

13.2.2 NEO Exchange Inc. – Listing Manual and Listing Forms Amendments – Notice of Approval

NEO EXCHANGE INC.

NOTICE OF APPROVAL

LISTING MANUAL AND LISTING FORMS AMENDMENTS

(April 11, 2019)

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, Neo Exchange Inc. (“**NEO Exchange**”) has adopted and the Ontario Securities Commission has approved amendments to NEO Exchange’s Listing Manual (the “**Listing Manual**”) and Listing Forms (together, the “**Amendments**”). The Amendments comprise the following changes:

1. Revisions Stemming from the Codification of Waivers
 - Addition of a new exemption to the minimum price standard in subsection 2.02(2) for Listed Issuers resulting from a transaction involving an Other Listed Issuer, such as in a reverse take-over transaction.
 - Removal of the minimum distribution requirement applicable to ETFs in section 2.04(1).
 - Addition of subsection 2.08(2) to describe requirements for listing on NEO Exchange in a halted state.
 - Reduction of the net asset value in subsection 3.02(2) for CEFs to \$3,000,000 from \$5,000,000.
 - Removal of the distribution requirement for ETFs under subsection 3.03(1).
 - Revisions to section 7.13 to specify that an ETF does not have to file a Notice of Creation or Redemption (Form 15) on a monthly basis if the issuer’s creation and redemption transactions are reported to the Exchange on a more frequent basis.
 - Changes in sections 7.14, 7.15, 7.16 and 7.17 to (i) replace “certificate of amendment” and similarly specific terms with more the general term “constating document”, and (ii) state that certain documents (e.g. specimen certificates) do not have to be filed with the Exchange.
2. Revisions Intended to Streamline the Listing Process for Issuers and Promote Environmental, Social and Governance Initiatives (ESG)
 - Addition of new Commentary below paragraph 2.02(3)(a) to provide alternatives in cases where two-years’ operating history is not available.
 - Removal of the wording regarding research coverage from the Investor Relations requirements in subsection 2.02(5) and corresponding Commentary and inclusion of references to an investor relations strategy.
 - Revisions to re-numbered subsection 2.02(6) (previously 2.02(7) but moved to appear before the provision relating to SPACs), and addition of Commentary, relating to supplemental listing requirements.
 - A number of changes to section 2.13 –
 - Addition of Commentary below paragraph 2.13(1)(c) relating to document requirements.
 - Amendments to the Commentary below paragraph 2.13(1)(d), including to specify that PIFs do not need to be filed in connection with supplemental listings by Listed Issuers nor where the Insider of an exchange-traded product has provided a PIF to NEO Exchange within the past 24 months, subject to there being no changes to the responses to certain questions.
 - Deletion of subsections 2.13(2), (3) and (4) relating to required documents for Other Listed Issuers.
 - Amendments to the Commentary that follows new subsection 2.13(2) to include transactions and/or filing documents other than a prospectus.

- Non-material changes to subsection 3.01(4) relating to ongoing standards for supplemental listings.
- Similar changes to those in subsection 2.02(5) in the Investor Relations requirements in subsection 3.01(5).
- Addition of Commentary following subsection 3.03(3) to provide examples of the factors that would be taken into account by the Exchange when considering whether to suspend or delist the securities of an ETF.
- General updates to the process and procedures set out in section 4.01 for notifying the Exchange of changes to insiders, including new Commentary.
- Amendments to section 4.08 to add the list of documents that the Exchange will expect Listed Issuers to post on their website, and new requirements associated with those documents.
- Revisions to the list of events that would be likely to require immediate disclosure under subsection 5.02(3), to add “Significant climate change-related events and financial impacts”.
- Revisions to subsection 6.01(1) regarding dividends and other distributions to reflect changes to the Exchange’s Forms and to reduce the notification requirements to the Exchange from 7 to 5 trading days.
- Revisions to subsection 7.15(2) to replace “two trading days” with “one trading day”.
- An amendment to subsection 9.03(2) to shorten the number of days (from 20 to 10 trading days) NEO requires to be provided with a draft of the information circular prepared in connection with a reverse take-over transaction.
- An amendment to paragraph 10.05(1)(b) to list specific diversity criteria to be considered by Listed Issuers when filling board or executive officer positions.

