

VARIATION ORDER
(Section 171 of the *Securities Act*, RSBC 1996, c. 418)

Background

1. On April 25, 2019 and varied on June 1, 2023, the British Columbia Securities Commission (the Commission) made an order under section 24 of the Act recognizing the CNSX Markets Inc., carrying on business as the Canadian Securities Exchange (CSE), as an exchange (Recognition Order).
2. The Recognition Order requires CSE to comply with the requirements under Appendix B “Process for the Review and Approval of the Information Contained in Form 21-101F1 and the Exhibits Thereto” (the Protocol).
3. The Commission is varying the Protocol to increase the transparency of proposed real-time market data fee changes.

Order

Considering that to do so would not be prejudicial to the public interest, the Commission varies the Recognition Order under section 171 of the Act, so that it reads as attached.

Dated July 18, 2024.

“Brenda M. Leong”

Brenda M. Leong
Chair

(This part is for administrative purposes only and is not part of the Order)

Authority under which Order is made:

Securities Act, sections 24 and 171

**RECOGNITION ORDER
CNSX MARKETS INC.
(Section 24(b) of *Securities Act*, RSBC 1996, c. 418)**

CNSX Markets Inc. (CNSX), carrying on business as the Canadian Securities Exchange (CSE), has applied for recognition as an exchange in British Columbia under section 24 of the Act.

Based on the application and considering the public interest, the British Columbia Securities Commission (the Commission) recognizes CNSX as an exchange under section 24(b) of the Act, subject to the terms and conditions set out in Schedule A.

Dated April 25, 2019
Varied May 15, 2023, effective June 1, 2023
Varied on July 18, 2024.

SCHEDULE A

Terms and Conditions

1. PUBLIC INTEREST RESPONSIBILITIES

1.1 CNSX shall conduct its business and operations in a manner that is consistent with the public interest.

1.2 The mandate of the Board of CNSX shall expressly include the regulatory and public interest responsibilities of CNSX.

2. SHARE OWNERSHIP RESTRICTIONS

2.1 Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of CNSX.

2.2 The articles of CNSX shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

3. CORPORATE GOVERNANCE

3.1 CNSX's arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules, policies and other similar instruments (Rules) of CNSX, namely, the board of directors (Board), are such as to ensure a proper balance between the interests of the different entities desiring access to the facilities of CNSX (CNSX Dealers) and companies seeking to be listed on CNSX (CNSX Issuers), and a reasonable number and proportion of directors are "independent" in order to ensure diversity of representation on the Board. An independent director is a director that is not:

- (a) an associate, director, officer or employee of a CNSX Dealer;
- (b) an officer or employee of CNSX or its affiliates;
- (c) an associate, director, officer or employee of any person or company who owns or controls, directly or indirectly, over 10% of CNSX; or
- (d) a person who owns or controls, directly or indirectly, over 10% of CNSX.

In particular, CNSX will ensure that at least fifty per cent (50%) of its directors are independent. In the event that at any time CNSX fails to meet such requirement, it will promptly remedy such situation.

3.2 Without limiting the generality of the foregoing, CNSX's governance structure provides for:

- (a) fair and meaningful representation on its Board, in the context of the nature and structure of CNSX, and any governance committee thereto and in the approval of Rules;
- (b) appropriate representation of independent directors on any CNSX Board committees; and
- (c) appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of CNSX generally.

4. FITNESS

4.1 In order to ensure that CNSX operates with integrity and in the public interest, CNSX will take reasonable steps to ensure that each person or company that owns or controls, directly or indirectly, more than 10% of CNSX and each officer or director of CNSX is a fit and proper person and the past conduct of each person or company that owns or controls, directly or indirectly, more than 10% of CNSX and each officer or director of CNSX affords reasonable grounds for belief that the business of CNSX will be conducted with integrity and in a manner that is consistent with the public interest responsibilities of CNSX.

5. CONFLICTS OF INTEREST AND CONFIDENTIALITY

5.1 For the purposes of this section 5 of Schedule A, "significant shareholder" means a person or company that beneficially owns or controls, directly or indirectly, more than 5% of any class of voting shares of CNSX.

