

## 13.2.2 NEO Exchange Inc. – Listing Manual – Request for Comments

NEO EXCHANGE REQUEST FOR COMMENTS  
LISTING MANUAL

NOVEMBER 18, 2021

Introduction

Neo Exchange Inc. (“NEO Exchange” or “Exchange”) is publishing proposed public interest rule amendments (the “Public Interest Rule Amendments”) to the NEO Exchange Listing Manual in accordance with Schedule 4 to its recognition order, as amended. The Public Interest Rule Amendments were filed with the Ontario Securities Commission (“OSC”) and is being published for comment. A description of the Public Interest Rule Amendments is set out below and the text of the Public Interest Rule Amendments are attached hereto as Appendix A. Subject to any changes resulting from comments received, the Public Interest Rule Amendments will be effective upon publication of the notice of approval on the OSC’s website.

Description of the Public Interest Rule Amendments

NEO is seeking to streamline the minimum listing standards for corporate issuers under section 2.02 of the Listing Manual, and make consequential changes to paragraph 3.01(3)(d) of the Listing Manual as follows:

LM Section	Existing Standard	Proposed Changes
2.02(1)	<i>Minimum Distribution</i> – Public Float of 1,000,000 securities together with a minimum of 300 Public Security Holders each holding at least a Board Lot.	Decrease the minimum required number of Public Security Holders from 300 to 150. Introduce a new minimum expected market value of Public Float requirement of \$10,000,000, which will apply to all corporate issuer listings.
2.02(2)	<i>Minimum Price</i> – \$2 per security, unless the applicant is an Other Listed Issuer, is listed on an Accepted Foreign Exchange, or the Listed Issuer will result from a transaction (e.g. a reverse take-over transaction) involving a Listed Issuer, an Other Listed Issuer or a reporting issuer in Canada.	Repeal the \$2 minimum price requirement.
2.02(3)	<i>Issuer Criteria</i> – An applicant must demonstrate at the time of the application to list on the Exchange that it meets or will, at the time of listing, meet the requirements of at least one of the following categories: (a) Equity Standard: (i) Shareholders’ equity of at least \$5,000,000, (ii) An operating history of at least two years, and (iii) Expected market value of Public Float of at least \$10,000,000 or (b) Net Income Standard: (i) Net income of at least \$750,000 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, based on either (A) the market value of securities listed on a Recognized Exchange or an Accepted Foreign Exchange or both, or (B) the amount derived from combining the market value of securities listed on	Reorder as subsection 2.02(2). Remove references to the minimum expected market value of Public Float requirement, which has been moved to subsection 2.02(1). Introduce the two-year operating history requirement under the Equity Standard as a stand-alone requirement applicable to all corporate issuer listings under a separate and revised subsection 2.02(3). Remove reference to minimum shareholders’ equity from the Net Income Standard. Simplify and clarify for the Market Value Standard that the combined market value on all Recognized Exchanges or Accepted Foreign Exchanges and any additional offering of securities concurrent with the listing application can be used to fulfill the minimum market value requirement. Clarify in a commentary to the Market Value Standard that the Exchange may consider certain established foreign over-the-counter trading platforms an “Accepted Foreign Exchange” for the purpose of applying this standard. Decrease the minimum total assets and total revenue required to meet the Assets and Revenue Standard from \$50,000,000 to \$10,000,000 respectively.

