the Listed Issuer. A Listed Issuer undergoing a Change of Business must revise and refile any documents affected by the Change of Business.
- 8.8 Principals of the resulting Issuer must enter into an escrow agreement as if the company were subject to the requirements of National Policy 46-201 *Escrow for Initial Public Offerings* (“NP 46-201”) that provides for the escrow of the principal insiders’ shares for a period of 36 months. Escrow releases will be scheduled as follows: 10% will be released on the date that the shares commence trading on the Exchange followed by six subsequent releases of 15% every six months thereafter. The Exchange will allow earlier releases from escrow where the Listed Issuer demonstrates that it would be the equivalent of an “established issuer” under National Policy 46-201 *Escrow for Initial Public Offerings* and such early release would be permitted if the Listed Issuer were an “established issuer”.
- 8.9 Further to the exercise of Exchange discretion described in section 8.2 of this Policy, the Exchange will not approve a Fundamental Change or Change of Business proposed for a Listed Issuer that has been listed for a period of less than 12 months unless the Listed Issuer obtains approval from the majority of the minority shareholders.

## POLICY 9

### CORPORATE ACTIONS

#### 9.1 Change of Name

- (1) Upon a change of name of a Listed Issuer, the Exchange may assign a new stock symbol to the Listed Issuer's securities at the request of the Listed Issuer or on its own initiative. The Listed Issuer's choices must be communicated directly to the Exchange in advance of the effective date of the name change.
- (2) The following documents must be Posted in connection with a name change:
  - (a) a press release announcing the name change;
  - (b) a notarial or certified true copy of the Certificate of Amendment, or equivalent document;
  - (c) for a certificated issuance, a copy of the definitive specimen of the new or over-printed share certificates;
  - (d) confirmation from the registrar or transfer agent that it is in a position to effect transfer in the new issue; and
  - (e) confirmation of notification by the Listed Issuer the Clearing Corporation of the name change.
- (3) The Listed Issuer's securities will normally commence trading under the new name and symbol at the opening of trading two or three Trading Days after all the documents set out in Section 9.1(2) are Posted. The Exchange will issue a Bulletin advising of the name change and effective date of trading under the new name and symbol.

#### 9.2 Stock Split

- (1) In order to facilitate trading in the securities of the Listed Issuer and prevent confusion, the Listed Issuer must, after obtaining all necessary shareholder and other corporate approvals but prior to filing its Articles of Amendment, if applicable, fix in advance a Record Date for determining shareholders entitled to the benefit of the stock split. The Exchange must be notified at least three days in advance of the Record Date.
- (2) There are two methods of effecting a stock split:
  - (a) the "push-out" method, and
  - (b) the "call-in" method. If the stock split is accompanied by a share reclassification, either the push-out method or the call-in method may be used; otherwise the push-out method is preferable.
- (3) Under the push-out method, the shareholders keep the share certificates they currently hold, and shareholders of record as of the close of business on the Record Date are provided with additional share certificates by the Listed Issuer.
- (4) Under the call-in method, the Listed Issuer implements the stock split by replacing the share certificates currently in the hands of the shareholders with new certificates. Letters of Transmittal are sent to the shareholders of record as of the Record Date requesting them to exchange their

share certificates at the offices of the Listed Issuer's transfer agent.

- (5) If the stock split must be approved by the shareholders, the meeting of shareholders must take place at least seven Trading Days in advance of the Record Date.
- (6) The shares will commence trading on the Exchange on a split basis at the opening of business on the Trading Day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the stock split and effective date of trading on a split basis.
- (7) If the push-out method is to be used, the following documents must be Posted or filed, as applicable, with the Exchange at least three Trading Days in advance of the Record Date:
  - (a) a press release announcing the stock split;
  - (b) confirmation of the Record Date, which is deemed to be after the close of trading on that day;
  - (c) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional shares will be validly issued as fully paid and non-assessable;
  - (d) if the stock split is accompanied by a share reclassification, definitive specimens of the new share certificates;
  - (e) confirmation of notification by the Listed Issuer to the Securities Regulatory Authority and the Clearing Corporation of the stock split; and
  - (f) a copy of the Certificate of Amendment, or equivalent document.