5.2 CNSX shall establish, maintain and require compliance with policies and procedures that:

- (a) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:
 - (i) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant shareholder in the management or oversight of the

exchange operations or regulation functions of CNSX and the services and products it provides,

- (ii) conflicts of interest or potential conflicts of interest that arise from any interactions between CNSX and a significant shareholder where CNSX may be exercising discretion that involves or affects the significant shareholder either directly or indirectly, and
 - (iii) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of CNSX, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the CNSX issuer regulation functions and the business activities of CNSX; and
- (b) provide for the confidential treatment of information regarding exchange operations, regulation functions, a CNSX Dealer or CNSX Issuer that is obtained by a partner, director, officer or employee of a significant shareholder through that individual's involvement in the management or oversight of exchange operations or regulation functions, which will include a requirement that any such information:
- (i) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and
 - (ii) not be used to provide an advantage to the significant shareholder or its affiliated entities.

5.3 CNSX shall establish, maintain and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant shareholder or affiliated entity on CNSX.

5.4 CNSX shall require each CNSX Dealer that is a significant shareholder or an affiliated entity of a significant shareholder to disclose the CNSX Dealer's relationship with CNSX to:

- (a) clients whose orders might be, and clients whose orders have been, routed to CNSX; and
- (b) entities for whom the CNSX Dealer is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on CNSX.

5.5 CNSX shall at least annually review compliance with the policies and procedures established in accordance with paragraphs 5.2(a) and (b) and 5.3 and shall document each review, and any deficiencies, and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

5.6 The policies established in accordance with paragraphs 5.2(a) and (b) and 5.3 shall be made publicly available on the website of CNSX.

6. FAIR AND APPROPRIATE FEES

6.1 Any and all fees imposed by CNSX will be equitably allocated. Fees will not have the effect of creating barriers to access and must be balanced with the criterion that CNSX will have sufficient revenues to satisfy its responsibilities.

6.2 CNSX's process for setting fees will be fair, appropriate and transparent.

7. ACCESS

7.1 CNSX's requirements will permit all properly registered dealers that are members of a recognized SRO and satisfy access requirements established by CNSX to access the facilities of CNSX.

7.2 Without limiting the generality of the foregoing, CNSX will:

- (a) establish written standards for granting access to CNSX Dealers trading on its facilities;
- (b) not unreasonably prohibit or limit access by a person or company to services offered by it; and
- (b) keep records of:
 - (i) each grant of access including, for each CNSX Dealer, the reasons for granting such access, and
 - (iii) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

8. FINANCIAL VIABILITY

8.1 CNSX will maintain sufficient financial resources for the proper performance of its functions.

8.2 CNSX will notify the Commission immediately upon becoming aware that it does not or will not have sufficient financial and other resources to perform its functions in a

manner that is consistent with the public interest and/ or the terms and conditions of this order.

8.3 CNSX will deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 calendar days after the commencement of each fiscal year. Such financial budget should include monthly projected revenues, expenses and cash flows.

9. REGULATION

9.1 CNSX will maintain its ability to perform its regulation functions including setting requirements governing the conduct of CNSX Dealers and CNSX Issuers and disciplining CNSX Dealers and CNSX Issuers, whether directly or indirectly through a regulation services provider.

9.2 CNSX will continue to retain Canadian Investment Regulatory Organization (CIRO) as a regulation services provider to provide certain regulation services which have been approved by the Commission.

9.3 CNSX will provide the Commission with a report with such information regarding its affairs upon request. The report will be in such form as may be specified by the Commission.

9.4 CNSX will perform all other regulation functions not performed by its regulation services provider.

9.5 CNSX will provide the Commission with the information set out in Appendix A, as amended from time to time.

10. CAPACITY AND INTEGRITY OF SYSTEMS

10.1 CNSX will maintain, in accordance with prudent business practice, reasonable controls to ensure capacity, integrity requirements and security of its technology systems.

11. PURPOSE OF RULES

11.1 CNSX will establish Rules that are necessary or appropriate to govern and regulate all aspects of its business and affairs.