3. Revisions Relating to Special Purpose Acquisition Corporation (“SPAC”) Requirements

- Section 1.01 – Definitions
 - Adjustment to “Founding Securities” to add securities purchased by Founding Security Holders concurrently with the IPO prospectus, on the same terms, to the list of excluded securities.
 - Replacement of the term “security holder” in the definition of “Liquidation Distribution” with the word “shareholder”.
 - Slight revisions to “Permitted Investments” to include the words “call loans to or”.
 - Modification of “Specified SPAC Securities” with the addition of the words “concurrently with the IPO prospectus on the same terms”.
- Reduction of the initial distribution requirements for SPACs under subsection 2.02(7) (renumbered from subsection 2.02(6)), from 300 to 150 board lot holders.
- Minor drafting updates, and the additions of “and Qualifying Transaction” after “initial public offering” and “or provide an alternative escrow arrangement that is satisfactory to the Exchange” at the end to the escrow provisions in subsection 2.12(2).
- Addition of Commentary in section 4.08 to specify that, although exempted from the website requirement, it is recommended that a SPAC have a website and post the documents listed in subsection 4.08(1), as applicable.

The following references are to “new” section 10.16, which has been renumbered from 10.17.

- Amendments to paragraph 10.16(6)(a) to (i) remove references to “conversion”, (ii) add the words “or substantially similar feature” after “redemption feature”, (iii) replace the words “then on deposit in the escrow account” with “of the Escrowed Funds”, and (iv) remove the words “and other than warrants”.

- Amendments to paragraph 10.16(6)(b) to (i) replace the words “which may be via a redemption feature” with “or substantially similar feature”, (ii) remove the words “and other than warrant holders”, and (iii) replace the words “then on deposit in the escrow account” with “of the Escrowed Funds”.
- Amendments to subsection 10.16(7) to remove subparagraph (c) and add that a SPAC may establish a limit with respect to the maximum number of shares that can be redeemed provided (i) the limit is not set at lower than 15% of the shares sold in the IPO, and (ii) the limit is disclosed in the IPO prospectus.
- An amendment to paragraph 10.16(8)(b) to remove the word “fixed”.
- An amendment to subsection 10.16(12) to state that Shareholders exercising their redemption rights under paragraph 6(a) will be entitled to their pro rata portion of the Escrowed Funds, including all deferred underwriters’ commissions.
- Deletion of subsection 10.16(15).
- Updates to subsection 10.16(16) (previously subsection 10.17(17)), with some information moved to subsection 10.16(17), and an amendment to remove the shareholder approval requirement for a Qualifying Transaction, provided that 100% of the gross proceeds raised in the SPAC’s IPO are placed in escrow.
- Addition of subsection 10.16(17) to capture information removed from the previous section and to require disclosure in the SPAC’s IPO prospectus if shareholder approval is a condition of the Qualifying Transaction.
- Updates to subsection 10.16(18), with the addition of wording to require that a SPAC mail a notice of redemption to shareholders and make the final prospectus for the Resulting Issuer publicly available at least 21 days prior to the redemption deadline, and delivery of the prospectus to shareholders at least two business days prior to the redemption deadline. This new section also would permit SPACs to deliver prospectuses to shareholders electronically in compliance with National Policy 11-201 – *Electronic Delivery of Documents*.
- Amendments to subsection 10.16(19) to clarify that redemption rights apply whether or not a shareholder vote on a Qualifying Transaction is held and to remove references to conversion rights.
- An amendment to subsection 10.16(20) to provide a Resulting Issuer with up to 180 days from completion of the Qualifying Transaction to provide evidence that it meets the initial listing requirements of the Exchange.
- An amendment to subsection 10.16(23) to clarify the restrictions on SPACs in relation to raising additional capital.
- An amendment to paragraph 10.16(24)(b) to permit a SPAC to obtain unsecured loans from its founders or their affiliates for amounts up to 10% of the funds held in escrow under subsection 10.16(9) instead of \$1 million, provided that this limit is disclosed in the IPO prospectus.
- Addition of new Commentary after subsection 10.16(24) to clarify that the restrictions under subsections (23) and (24) do not apply where additional capital is raised contemporaneously with or after the completion of a SPAC’s Qualifying Transaction.
- Addition of new subsection 10.16(29) to state that, prior to the completion of the Qualifying Transaction, a SPAC is not required to hold an annual general meeting of shareholders provided that an annual update is disseminated via press release and available on the SPAC’s website.
- Addition of new subsection 10.16(30) to exempt SPACs from certain continuous listing and governance requirements prior to the completion of a SPAC’s Qualifying Transaction.

4. Revisions to Clarify Provisions

- Section 1.01 - Definitions:
 - Addition of “Independent Director” in place of “Unrelated Director” (see below), removing additional criteria and referencing only National Instrument 52-110 *Audit Committees*.