The Listed Issuer must also Post a statement as to the date the additional share certificates were sent to the shareholders.

- (8) Where the call-in method is to be used, the following additional documents must be Posted or filed, as applicable, with the Exchange:
  - (a) a copy of the Letters of Transmittal;
  - (b) for a certificated issuance, a definitive specimen of the new share certificates; and
  - (c) confirmation from the registrar and transfer agent that it is in a position to effect transfer of the new share certificates giving effect to the stock split.

The Listed Issuer must also Post a statement as to the mailing date of the Letters of Transmittal.

### **9.3 Stock Consolidation**

- (1) The Listed Issuer must obtain new share certificates and a new Listed number for the consolidated shares, subject to the Clearing Corporation advising the Listed Issuer in response to its application that a new CUSIP number for the consolidated shares is not required.
- (2) Listed Issuers may not effect a share consolidation which reduces the number of issued and outstanding shares of the Issuer, without giving effect to any other distribution or transaction, to less than 1,000,000 shares or if the share consolidation is effected in connection with another distribution or transaction, to less than 500,000 shares, prior to giving effect to the distribution or transaction. Listed Issuers shall not effect a share consolidation which reduces the number of public holders (as that term is defined in Policy 2) holding at least a Board Lot to less than 100, prior to giving effect to any other distribution or transaction. In the case of a share consolidation

in connection with a Fundamental Change, the number of shares and public holders of at least a Board Lot may not be reduced below the minimum required for eligibility for Listing for a new Issuer.

- (3) The Exchange must be notified and the following documents must be Posted at least three Trading Days in advance of the Record Date:
  - (a) a press release announcing the stock consolidation;
  - (b) a completed Notice of Proposed Consolidation or Reclassification;
  - (c) written confirmation of the Record Date (if applicable);
  - (d) a copy of the Letters of Transmittal;
  - (e) a certified copy of the shareholder resolution authorizing the stock consolidation in accordance with Policy 4 s4.6(8) if applicable;
  - (f) an opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;
  - (g) a definitive specimen of the new share certificates;
  - (h) confirmation from the registrar and transfer agent that it is in a position to effect transfers of the consolidated shares; and
  - (i) confirmation of notification by the Listed Issuer to the Commission and the Clearing Corporation of the share consolidation.
- (4) The Listed Issuer must Post on the Exchange website:
  - (a) a copy of the Certificate of Amendment, or equivalent document giving effect to the stock consolidation; and
  - (b) a written statement as to the date of the mailing of the Letters of Transmittal.
- (5) The shares will commence quotation on the Exchange on a consolidated basis on the first Trading Day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the share consolidation and effective date of trading on the consolidated basis.

#### **9.4 Share Reclassification (with no Stock Split)**

- (1) The following documentation must be Posted in connection with a share reclassification not involving a stock split, a reclassification into more than one class of shares or other change to the Listed Issuer's capital structure, in which case the Listed Issuer must consult with the Exchange in order to determine the appropriate procedure and CSE Requirements:
  - (a) a press release announcing the reclassification;
  - (b) a completed Notice of Proposed Consolidation or Reclassification;
  - (c) a written confirmation of the Record Date;
  - (d) a certified copy of the shareholders resolution approving the reclassification;
  - (e) an opinion of counsel that all the necessary steps have been taken to validly effect the

share reclassification in accordance with applicable law;

- (f) a definitive specimen(s) of the new or over-printed share certificate(s);
- (g) a copy of the Letters of Transmittal, if applicable;
- (h) confirmation from the registrar and transfer agent that it is in a position to effect transfers in the reclassified shares; and
- (i) confirmation and notification by the Listed Issuer to the Clearing Corporation of the share reclassification.