11.2 More specifically, CNSX will ensure that the Rules:

- (a) shall not be contrary to the public interest, and
- (b) are designed to

- (i) ensure compliance with securities legislation,
 - (ii) prevent fraudulent and manipulative acts and practices,
 - (ii) promote just and equitable principles of trade,
 - (iii) address risks associated with the listing and continued listing of issuers,
 - (v) foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, and
 - (vi) provide for appropriate discipline;
- (c) do not:
- (i) permit unreasonable discrimination among CNSX Issuers and CNSX Dealers, or
 - (ii) impose any burden on competition that is not necessary or appropriate in furtherance of securities legislation; and
- (d) are designed to ensure that its business is conducted in a manner so as to afford protection to investors.

12. RULES, RULE-MAKING AND FORM 21-101F1

12.1 CNSX will comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto set out in Appendix B, as amended from time to time.

13. FINANCIAL STATEMENTS

13.1 CNSX will file unaudited quarterly financial statements within 60 days of each quarter end and audited annual financial statements within 90 days of each year end.

14. DISCIPLINARY POWERS

14.1 CNSX will have general disciplinary and enforcement provisions in its Rules that will apply to any person or company subject to its regulation.

14.2 CNSX will ensure, through CIRO and otherwise, that any person or company subject to its regulation is appropriately sanctioned for violations of the Rules. In addition, CNSX will promptly notify the Commission of any violations of securities legislation or conduct contrary to the public interest of which it becomes aware in the ordinary course of its business.

15. DUE PROCESS

15.1 CNSX will ensure that its requirements relating to access to its facilities, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including in respect of giving notice, giving parties an opportunity to be heard or make representations, keeping records, giving reasons and providing for appeals of its decisions.

16. ISSUER REGULATION

16.1 CNSX will ensure that only the issuers set out in Appendix C as amended from time to time, are eligible for listing on CNSX.

16.2 CNSX will ensure that, in exercising its discretion in carrying out its listing function, it takes into consideration the public interest, the risks associated with the listing and continued listing of issuers, and the integrity of the market.

16.3 CNSX may, in accordance with the requirements for qualification for trading set out in its Rules, designate certain listed securities as Other Listed Securities without approving such securities for an additional listing.

16.4 CNSX has and will continue to ensure that it has sufficient authority over its CNSX listed issuers.

16.5 CNSX will carry out appropriate review procedures to monitor and enforce listed issuer compliance with the Rules and provide a report to the Commission annually, or as required by the Commission, describing the procedures carried out, and the types of deficiencies found and how they were remedied.

16.6 CNSX will amend its Policies and Forms, from time to time, at the request of the Commission, to reflect changes to the disclosure requirements of British Columbia securities law.

17. CLEARING AND SETTLEMENT

17.1 The Rules will impose a requirement on CNSX Dealers to have appropriate arrangements in place for clearing and settlement through a clearing agency recognized by the Commission under the Act.

18. MARKETPLACE REGULATORY REQUIREMENTS

CNSX will comply with the requirements set out in National Instrument 21-101 *Marketplace Operation* and in National Instrument 23-101 *Trading Rules*.

19. OUTSOURCING

19.1 In any material outsourcing of any of its business functions to a third party, CNSX will proceed in accordance with industry best practices. Without limiting the generality of the foregoing, CNSX will:

- (a) establish and maintain policies and procedures that are approved by its Board for the evaluation and approval of such material outsourcing arrangements;
- (b) in entering into any such material outsourcing arrangement:
 - (i) assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CNSX, and
 - (ii) execute a contract with the service provider addressing all significant elements of such arrangement, including service levels and performance standards;
- (c) ensure that any contract implementing such material outsourcing arrangement that is likely to impact on CNSX's regulation functions provide for CNSX, its agents and the Commission to be permitted to have access to and to inspect all data and information maintained by the service provider that CNSX is required to share under section 20.2 or that is required for the assessment by the Commission of the performance of CNSX of its regulation functions and the compliance of CNSX with the terms and conditions in this Schedule A; and
- (d) monitor the performance of the service provided under such material outsourcing arrangement.