LM Section	Existing Standard	Proposed Changes
	<p>a Recognized Exchange or an Accepted Foreign Exchange or both and an additional offering of securities concurrent with the listing application, where the market value of the securities on the other exchange(s) under both (A) and (B) must have been maintained for at least 90 consecutive trading days before the date of the application to list on the Exchange,</p> <p>(ii) Shareholders' equity of at least \$2,500,000, if the market value standard is met under (i)(B), and</p> <p>(iii) Expected market value of Public Float of at least \$10,000,000 or</p> <p>(d) Assets and Revenue Standard:</p> <p>(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</p> <p>(ii) Expected market value of Public Float of at least \$5,000,000.</p>	
2.02(3)(new)		Introduce the two-year operating history requirement as a stand-alone requirement applicable to all corporate issuer listings. In the circumstances where the issuer does not have a two-year operating history, issuers will be required to provide submission on the various specified factors.
2.02(4)	<i>Working Capital and Capital Structure</i> – Adequate working capital to carry on business and an appropriate capital structure.	Clarify the adequate working capital requirement by requiring listing issuers to have a minimum of 12 months of working capital upon listing.
2.02(5)	<i>Investor Relations Requirement</i> – At the time of the application to list on the Exchange, an applicant must have: <p>(a) A written investor relations strategy, and</p> <p>(b) An annual investor relations budget of at least \$50,000.</p>	Clarify the intent of the Investor Relations Requirement is to have issuers implement an investor relations strategy. Increase the minimum required investor relations budget from \$50,000 to \$100,000 for the 12 months following the listing.
2.02(6)(b)		Housekeeping change only. Update section references to issuer criteria from subsection 2.02(3) to subsection 2.02(2).
2.02(7)	<i>SPACs</i> – Subsections 2.02 (1), (3), (4) and (5) do not apply to a SPAC. An issuer that is a SPAC must meet the following standards to qualify for listing on the Exchange: <p>(a) Public Float of 1,000,000 securities together with a minimum of 150 Public Security Holders each holding at least a Board Lot;</p> <p>(b) expected market value of Public Float of at least \$30,000,000 at time of listing; and</p> <p>(c) the criteria prescribed in section 10.16.</p>	Remove the redundancy introduced by having the same minimum Public Float requirement under subsection 2.02(1), which is applicable to all corporate issuer listings (including SPACs).
3.01(3)(d)	(3) Minimum Standards – At least one of the following criteria must be met: <p>...</p> <p>(d) Assets and revenue of at least \$25,000,000 each.</p>	Consequential decrease to the continuous listing requirement of maintaining minimum assets and revenue of \$25,000,000 to \$5,000,000.

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

NEO seeks to implement the Public Interest Rule Amendments on January 1, 2022.

### **Rationale for the Public Interest Rule Amendments and Supporting Analysis**

The changes to section 2.02 of the Listing Manual are the result of NEO's regular reassessment of its listing requirements. As our experience with listing corporate issuers grows, we reassess our listing requirements to ensure that the requirements:

- reflect the nature of the corporate issuers that list or seek to list on NEO;
- address the core factors NEO views as essential and important for a public listing to be successful; and
- do not create unnecessary burdens for issuers.

We also perform these reassessments to keep our requirements relevant and adequate to address developments in the capital markets.

In developing the proposed changes, we also reviewed the requirements of other exchanges in Canada and in other jurisdictions including the United States ("U.S.") and the United Kingdom.

### **Changes to subsection 2.02(1) Minimum Distribution Requirement**

- Introduce a new minimum expected market value of Public Float requirement of \$10,000,000.
  - The proposed initial minimum expected market value of Public Float requirement will be a requirement applicable to all corporate listing applicants, with the exception of SPACs where it remains at \$30,000,000. The current minimum expected market value of Public Float requirement varies based on the listing criteria applied and ranges from \$5,000,000 to \$10,000,000. We are of the view that a larger Public Float is beneficial to liquidity, and propose to apply the most stringent requirement currently used, with the exception of the SPAC requirement, across all corporate listing applicants.
- Decrease the initial minimum required number of Public Security Holders for corporate issuers from 300 to 150. The minimum requirement for SPACs remains unchanged.
  - The original intent of imposing a minimum 300 Public Security Holders initial listing requirement was to ensure a minimum distribution that would enable natural liquidity in the security. What we have learned over time is that the combined effect of a meaningful public float, a sizable market value, NEO's Designated Market Maker program, and an appropriate issuer investor relations program is far more effective in enabling liquidity. We have also observed that the threshold of 300 Public Security Holders have sometimes resulted in issuers grappling for minimal and meaningless investments, at a comparatively higher cost of capital, to meet this requirement. The threshold of 300 Public Security Holders, therefore, presents an unnecessary burden for issuers in this context.
  - Additionally, the decrease to the threshold of Public Security Holders is being made concurrently with the application of a \$10,000,000 minimum expected market value of Public Float across all corporate issuers, and a more stringent investor relations budget requirement, both of which enhance the underlying natural liquidity of a listed issuer.
  - The proposed change also ensures consistency with NEO's continuous listing requirement in subsection 3.01(1) of 150 Public Security Holders, and the approach applied by many Canadian and U.S. exchanges.