(2) The Listed Issuer must also Post:

- (a) a copy of the Certificate of Amendment, or equivalent document; and
- (b) a written statement as to the date of the mailing of the Letters of Transmittal, if applicable;

(3) The reclassification will normally become effective for trading purposes on the Exchange one Trading Day preceding the Record Date. The Exchange will issue a Bulletin to Dealers advising of the share reclassification and effective date of trading on the reclassified basis.

(4) If the reclassification involves the issuance of restricted shares, the company must comply with OSC Rule 56-501 *Restricted Shares* in addition to this Policy.

## **9.5 Dividends and Other Entitlements**

If a Listed Issuer has established a Record Date for a distribution of cash or securities, including securities of an issuer other than the Listed Issuer, the Listed Issuer must notify the Exchange of the Record Date at least 5 days in advance of the Record Date. The Exchange will publish a Bulletin announcing the record date and the ex-dividend date. The ex-dividend date will normally be one Trading Day prior to the Record Date.

## **POLICY 10**

### **SPECIAL SECURITIES**

**Note: All securities are subject to the requirements of the “General” section of Policy 2**

#### **10.1 Eligibility for Listing**

- (1) Where the securities to be listed are held out as being in compliance with specific, non-exchange mandated requirements, the Listed Issuer must disclose how compliance has been established and, if germane to the compliance determination, who has established that the securities are in compliance with the stated requirements.

## Appendix D – Proposed New Forms

**Form 5A – Annual Listing Summary**

**Form 14 – Notice of Shareholder Rights Plan or Amendment**

**Form 15 – Notice of ETF Creation or Redemption**

**Form 16 – Notice of Issuer Bid**

**Form 17A – Notice of Normal Course Issuer Bid**

**Form 17B – Report of Purchases: Normal Course Issuer Bid (“NCIB”)**

**Form 18 – Notice of Takeover Bid**



# FORM 5A

## ANNUAL LISTING SUMMARY

### Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

### **General Instructions**

- (a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Listed Issuer Name:**

**Website:**

**Listing Statement Date:**

**Description(s) of listed securities(symbol/type):**

<b>Brief Description of the Issuer's Business:</b>		
Description of additional (unlisted) securities outstanding		
<b>Jurisdiction of Incorporation:</b>		
<b>Fiscal Year End:</b>		
<b>Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):</b>		
<b>Financial Information as at: [Date]</b>		
	<b>Current</b>	<b>Previous</b>
<b>Cash</b>		
<b>Current Assets</b>		
<b>Non-current Assets</b>		
<b>Current Liabilities</b>		
<b>Non-current Liabilities</b>		
<b>Shareholders' equity</b>		
<b>Revenue</b>		
<b>Net Income</b>		
<b>Net Cash Flow from Operations</b>		

## **SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the Listed Issuer's fiscal year:

- (a) summary of securities issued during the period,

<b>Date of Issue</b>	<b>Type of Security (common shares, convertible debentures, etc.)</b>	<b>Type of Issue (private placement, public offering, exercise of warrants, etc.)</b>	<b>Number</b>	<b>Price</b>	<b>Total Proceeds</b>	<b>Type of Consideration (cash, property, etc.)</b>	<b>Describe relationship of Person with Issuer (indicate if Related Person)</b>	<b>Commission Paid</b>

(b) summary of options granted during the period,

<b>Date</b>	<b>Number</b>	<b>Name of Optionee if Related Person and relationship</b>	<b>Generic description of other Optionees</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Market Price on date of Grant</b>

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

- (b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.**

**5. Financial Resources**

- a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;
- b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;
- c) Disclose the total funds available to the Issuer and the following breakdown of those funds:
  - (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
  - (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and
  - (iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

**6. Status of Operations**

During the fiscal year, did the Listed Issuer

- (a) reduce or impair its principal operating assets; or
- (b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?

Provide details:

**7. Business Activity**

- a) Activity for a mining or oil and gas Listed Issuer

- (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures?

Provide details.

- (ii) If the response to (i) above is “no”, for the three most recent fiscal years did the Listed Issuer have an aggregate of \$100,000 in exploration or development expenditures?