20. PROVISION OF INFORMATION

20.1 CNSX shall provide the Commission, promptly on request, any and all data, information and analyses in the custody or control of CNSX or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

- (a) data, information and analyses relating to all of its or their businesses; and
- (b) data, information and analyses of third parties in its or their custody or control.

20.2 CNSX shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, other recognized or

exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

20.3 CNSX will ensure the Commission can promptly access the information and records, or a copy of the information and records, CNSX is required to create, maintain, collect or keep under securities legislation or that it otherwise creates, maintains, collects or keeps in the course of its business.

APPENDIX A

Reporting Obligations

1. Quarterly Reporting on Exemptions or Waivers Granted

On a quarterly basis, CNSX will submit to the Commission a report summarizing all exemptions or waivers granted pursuant to the rules, policies or other similar instruments (Rules) to any CNSX Dealer or CNSX Issuer during the period. This summary should include the following information:

- (a) The name of the CNSX Dealer or CNSX Issuer;
- (b) The type of exemption or waiver granted during the period;
- (c) The date of the exemption or waiver; and
- (d) A description of CNSX staff's reason for the decision to grant the exemption or waiver.

2. Quarterly Reporting on Listing Applications

On a quarterly basis, CNSX will submit to the Commission a report containing the following information:

- (a) The number of listing applications filed;
- (b) The number of listing applications that were accepted;
- (c) The number of listing applications that were rejected and the reasons for rejection, by category;
- (d) The number of listing applications that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category;
- (e) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change;
- (f) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were accepted;
- (g) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were rejected and the reasons for rejection, by category;
- (h) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were withdrawn or abandoned and, if known,

the reasons why the application was withdrawn or abandoned, by category.

In each of the foregoing cases, the numbers shall be broken down by industry category and in any other manner that the Commission requests.

3. Notification of Suspensions and Disqualifications

If a CNSX Issuer has been suspended or disqualified from qualification for listing, CNSX will immediately issue a notice setting out the reasons for the suspension and file this information with the Commission.

APPENDIX B

Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by BCSC Commission Staff (Staff) and approval by the Commission or its delegated authority.

2. Definitions

For the purposes of this Protocol:

- (a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.
- (b) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.
- (c) *Fee Change subject to Public Comment* means a Fee Change that, in Staff's view, may have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.
- (d) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that
 - (i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or
 - (ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.
- (e) *Housekeeping Rule* means a new Rule or an amendment to a Rule that
 - (i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or
 - (ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

- (f) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.
- (g) *Real-Time Market Data Fee Change* means a Fee Change that, in Staff's view, relates to a service which impacts the access to order and trade information that is distributed immediately after an order has been entered, amended, or cancelled or a trade has been executed, including, but not limited to, top-of-book (level 1) and depth of book (level 2), distribution, display, non-display, and applicable connectivity fees.
- (h) *Rule* includes a rule, policy and other similar instrument of the Exchange.
- (i) *Significant Change* means an amendment to the information in Form 21-101F1 other than
 - (i) a Housekeeping Change,
 - (ii) a Fee Change, or
 - (iii) a Rule,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

- (j) *Significant Change subject to Public Comment* means a Significant Change that
 - (i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or
 - (ii) in Staff's view, may have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules and Rule amendments.

4. Board Approval

The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

- (a) The Exchange may submit a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.
- (b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:
 - (i) written notice that Staff object to granting the waiver or variation; or
 - (ii) written notice that the waiver or variation has been granted by Staff.

6. Materials to be Submitted and Timelines

- (a) Prior to the implementation of a Fee Change, Public Interest Rule or Significant Change, the Exchange will provide Staff with the following materials:
 - (i) a cover letter that, together with the notice for publication submitted under paragraph (a)(ii), if applicable, fully describes:
 - (A) the proposed Fee Change, Public Interest Rule or Significant Change;
 - (B) the expected date of implementation of the proposed Fee Change, Public Interest Rule or Significant Change;
 - (C) the rationale for the proposal and any relevant supporting analysis;
 - (D) the expected impact, including the quantitative impact, of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers and the capital markets;
 - (E) the expected impact of the Fee Change, Public Interest Rule or Significant Change on the Exchange's compliance with British Columbia securities law requirements and in particular requirements for fair access and maintenance of fair and orderly markets;
 - (F) a summary of any consultations, including consultations with external parties, undertaken in formulating the Fee Change, Public Interest Rule or Significant Change, and the internal governance process followed to approve the Rule or Change;
 - (G) for a proposed Fee Change:

1. the expected number of marketplace participants likely to be subject to the new fee, along with a description of the costs they will incur; and
 2. if the proposed Fee Change applies differently across types of marketplace participants, a description of this difference, how it impacts each class of affected marketplace participant, including, where applicable, numerical examples, and any justification for the difference in treatment.
 3. In the case of a proposed Real-Time Market Data Fee Change:
 - a. a description of the methodology used to determine the proposed fee;
 - b. any analysis conducted to determine how the proposed fee compares to fees charged for similar services by other marketplaces in Canada and internationally; and
 - c. the costs of producing the product or service to which the proposed fee relates, where relevant.
- (H) if the Public Interest Rule or Significant Change will require members or service vendors to modify their systems after implementation of the Rule or Change, the expected impact of the Rule or Change on the systems of members and service vendors together with an estimate of the amount of time needed to perform the necessary work and how the estimated amount of time was deemed reasonable in light of the expected impact of the Public Interest Rule or Significant Change on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets;
- (I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;
- (J) a discussion of any alternatives considered; and
- (K) if applicable, whether the proposed Fee Change, Significant Change or Public Interest Rule would introduce a fee model, feature or Rule that currently exists in other markets or jurisdictions;
- (ii) for a proposed Public Interest Rule, Significant Change subject to Public Comment, Fee Change subject to Public Comment, or Real-Time Market Data Fee Change, a notice for publication that generally includes the

information required under paragraph (a)(i), except information that, if included in the notice, would result in the public disclosure of sensitive information or confidential or proprietary financial, commercial or technical information;

- (iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and
 - (iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.
- (b) The Exchange will submit the materials set out in subsection (a):
- (i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change;
 - (ii) at least fifteen business days prior to the expected implementation date of a proposed Fee Change, other than a Real-Time Market Data Fee Change; and
 - (iii) at least 30 business days prior to the expected implementation date of a Real-Time Market Data Fee Change.
- (c) For a Housekeeping Rule, the Exchange will provide Staff with the following materials:
- (i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;
 - (ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;
 - (iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and
 - (iv) a notice for publication on the BCSC website that contains the information in paragraph (ii) as well as the implementation date for the Rule and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.
- (d) For a Housekeeping Change, the Exchange will provide Staff with the following materials:

- (i) a cover letter that indicates that the change was classified as a Housekeeping Change and, for each Housekeeping Change, provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and
 - (ii) blacklined and clean copies of Form 21-101F1 showing the Change.
- (e) The Exchange will submit the materials set out in subsection (d) by the earlier of
 - (i) the Exchange's close of business on the 10th calendar day after the end of the calendar quarter in which the Housekeeping Change was implemented; and
 - (ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

7. Review by Staff of notice and materials to be published for comment

- (a) Within 5 business days of the receipt of the notice and materials submitted by the Exchange relating to a Public Interest Rule, Significant Change subject to Public Comment or Fee Change subject to Public Comment, in accordance with subsection 6(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a resubmission of the notice and/or materials.
- (b) Where the notice and/or materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and/or materials accordingly, and the date of resubmission will serve as the submission date for the purposes of this Protocol.
- (c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 8.

8. Publication of a Public Interest Rule, Significant Change Subject to Public Comment, Fee Change Subject to Public Comment, or Real-Time Market Data Fee Change

- (a) As soon as practicable after the receipt of the notice and materials submitted by the Exchange relating to a Public Interest Rule, Significant Change subject to Public Comment or Fee Change subject to Public Comment, in accordance with subsection 6(a), Staff will publish on the BCSC website, the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears on the BCSC website.