### **Changes to subsection 2.02(2) Minimum Price Requirement**

- Repeal the minimum price requirement
  - The original intent of the minimum price was to ensure that NEO IPO issuers would be less exposed to large price fluctuations, and as a consequence, significant market capitalization fluctuations that are typical of lower priced securities. It was also intended to differentiate NEO from venture exchanges that typically focus on penny stock issuers. Based on our existing listings experience, the types of corporate issuers listing on NEO, and the type of deal structures accompanying these listings, we observed that this threshold does not effectively prevent large price fluctuations and, in fact, creates an unnecessary barrier to many quality issuers seeking to IPO on NEO.

- Additionally, the approach for corporate issuers listing on NEO through an IPO, where the minimum price requirement is applicable, differs from the treatment of graduations, migrations or foreign listed corporate issuers, where there is no minimum price requirement. The application of this requirement results in an arbitrary disadvantage to IPO issuers.
- An analysis of minimum price requirements of other Canadian exchanges indicates that corporate issuers are required to have an initial minimum price of \$0.05<sup>1</sup>, \$0.10<sup>23</sup> or no minimum at all<sup>4</sup>. The proposed change is, therefore, consistent with the existing Canadian marketplace standards.

In light of the above submissions, NEO is proposing to repeal the minimum price requirement.

**Changes to subsection 2.02(3) Issuer Criteria Requirement [revised subsection 2.02(2)] and the new subsection 2.02(3) History of Operations**

- Remove references to the minimum expected market value of Public Float requirement, which has been moved to subsection 2.02(1).
  - This is a housekeeping change following the proposed change to subsection 2.02(1)
- Introduce, under a separate and revised subsection 2.02(3), the two-year operating history requirement (currently solely included under the Equity Standard) as a general requirement applicable to all corporate issuer applicants.
  - Based on existing listings review experience, we view sufficient operating history as beneficial to the assessment, from an exchange perspective, of an issuer's suitability to operate as a public company.
  - In circumstances where a corporate issuer does not have a two-year operating history, we will require a submission on various factors that address the limited operating history and help inform the exchange's assessment of the issuer's suitability to operate as a public company.
- Remove reference to minimum shareholders' equity from the Net Income Standard.
  - With a higher initial minimum expected market value of Public Float requirement, now applicable to all corporate issuers, we do not believe requiring a minimum shareholders' equity serves its original gatekeeping purpose under this standard.
- Simplify and clarify for the Market Value Standard that the combined market value on all Recognized Exchanges or Accepted Foreign Exchanges and any additional offering of securities concurrent with the listing application can be used to fulfill the minimum market value requirement.
  - This change is a housekeeping change aimed to clarify our initial listing standard. Based on applicant and counsel feedback, the existing language setting out the calculation of the Market Value has created confusion when applying the calculation.
- Clarify in a commentary to the Market Value Standard that the Exchange may consider certain established foreign over-the-counter trading platforms an "Accepted Foreign Exchange" for the purpose of applying this standard.
  - We believe that certain companies listed on foreign over-the-counter markets should be able to list on NEO under this standard, provided the company meets all other relevant requirements and that NEO is satisfied that the price and volume figures are a reliable indication of market value.
- Decrease the minimum total assets and total revenue required to meet the Assets and Revenue Standard from \$50,000,000 to \$10,000,000.
  - To-date, we have not received an application where an issuer has qualified under the Assets and Revenue Standard without first qualifying under another initial listing standard. This indicates that the current thresholds for NEO's Assets and Revenue Standard are not appropriate for our target issuers.

