

B.11.2 Marketplaces

B.11.2.1 Canadian Securities Exchange – Housekeeping Amendments to CSE Listing Policy & Procedures – Notice of Housekeeping Rule Amendments

CANADIAN SECURITIES EXCHANGE

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDMENTS TO CSE LISTING POLICY & PROCEDURES

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendices to the Exchange’s recognition order (the “Protocol”), CNSX Markets Inc., operator of the Canadian Securities Exchange (“CSE” or “Exchange”) has adopted housekeeping rule changes to CSE Listing Policies (the “Amendments”). The Amendments have been classified as Housekeeping Rules and as such, have not been published for comment. Staff of the British Columbia Securities Commission (“BCSC”) and the Ontario Securities Commission (“OSC”) have not disagreed with this classification.

DESCRIPTION OF THE AMENDMENTS AND RATIONALE

The Amendments are necessary to correct typographical errors and clarify previously approved and implemented changes.

In particular, amendments are made to the following CSE Listing Policies:

- 4.5 *Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets;*
- 5.1 *Introduction;*
- 5.3 *Consultation with the Market Regulator;*
- 6.2 *Private Placements;*
- 6.5 *Security Based Compensation Arrangements;* and
- 6.6 *Rights Offerings.*

The addition of the CIRO contact information in Policy 5 includes a weblink to the CIRO page for Listed Issuers to upload news releases through the new CIRO portal.

	CSE Policy Section	Amendment	Rationale
1.	<p><i>Policy 4 – Corporate Governance, Security Holder Approvals and Miscellaneous Provisions</i></p> <p><i>4.5 Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets</i></p>	<p>(2) Audit Committee</p> <p>In addition to the guidance in section 2.7 4.2(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.</p>	<p>To correct a typographical error concerning an incorrect policy reference.</p>

<p>2.</p>	<p>Policy 5 – Timely Disclosure, Trading Halts and Posting Requirements</p> <p>5.1 Introduction</p>	<p>(1) The Exchange believes that two of the Two 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 and 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.</p> <p>(2) 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. 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.</p>	<p>To correct grammatical errors and reformat for clarity. Also, to amend incorrect drafting which references SEDAR. The current Policy 5.6 makes it clear that news services are the only appropriate mechanism to meet timely disclosure obligations relating to material information.</p>
<p>3.</p>	<p>Policy 5 – Timely Disclosure, Trading Halts and Posting Requirements</p> <p>5.3 Consultation with the Market Regulator</p>	<p>[...]</p> <p>(3) Contact Information for Market Regulator: Telephone: (604) 643-2792 https://www.ciro.ca/markets/trade-surveillance/surveillance-contacts</p>	<p>To add CIRO contact information and link to contact page on CIRO website.</p>
<p>4.</p>	<p>Policy 6 – Distributions & Corporate Finance</p> <p>6.2 Private Placements</p>	<p>[...]</p> <p>(2) Price</p> <p>[...]</p> <p>(e) An Issuer relying on a closing price established pursuant to 6.2(2) (#)(a) may rely on that price for a period of no longer than 45 days.</p>	<p>To correct a typographical error concerning an incorrect policy reference.</p>

<p>5.</p>	<p>Policy 6 – Distributions & Corporate Finance</p> <p>6.5 Security Based Compensation Arrangements</p>	<p>(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:</p> <p>(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;</p> <p>(b) (b) a copy of the of the Security Based Compensation Arrangement; and</p> <p>(c) (c) 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 if the Security Based Compensation Arrangement provides for:</p> <p>(i) the issuance of greater than 5% of the issued and outstanding shares at the time of adoptions as applying to an individual, or</p> <p>(ii) 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.</p>	<p>To correct numbering format and emphasize the existing shareholder approval requirement.</p>
<p>6.</p>	<p>Policy 6 – Distributions & Corporate Finance</p> <p>6.6 Rights Offerings</p>	<p>(2) Prior to the Record Date, the Listed Issuer must provide the Exchange with:</p> <p>(a) written confirmation of the Record Date; and</p> <p>(b) 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.</p>	<p>To clarify an existing administrative practice.</p>

The CSE Listing Policy can be viewed at:

[Policies](#) | CSE - Canadian Securities Exchange (thecse.com)

A. Effective Date

The Housekeeping Amendments will be effective immediately.

B. Classification

Amendments have been classified as housekeeping and were not published for comment.

C. Questions

Questions regarding this notice may be directed to:

Chioma Nwachukwu
Legal Counsel
Email: legal@thecse.com

BLACKLINE VERSION OF CSE POLICIES

CSE Listing Policies and Procedures

Policy 4 Corporate Governance, Security Holder Approvals and Miscellaneous Provisions

[...]

4.5 Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets

[...]

(2) Audit Committee

In addition to the guidance in ~~section 2.7~~ [4.2\(7\)](#) 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.

[...]

Policy 5 Timely Disclosure, Trading Halts and Posting Requirements

[...]

5.1 Introduction

(1) ~~The Exchange believes that two of the Two~~ 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 ~~and~~ 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) 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.

~~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.

[...]

5.3 Consultation with the Market Regulator

[...]

(3) Contact Information for Market Regulator: Telephone: (604) 643-2792 <https://www.ciro.ca/markets/trade-surveillance/surveillance-contacts>.

[...]

Policy 6 Distributions & Corporate Finance

[...]

6.2 Private Placements

[...]

(2) Price

[...]

(e) An Issuer relying on a closing price established pursuant to 6.2(2) ~~(ii)~~(a) may rely on that price for a period of no longer than 45 days.

[...]

6.5 Security Based Compensation Arrangements

(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;

(b) a copy of the of the Security Based Compensation Arrangement; and

(c) [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](#) if the Security Based Compensation Arrangement provides for:

(i) the issuance of greater than 5% of the issued and outstanding shares at the time of adoptions as applying to an individual, or

(ii) 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.~~

[...]

6.6 Rights Offerings

[...]

(2) Prior to the Record Date, the Listed Issuer must provide the Exchange with:

(a) [written confirmation of the Record Date](#); and

(b) 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.

CLEAN VERSION OF CSE POLICIES

CSE Listing Policies and Procedures

Policy 4 Corporate Governance, Security Holder Approvals and Miscellaneous Provisions

[...]

4.5 Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets

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[...]

Policy 5 Timely Disclosure, Trading Halts and Posting Requirements

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(2) 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.

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.

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Policy 6 Distributions & Corporate Finance

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