Provide details.

b) Activity for industry segments other than mining or oil & gas

- (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or \$100,000 in revenue from operations or \$100,000 in development expenditures?

Provide details.

- (ii) If the response to (i) above is “no”, for the three most recent fiscal years, did the Listed Issuer have either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business?

Provide details.

## **SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS**

## **SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

<b>Issuer Details</b> Name of Issuer	For Year Ended	Date of Report YY/MM/D
Issuer Address		
City/Province/Postal Code	Issuer Fax No. ( )	Issuer Telephone No. ( )
Contact Name	Contact Position	Contact Telephone No.
Contact Email Address	Web Site Address	



## FORM 14

### Notice of Shareholder Rights Plan or Amendment

Name of Listed Issuer: \_\_\_\_\_ (the "Listed Issuer").

Trading Symbol: \_\_\_\_\_

Number of Outstanding Listed Securities: \_\_\_\_\_

Date: \_\_\_\_\_

If this is an update to a prior notice, provide date(s) of prior notice(s): \_\_\_\_\_

Date of news release(s) disclosing the shareholder rights plan: \_\_\_\_\_

Amendment to Existing Plan:  Yes  No

Date of shareholder approval for plan or amendment: \_\_\_\_\_

1. Is the Listed Issuer aware of any takeover bid for the Listed Issuer's securities that has been announced or is contemplated?

Yes  No

If "Yes", provide details of the takeover bid:

---

2. Does the plan treat any existing security holder differently than other security holders?

Yes  No

If "Yes", provide details:

3. Describe the material features of the shareholder rights plan.

---

## Certificate

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

## FORM 15

### Notice of ETF Creation or Redemption

Name of Listed Issuer: \_\_\_\_\_ (the "Listed Issuer").

Trading Symbol: \_\_\_\_\_

Date: \_\_\_\_\_ Reporting Period: \_\_\_\_\_

Number of outstanding listed securities on day preceding effective date of creation or redemption: \_\_\_\_\_

Effective date of creation or redemption: \_\_\_\_\_

Number of outstanding listed securities on the effective date of creation or redemption:

\_\_\_\_\_

Provide the following information for listed securities created or redeemed:

Type of Security	Number Created	Number Redeemed

## Certificate

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer	For Month End	Date of Report YY/MM/D
Issuer Address		
City/Province/Postal Code	Issuer Fax No. ( )	Issuer Telephone No. ( )
Contact Name	Contact Position	Contact Telephone No.
Contact Email Address	Web Site Address	

# FORM 16

## Notice of Issuer Bid

Name of Listed Issuer: \_\_\_\_\_ (the "Listed Issuer").

Trading Symbol: \_\_\_\_\_

Date: \_\_\_\_\_

Date of news release(s) disclosing the issuer bid: \_\_\_\_\_

Number of outstanding listed securities as of date of this notice: \_\_\_\_\_

Maximum number of securities to be acquired under the bid: \_\_\_\_\_

Percentage of issued and outstanding securities to be acquired under the bid: \_\_\_\_\_

Description of any agreements to tender to the bid:

\_\_\_\_\_

1. Describe any additional material terms of the issuer bid:

\_\_\_\_\_

2. Provide particulars of any direct or indirect involvement by Related Persons in the bid (including receipt of any brokerage or finder's fees).

\_\_\_\_\_

3. Complete the following:

a) Will the completion of the issuer bid materially affect control of the Listed Issuer?

Yes

No

b) Is Multilateral Instrument 61-101 – *Protection of Minority Holders in Special Transactions* applicable to the issuer bid?

Yes

No

c) Is shareholder approval required in connection with the issuer bid?

Yes

No

d) Is the Listed Issuer relying on any exemption from shareholder approval requirements?

Yes

No

Provide particulars if the response to any of (a) through (d) is "Yes"

## Certificate

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

## FORM 17A

### Notice of Normal Course Issuer Bid (“NCIB”)

Type of Notice:             Draft                       Revised                       Final

Name of Listed Issuer: \_\_\_\_\_ (the “Listed Issuer”).