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<sup>1</sup> TSXV CPC: Policy 2.4 Capital Pool Companies section 3.2 (d) Listing Requirements and NEX: NEX Policy section 5.1 Pricing, at: <https://www.tsx.com/resource/en/701>;

<sup>2</sup> CSE: Policy 2 – Qualifications for Listing – Appendix A, section 2.3 Pricing, at: [https://webfiles.thecse.com/resource/CSE\\_Policies\\_1-10.pdf?nxcc9lfE2P7wGpMKuEp74YZXCUEg1b](https://webfiles.thecse.com/resource/CSE_Policies_1-10.pdf?nxcc9lfE2P7wGpMKuEp74YZXCUEg1b);

<sup>3</sup> TSXV: Policy 2.1 Initial Listing Requirements, section 3 Pricing, at: <https://www.tsx.com/resource/en/701>;

<sup>4</sup> TSX: no minimum as long as all other listing requirements are met.

- After analyzing approximately 300 Canadian corporate issuers listed on the CSE, TSX-V, and TSX, selected on the basis of all relevant information being available on market data terminals, we determined that \$10,000,000 would be an appropriate revised assets and revenue threshold that does not materially change the universe of potential migrating or graduating issuers and maintains a meaningful non-venture distinction.
- We also propose a corresponding decrease to the continuous listing minimum Assets and Revenue requirement, under section 3.01 of the Listing Manual, from \$25,000,000 to \$5,000,000.

**Changes to subsection 2.02(4) Working Capital and Capital Structure Requirement**

- In reviewing a corporate issuer's submission on working capital, staff at NEO have consistently relied upon the guidance set out in the CSA Staff Notice 41-307 (Revised) *Concerns regarding an issuer's financial condition and the sufficiency of proceeds from a prospectus offering in relation to the minimum* to determine adequacy of working capital. We have historically received many questions on the extent and content of our working capital analysis, which does not appear to be clear to many corporate issuers and their advisers who approach us on a first-time basis. To clarify our review standards and provide transparency in our requirements, we are proposing to codify the sufficient working capital for 12 months requirement into our Listing Manual under this section.

**Changes to subsection 2.02(5) Investor Relations Requirement**

- Under existing requirements, corporate issuers have submitted their internal investor relations strategy for NEO's review to satisfy the requirement to "have a written internal investor relations strategy". The Exchange is not in a position to opine on the adequacy of a corporate issuer's internal investor relations strategy, and it was unintended for the Exchange to have a role in providing commentary on this document. Instead, we are of the view that the focus for corporate issuers should be on implementing an investor relations strategy as opposed to submitting a written document for NEO's review. The change is being made to clarify our intent to corporate issuers.
- Additionally, we believe that investor relations are critical to a successful public listing and therefore propose to increase the investment relations budget requirement from \$50,000 to \$100,000. In our listings review experience we have consistently seen issuer's investor relations budgets in excess of \$100,000. An incremental increase from \$50,000 to \$100,000 does not materially impact the amount of total resources an issuer will expend to maintain adequate investor relations functions and reflects the low-end for current market expenditures to adequately maintain the function. We are also of the view that expenditure over the initial 12 months of an issuer's listing gives the issuer sufficient opportunity to assess their investor relations needs on a going forward basis.

**Changes to subsection 2.02(7) SPAC Requirements**

- Given the change to paragraph 2.02(1)(a) Minimum Distribution (which applies to all corporate issuers) aligns with the existing SPAC minimum distribution requirement in subsection 2.02(7), a separate requirement is no longer required for SPACs. The removal is a consequence of the changes being made to subsection 2.02(1).