- (b) Staff will publish all Real-Time Market Data Fee Changes on the BCSC website as soon as practicable following receipt of the notice and materials submitted by the Exchange. The Exchange will publish the notice and materials for Real-Time Market Data Fee Changes on its website and/or through a communication to market data customers within two business days following submission to Staff. The notice must provide market participants with an opportunity to provide feedback to Staff and to the Exchange within 15 business days from the date the notice appears on the BCSC website.
- (c) If public comments or feedback are received
 - (i) the Exchange will forward copies of the comments promptly to Staff; and
 - (ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period, except in the case of a Real-Time Market Data Fee Change, where the Exchange need only respond to feedback upon Staff's request.

9. Review and Approval Process for Proposed Fee Changes, Public Interest Rules and Significant Changes

- (a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change within
 - (i) 45 days from the date of submission of a proposed Public Interest Rule or Significant Change;
 - (ii) fifteen business days from the date of submission of a proposed Fee Change, other than a Real-Time Market Data Fee Change; and
 - (iii) 30 business days from the date of submission of a proposed Real-Time Market Data Fee Change.
- (b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule or Significant Change will exceed the timelines in subsection (a).
- (c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule, Significant Change subject to Public Comment, Fee Change subject to Public Comment, or Real-Time Market Data Fee Change, and promptly after the receipt of the materials submitted under section 6 for all other Changes.

- (d) The Exchange will respond to any comments received from Staff in writing.
- (e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change, Public Interest Rule or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule or Significant Change after it has been deemed withdrawn, the Exchange will have to re-submit it for review and approval in accordance with this Protocol.
- (f) Upon completion of Staff's review of a Fee Change, Public Interest Rule or Significant Change, Staff will submit the Change or Rule to the Commission for a decision within the following timelines:
 - (i) for a Public Interest Rule, Significant Change subject to Public Comment, or Fee Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;
 - (ii) for any other Significant Change, the later of 45 days from the date of submission of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange;
 - (iii) for a Real-Time Market Data Fee Change, the later of 30 business days from the date of submission of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange;
or
 - (iv) for any other Fee Change, the later of fifteen business days from the date of submission of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.
- (g) Staff will promptly notify the Exchange of the decision.
- (h) If a Public Interest Rule, Significant Change subject to Public Comment or Fee Change subject to Public Comment is approved, Staff will publish the following documents on the BCSC website promptly after the approval:
 - (i) a notice indicating that the proposed Rule or Change is approved;
 - (ii) the summary of public comments and responses prepared by the Exchange, if applicable; and

- (iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.
- (i) If a Real-Time Market Data Fee Change is approved, the Exchange and Staff will publish a notice indicating that the proposed Change is approved on the Exchange and the BCSC websites, respectively, promptly after the approval.

10. Review Criteria for a Fee Change, Public Interest Rule and Significant Change

- (a) Staff will review a proposed Fee Change, Public Interest Rule or Significant Change to assess whether it is in the public interest to approve the Rule or Change. The factors that Staff will consider in making their determination also include whether:
 - (i) the Rule or Change would impact the Exchange's compliance with British Columbia securities law;
 - (ii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;
 - (iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Rule or Change; and
 - (iv) the Exchange adequately addressed any comments received.

11. Effective Date of a Fee Change, Public Interest Rule or Significant Change

- (a) A Public Interest Rule or Significant Change will be effective on the later of:
 - (i) the date that the Exchange is notified that the Change or Rule is approved;
 - (ii) if applicable, the date of publication of the notice of approval on the BCSC website;
 - (iii) if applicable, the implementation date established by the Exchange's Rules, agreements, practices, policies or procedures; and
 - (iv) the date designated by the Exchange.
- (b) The Exchange must not implement a Fee Change unless the Exchange has provided stakeholders, including marketplace participants, issuers and vendors, as

applicable, with notice of the Fee Change at least five business days prior to implementation.

- (c) Where a Significant Change involves a material change to any of the systems, operated by or on behalf of the Exchange, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the Exchange is notified that the Significant Change is approved.
- (d) In determining what constitutes a reasonable period of time for purposes of implementing a Significant Change under paragraph (c), Staff will consider how the Significant Change will impact the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns.
- (e) The Exchange must notify Staff promptly following the implementation of a Public Interest Rule, Significant Change or Fee Change that becomes effective under subsections (a) and (b).
- (f) Where the Exchange does not implement a Public Interest Rule, Significant Change or Fee Change within 180 days of the effective date of the Fee Change, Public Interest Rule or Significant Change, as provided for in subsections (a) and (b), the Public Interest Rule, Significant Change or Fee Change will be deemed to be withdrawn.