Trading Symbol: \_\_\_\_\_

Date: \_\_\_\_\_

If this is an update to a prior notice, provide date(s) of prior notice(s): \_\_\_\_\_

Date of news release(s) disclosing the NCIB: \_\_\_\_\_

Number of outstanding listed securities as of date of this notice: \_\_\_\_\_

Maximum number of securities subject to the NCIB: \_\_\_\_\_

Percentage of the public float to be acquired under the bid: \_\_\_\_\_

Average Daily Trading Volume (as defined in CSE Policy): \_\_\_\_\_

Purchasing CSE Dealer and trader ID: \_\_\_\_\_

Will securities be cancelled after purchase:             Yes                       No

If “No”, provide details: \_\_\_\_\_

1. If this is a revised notice, state the reason for revisions.

\_\_\_\_\_

2. Number of securities that may be acquired under the bid: If the Listed Issuer has determined a specific number of shares, provide that number rather than the simply stating the maximum. If not, state the amount as a percentage of the outstanding or of the public float.

\_\_\_\_\_

3. Provide the date of expiry, which will be not more than 1 year from the date on which purchases are first permitted.

4. State on which exchange(s) purchases will be made, and whether purchases will be made by any means other than open market transactions.
5. Describe any restrictions on the price the Listed issuer will pay for securities, other than those in the Exchange Requirements.
6. State the reason or business purpose for the bid.
7. Include a summary of any appraisal or valuation known to the directors or officers of the Listed Issuer's material assets or its securities completed in the previous two years, together with a statement of where and when a copy of the appraisal or valuation may be inspected.
8. Identify any persons acting jointly or in concert with the Listed Issuer in connection with the issuer bid or purchases of securities of the Listed Issuer in the previous twelve months, including a trustee or agent as described in Policy 6.10.
9. Give details of any purchases by the Listed Issuer or persons acting jointly or in concert with the Listed Issuer of the securities that are the subject of the bid in the previous twelve months.
10. Identify every director or senior officer of the Listed Issuer who intends to sell securities of the Listed Issuer during the course of the bid. Where their intention is known after reasonable inquiry, state the name of every associate of a director or senior officer of the issuer, person acting jointly or in concert with the Listed Issuer in connection with the issuer bid or purchases of securities of the Listed Issuer in the previous twelve months, or person holding 10% or more of any class of equity securities of the issuer, who intends to sell securities of the Listed Issuer during the course of the bid:
11. Describe any direct or indirect benefits any person named in the previous section will receive from selling or not selling shares of the Listed Issuer during the bid. An answer is not required if the benefit will be the same as the benefit to any other shareholder who sells or does not sell during the bid.
12. Where the Listed Issuer has a class of Restricted Securities, specify whether the bid includes a bid for Restricted Securities.



## Certificate

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

## FORM 17B

### Report of Purchases: Normal Course Issuer Bid (“NCIB”)

Name of Listed Issuer: \_\_\_\_\_ (the “Listed Issuer”).

Trading Symbol: \_\_\_\_\_

Date: \_\_\_\_\_

Date of Filing of CSE Form 17A Notice of Normal Course Issuer Bid: \_\_\_\_\_

Purchasing CSE Dealer and trader ID: \_\_\_\_\_

Total securities purchased including the most recent calendar month: \_\_\_\_\_

Were securities be cancelled after purchase:  Yes  No

If “No”, provide details: \_\_\_\_\_

Specify whether this Form was filed by the Listed Issuer or the purchasing Dealer:

**Securities purchased during previous month:** *State the total number of securities purchased daily and specify on which exchanges or marketplaces the purchases were made, including the volume weighted average price paid. Indicate if the block purchase exemption was used.*

Purchased Date	Exchange	Block Purchase Exemption (y/n)	Volume Weighted Average Purchase Price	Volume Purchased
Total Purchases during the month immediately preceding this filing:				
Remaining number of shares eligible for purchase under the Form 17A:				

## Certificate

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

## FORM 18

### Notice of Takeover Bid

Type of Notice:  Preliminary  Final

Name of Listed Issuer: \_\_\_\_\_ (the "Listed Issuer").