**Expected Impact on Market Structure, Members, Investors, Issuers and Capital Markets**

There is no anticipated impact on the market structure or members. Most of the changes are to streamline and clarify our expectations for corporate issuers as set out above. We have generally maintained or increased our initial listings requirements without significantly impacting an issuer's ability to meet these revised criteria. In the instances where requirements were removed or decreased, we expect a positive impact on certain issuers' ability to list on NEO and/or reduce burden on the corporate issuer applicant, without compromising the quality of our listings. The overall impact on the capital markets is positive.

**Impact on Exchange's Compliance with Ontario Securities Law and on Requirements for Fair Access and Maintenance of Fair and Orderly Markets**

The proposed amendments will not adversely impact the Exchange's compliance with Ontario securities laws, including requirements for fair access and maintenance of fair and orderly markets. The bulk of the amendments seek to provide additional clarity to our existing rules, streamline the listing process for new issuers (and harmonize with other requirements where applicable), and, as such, the anticipated impact will be positive.

**Impact on the Systems of Members or Service Vendors**

The Public Interest Rule Amendments do not impact members or service vendors.

**New Rule**

The Public Interest Rule Amendments do not introduce any new feature.

**Comments**

Comments should be provided, in writing, no later than December 20, 2021 to:

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Regulatory  
Neo Exchange Inc.  
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Suite 1900  
Toronto, ON M5H 2M5  
[dmitri@neostockexchange.com](mailto:dmitri@neostockexchange.com)

with a copy to:

Market Regulation Branch Ontario Securities  
Commission 20 Queen Street West, 22nd  
Floor Toronto, ON M5H 3S8  
[marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

Please note that, unless confidentiality is requested, all comments will be publicly available.

**Appendix A-1**  
**Text of the Public Interest Rule Amendments**

**2.02 Minimum Listing Standards – Corporate Issuers**

- (1) *Minimum Distribution –*
- (a) Public Float of 1,000,000 securities ~~together with a minimum of 300;~~
  - (b) Expected market value of Public Float of at least \$10,000,000; and
  - (c) At least 150 Public Security Holders each holding at least a Board Lot.
- ~~(2) *Minimum Price – \$2 per security, unless the applicant is an Other Listed Issuer, is listed on an Accepted Foreign Exchange, or the Listed Issuer will result from a transaction (e.g. a reverse take-over transaction) involving a Listed Issuer, an Other Listed Issuer or a reporting issuer in Canada.*~~
- (2) ~~(3)~~ *Issuer Criteria – An applicant must demonstrate at the time of the application to list on the Exchange that it meets or will, at the time of listing, meet ~~the requirements of at least~~ one of the following ~~categories~~ criteria:*
- (a) Equity Standard: ~~(i) =~~ Shareholders' equity of at least \$5,000,000;
    - ~~(ii) – An operating history of at least two years, and~~
    - ~~(iii) – Expected market value of Public Float of at least \$10,000,000 or~~
  - (b) Net Income Standard – Net Income of at least \$750,000 from continuing operations in the last fiscal year or in two of the last three fiscal years;
  - (c) Market Value Standard – Market value of securities to be listed of at least \$50,000,000, based on the market value of securities traded on a Recognized Exchange or an Accepted Foreign Exchange, together with any additional offering of securities concurrent with the listing application; or
- |  |
|--|
| <b>Commentary:</b>   |
| <del>The Exchange recognizes that an</del>   |
| <u>For the purpose of applying the Market Value Standard, the Exchange may consider an established foreign over-the-counter trading platform as an "Accepted Foreign Exchange". When assessing whether the market value of securities traded on an over-the-counter platform is acceptable, the Exchange will consider trading volume, number and frequency of trades, price volatility, availability and reputation of liquidity providers, and any other relevant factors.</u> |
- (d) Assets and Revenue Standard – Total assets and revenues of at least \$10,000,000 each, in the last fiscal year or in two of the last three fiscal years.
- (3) History of Operations – An operating history of at least two years ~~may not be available or applicable to a proposed issuer that would otherwise meet the Equity Standard. In lieu of, If the issuer does not have~~ an operating history, of two years, a submission to the Exchange ~~may consider~~ addressing the following factors ~~on a case-by-case basis:~~
- (a) –The nature of the proposed issuer's business and industry;
  - (b) –The proposed issuer's business plan;
  - (c) –The experience and qualifications of its Senior Management;
  - (d) –The type and quality of the issuer's assets; ~~and~~
  - (e) –Such other factors that may be relevant to a going concern determination; and
- ~~(b) – Net Income Standard:~~