12. Significant Revisions and Republication

- (a) If, subsequent to its publication for comment or feedback, as applicable, the Exchange revises a Public Interest Rule, Significant Change subject to Public Comment, Fee Change subject to Public Comment, or Real-Time Market Data Fee Change in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period, or an additional 15 business days for feedback for a Real-Time Market Data Fee Change.
- (b) If a Public Interest Rule, Significant Change subject to Public Comment, Fee Change subject to Public Comment, or Real-Time Market Data Fee Change is republished under subsection (a), the request for comments or feedback, as applicable, will include a blacklined version marked to the originally published version, a summary of comments or, where applicable, feedback, and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

13. Withdrawal of a Fee Change, Public Interest Rule or Significant Change

- (a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.
- (b) If the notice of withdrawal relates to a Public Interest Rule, Significant Change subject to Public Comment, Fee Change subject to Public Comment, or Real-Time Market Data Fee Change, Staff will publish the notice of withdrawal on the BCSC website as soon as practicable.
- (c) If a Public Interest Rule, Significant Change subject to Public Comment, Fee Change subject to Public Comment, or Real-Time Market Data Fee Change is deemed to have been withdrawn as provided in subsection 9(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

14. Effective Date of a Housekeeping Rule or Housekeeping Change

- (a) Subject to subsections (c) and (d), a Housekeeping Rule will be effective on the later of
 - (i) the date of the publication of the notice to be published on the BCSC website, in accordance with subsection (e), and
 - (ii) the date designated by the Exchange.
- (b) Subject to subsections (c) and (d), a Housekeeping Change will be effective on the date designated by the Exchange.
- (c) Staff will review the materials submitted by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange submitted the documents in accordance with subsections 6(c) and 6(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.
- (d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, submit the proposed Rule as a Public Interest Rule or the proposed Change as a Significant Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment, if applicable.

- (e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect on the BCSC website as soon as is practicable.

15. Immediate Implementation of a Public Interest Rule or Significant Change

- (a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers or investors.
- (b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible, but in any event, at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must follow within five business days following the Exchange receiving notice that Staff agree with immediate implementation of the Public Interest Rule or Significant Change.
- (c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following submission of the notice under subsection (b). If the disagreement is not resolved, the Exchange will submit the Public Interest Rule or Significant Change in accordance with the timelines in section 6.

16. Review of a Public Interest Rule or Significant Change Implemented Immediately

A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 15 will be published, if applicable, and reviewed and approved by the Commission in accordance with the procedures set out in section 9, with necessary modifications. If the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

APPENDIX C

Eligible Issuers

1. Subject to section 2 below, only an issuer that:
 - (a) is a reporting issuer or the equivalent in a jurisdiction in Canada; or
 - (b) is proposing to list debt securities issued or guaranteed by the government of Canada or the government of a jurisdiction in Canada that are exempt from the prospectus requirements under Part 2.34(2)(a) of National Instrument 45-106 *Prospectus Exemptions*; or
 - (c) is proposing to list debt securities issued or guaranteed by a Canadian financial institution or a Schedule III bank, other than debt securities that are subordinate in right of payment to deposits held by the issuer or guarantor of those debt securities, that are exempt from the prospectus requirements under Part 2.34(2)(d) of National Instrument 45-106 *Prospectus Exemptions*; and
 - (d) is not in default of any requirements of securities legislation in any jurisdiction in Canada, is eligible for listing. However, if an issuer is eligible for listing under paragraph (b) or (c) above, CNSX may only list debt securities of the issuer that are contemplated by those paragraphs unless the issuer files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada.
2. An issuer that is a reporting issuer in a jurisdiction in Canada but is not considered eligible under the Rules due to the process by which it became a reporting issuer, is ineligible for listing unless it:
 - (a) files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada; and
 - (b) is not in default of any requirements of securities legislation in any jurisdiction in Canada.