Trading Symbol: \_\_\_\_\_

Date: \_\_\_\_\_

1. The class of securities that are the subject of the bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer by conversion or otherwise;
2. The cash price to be paid per share and the number of shares sought;
3. The terms of the bid, including the date of the book, method of tendering to the bid and settlement of tenders, any commissions to be paid to Participating Organizations, the names of any person or company retained to make solicitations in respect of the bid, and any other relevant information with respect to such terms;
4. The number and percentage of each class of outstanding equity or voting securities of the offeree issuer owned directly or indirectly by:
  - a) the offeror,
  - b) each of the offeror's directors and senior officers and their associates,
  - c) any other person or company acting jointly or in concert with the offeror,
  - d) where known after reasonable enquiry, any person or company holding 10 percent or more of any class of equity or voting securities of the offeror, and
  - e) Where known after reasonable enquiry, any person or company holding 1 are known after reasonable enquiry, any person or company holding 10 percent or more of any class of equity or voting securities of the offeree issuer;
5. Where known after reasonable enquiry, the number of each class of equity or voting securities of the offeree issuer traded by each of the persons or companies referred to in paragraph 4 above during the six-month period preceding the date of filing of the notice, including the purchase or sale price and the date of each such transaction;
6. Details of any commitments made by any of the persons or companies referred to in paragraph 4 above hereof to acquire any equity or voting securities of the offeree issuer (other than pursuant to the bid) and the terms and conditions of such commitments;

7. Summary showing in reasonable detail the volume of trading and price range of the securities for which the bid is made in the twelve- month period preceding the date of filing of the notice, on the Exchange and on any other principal market, and the market price of such securities immediately before the announcement of the bid;
8. The particulars of any arrangement or agreement made or proposed to be made between the offeror and any of the directors or senior officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or for remaining in or retiring from office if the bid is successful;
9. The particulars of any information known to the offeror of any material change in the affairs of the offeree issuer, or any material fact concerning the securities of the offeree issuer that has not been generally disclosed;
10. Information regarding any plans or proposals of the offeror to liquidate the offeree issuer, to sell, lease or exchange all or substantially all of the assets of the offeree issuer or to amalgamate such issuer with any other company, or to make any other major change in the business, operations, corporate structure, management or personnel of the offeree issuer;
11. A statement of any right of appraisal that shareholders of the offeree issuer may have under applicable laws and whether the offeror intends to exercise any right of acquisition it may have under applicable legislation;
12. A statement of the rights provided by subsection 131(1) of the Securities Act;
13. *A statement to the effect that the bid may only be withdrawn pursuant to Rule 6-302(b), or in the circumstances referred to in Rule 6-202(4)*
14. Information satisfactory to the Exchange regarding the identity and financial resources of the offeror, including:
  - a) if it is a corporation, the names of its directors, officers and principal shareholders,
  - b) if it is a partnership, the names of its partners, and suitable disclosure regarding any corporate partners, and
  - c) the source of funds to be used to pay for securities tendered to the bid and the terms of any financing obtained;
15. Where a valuation is provided pursuant to a legal requirement or otherwise,
  - a) a summary of the valuation disclosing the basis of computation, scope of review, relevant factors and their values, and the key assumptions on which the valuation is based, and
  - b) where copies of the valuation are available for inspection and a statement that a copy of the valuation will be mailed upon payment of a charge covering copying and postage;
16. Details of any important business relationship between the offeror and the offeree Listed Issuer;

17. Any other information not disclosed in the foregoing that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the bid.

### **Certificate**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CSE Policy 1).
4. All of the information in this Form is true.

Dated \_\_\_\_\_.

\_\_\_\_\_  
Name of Director or Senior Officer

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Capacity

\_\_\_\_\_