- ~~(i) Net income of at least \$750,000 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, based on either~~
      - ~~(A) the market value of securities listed on a Recognized Exchange or an Accepted Foreign Exchange or both, or~~
      - ~~(B) the amount derived from combining the market value of securities listed on a Recognized Exchange or an Accepted Foreign Exchange or both and an additional offering of securities concurrent with the listing application,~~

~~where the market value of the securities on the other exchange(s) under both (A) and (B) must have been maintained for at least 90 consecutive trading days before the date of the application to list on the Exchange,~~
    - ~~(ii) Shareholders' equity of at least \$2,500,000, if the market value standard is met under (i)(B), 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.~~
  - ~~(f) Any additional factors relevant to a determination of suitability for listing.~~
- (4) *Working Capital and Capital Structure* – Adequate working capital to carry on business for 12 months and an appropriate capital structure.
- (5) *Investor Relations Requirement* – At the time of the application to list on the Exchange, an applicant must have:
- ~~(a) A written confirm that it will implement an~~ investor relations strategy, ~~and~~
  - ~~(b) An annual supported by an~~ investor relations budget of at least \$~~50,000~~100,000 for the 12 months after listing.

**Commentary:**

The ~~Exchange will review the~~ investor relations strategy ~~to confirm it is being used to~~must ensure that the issuer will provide sufficient information ~~which facilitates~~about its business and operations to facilitate informed investment decisions. Acceptable expenses include: maintaining ~~an~~ investor relations web site, presentations to institutional and retail investors, research, investor relations staff compensation, annual reports, news release dissemination ~~and~~, media monitoring, and investor relations and public relations advisory services.

- (6) *Supplemental Listings* – A Listed Issuer or an Other Listed Issuer may apply to have a new class or series of securities listed and posted for trading on the Exchange, subject to the following:
- (a) A Listed Issuer, or an Other Listed Issuer that is not a “venture issuer” and that is a “non-venture” issuer under Canadian securities legislation, must meet the following standards to qualify for listing on the Exchange:



- (i) *Good Standing* – The issuer must be in good standing and not subject to delisting review by any Recognized Exchange; and
  - (ii) *Minimum Distribution* – A Public Float of at least 150,000 supplemental securities (that are not convertible debentures) held by at least 50 Public Security Holders, each holding at least a Board Lot. In the case of convertible debentures, a minimum of 50 Public Security Holders each holding at least \$1000 and together holding a minimum of \$150,000 convertible debentures.
- (b) In addition to the requirements above, an Other Listed Issuer that is a “venture issuer” must also demonstrate that it meets the issuer criteria set out in section ~~2.02(3.02(2))~~ in order for its securities to be considered for a supplemental listing.