- Revisions to “Insider” to include any officer or director of an investment fund (in addition to officers and directors of the fund manager) and to exclude portfolio managers and promoters of an investment fund.
- Replacement of “Offering Document” with “Listing Document”, and clarification of the term, with such change applied throughout the Listing Manual.
- Replacement of “Unrelated Director” with “Independent Director” (see above), with such change applied throughout the Listing Manual.
- Amendments to the Commentary below section 2.12 relating to Escrow.
- A number of changes to section 2.14 –
 - Revisions to paragraph 2.14(1)(b) to include non-prospectus Listing Documents and to paragraph 2.14(1)(d) to specifically refer to a prospectus that is being used as a Listing Document.
 - Deletion of the Commentary below paragraph 2.14(1)(b).
 - Consolidation of paragraph 2.14(1)(f) and subsection 2.14(2) into one provision that applies to both corporate issuers and exchange-traded products.
 - Deletion of subsections 2.14(4) and (5).
- Updates to Section 4.05 relating to confidentiality of filings and to section 4.06 relating to general dissemination of material information and selective disclosure.
- Revisions to subsections 5.04(2) and 5.05(3) to clarify the existing requirements applicable to Listed Issuers under the sections relating to “Timing of Disclosure and Pre-Notification of the Market Regulator” and “Dissemination of Material Information”, and addition of Commentary following subsection 5.05(3) to relating to the Exchange’s process for reviewing a press release.
- Revisions to the notification requirements set out in section 7.01 (in subsections (1) and (2) and the Commentary) relating to changes to an Issuer’s business, operations or capital structure and proposed securities issuances (including under private placements and grant of awards).
- Non-material revisions to section 7.04 (in subsections (1) and (7) and the Commentary) to private placement filing and process requirements, including the movement of and slight adjustment to some of the text, and an update to explicitly state that the Exchange must provide notice of acceptance prior to a Listed Issuer proceeding with a private placement.
- Amendments to section 7.07 with respect to the filing requirements and approval process applicable to an acquisition by a Listed Issuer.
- Updates to section 7.08 to require that: under subsection 7.08(7) a Listed Issuer must notify the Exchange upon instituting a security based compensation arrangement; under subsection 7.08(8) a Listed Issuer must file a notice with the Exchange within five days of the end of the month in which an award is granted (rather than immediately); and under paragraph 7.08(10)(c) the amendments referred to therein relate to an increase of the number or kind of securities issuable under the security based compensation arrangement.
- Addition of new paragraph 7.09(5)(c) to require a notice from the Clearing Corporation relating to the listed rights.
- Amendments to subsection 9.03(1) to indicate that the standards to follow for a reverse take-over transaction are those of an initial listing and that a Listed Issuer must comply with applicable securities law.
- Revisions to subsection 10.11(1), in paragraph (a) to state that shareholder approval is required for acquisitions where the total number of securities (calculated on a fully diluted basis) issuable to Related Persons of a Listed Issuer for the acquisition, together with any other acquisitions over the preceding six months, is more than 10% of the total number of securities of the Listed Issuer outstanding (calculated on a non-diluted basis), and in paragraph (c) to add “prospectus offering” in subparagraph (iii).
- Removal of subsections 10.11(2) and section 10.12.

5. Revisions to Forms

- Consolidation of Forms 3, 3A and 3B into a new Form 3.
 - Deletion of the requirement to notarize the form and any of the attachments.
 - Replacement of the consent to criminal check with a requirement that individuals submitting a personal information form complete an electronic criminal check.
 - Revisions to require all individuals to provide certain biographical information, previously contained in Form 3, questions 1 through 4, with minor formatting changes throughout this section, and deletion of the fields requiring an individual to provide gender information, Canadian social insurance number and U.S. Social Security number.
 - Revisions to provide the option of completing the questions contained in Appendix A or submitting a TSX, TSX-V, CSE or OSC personal information form instead.
 - Addition of a checklist to assist individuals submitting the form.
 - Deletion of certain rarely used types of identification from the list of acceptable identification.
 - Deletion of Exhibit 3 of the former Forms 3, 3A, 3B, as it does not apply to the collection of personal information by the Exchange.
 - Edits to instructions to assist individuals with completing the form, throughout.
- Deletion of Form 5.
- Consolidation of Forms 7 and Form 7A into a new Form 7.
- Removal of the certificate from Form 7 and Form 15.

We have also made Housekeeping Rule Amendments, including to reflect the Exchange's recent legal name change to "Neo Exchange Inc.", the addition of certain defined terms and the deletion of redundant wording or statements that did not provide any useful guidance.

For additional details, please refer to the Notice of the Amendments and Request for Comments published on February 21, 2019 at <https://www.aequitasneo.com/en/exchange/notices>. No comments were received, and no further changes have been made to the Listing Manual or the Listing Forms.

The Listing Manual and Listing Forms can be viewed at:
<https://www.aequitasneo.com/en/exchange/resources>