**Commentary:**

*Supplemental listings may include warrants, preference shares, convertible debentures or any other security convertible or asset-backed security.*

*A supplemental listing by a venture issuer may result in such issuer becoming a “non-venture” issuer under Canadian securities legislation, which would require the issuer’s main listed security to meet the listing criteria under subsection ~~2.02(3.02(2))~~ of the Listing Manual.*

- (7) SPACs – Subsections 2.02 (~~4.2~~), (3), (4) and (5) do not apply to a SPAC. An issuer that is a SPAC must also meet the following standards to qualify for listing on the Exchange:
- ~~(a) Public Float of 1,000,000 securities together with a minimum of 150 Public Security Holders each holding at least a Board Lot;~~
  - (a) ~~(b)~~ expected market value of Public Float of at least \$30,000,000 at time of listing; and
  - (b) ~~(c)~~ the criteria prescribed in section 10.16.

**3.01 Continuous Listing Requirements – Corporate Issuers**

- (1) *Distribution* – Public Float of at least 500,000 securities together with a minimum of 150 Public Security Holders each holding a Board Lot;
- (2) *Minimum Public Float Value* – \$2,000,000; and
- (3) *Minimum Standards* – At least one of the following criteria must be met:
  - (a) Shareholders’ equity of at least \$2,500,000;
  - (b) Net income from continuing operations of at least \$375,000;
  - (c) Market value of Listed Securities of at least \$25,000,000; or
  - (d) Assets and revenue of at least ~~\$25,000,000~~ \$5,000,000 each.
- (4) *Supplemental Listing* – 50 Public Security Holders, each holding at least a Board lot (or \$1,000 for convertible debentures) and for securities other than convertible debentures, a Public Float of at least 50,000 securities.
- (5) *Investor Relations Requirement* – maintain an annual investor relations budget of at least \$50,000. For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.

**Appendix A-2**  
**Text of the Public Interest Rule Amendments**

**2.02 Minimum Listing Standards – Corporate Issuers**

- (8) *Minimum Distribution*
- (a) Public Float of 1,000,000 securities;
  - (b) Expected market value of Public Float of at least \$10,000,000; and
  - (c) At least 150 Public Security Holders each holding at least a Board Lot.
- (9) *Issuer Criteria* – An applicant must demonstrate at the time of the application to list on the Exchange that it meets or will, at the time of listing, meet one of the following criteria:
- (a) Equity Standard – Shareholders' equity of at least \$5,000,000;
  - (b) Net Income Standard – Net Income of at least \$750,000 from continuing operations in the last fiscal year or in two of the last three fiscal years;
  - (c) Market Value Standard – Market value of securities to be listed of at least \$50,000,000, based on the market value of securities traded on a Recognized Exchange or an Accepted Foreign Exchange, together with any additional offering of securities concurrent with the listing application; or

**Commentary:**

*For the purpose of applying the Market Value Standard, the Exchange may consider an established foreign over-the-counter trading platform as an "Accepted Foreign Exchange". When assessing whether the market value of securities traded on an over-the-counter platform is acceptable, the Exchange will consider trading volume, number and frequency of trades, price volatility, availability and reputation of liquidity providers, and any other relevant factors.*

- (d) Assets and Revenue Standard – Total assets and revenues of at least \$10,000,000 each, in the last fiscal year or in two of the last three fiscal years.
- (10) *History of Operations* – An operating history of at least two years. If the issuer does not have an operating history of two years, a submission to the Exchange addressing the following factors:
- (a) The nature of the proposed issuer's business and industry;
  - (b) The proposed issuer's business plan;
  - (c) The experience and qualifications of its Senior Management;
  - (d) The type and quality of the issuer's assets;
  - (e) Such other factors that may be relevant to a going concern determination; and
  - (f) Any additional factors relevant to a determination of suitability for listing.
- (11) *Working Capital and Capital Structure* – Adequate working capital to carry on business for 12 months and an appropriate capital structure.
- (12) *Investor Relations Requirement* – At the time of the application to list on the Exchange, an applicant must confirm that it will implement an investor relations strategy supported by an investor relations budget of at least \$100,000 for the 12 months after listing.

**Commentary:**

*The investor relations strategy must ensure that the issuer will provide sufficient information about its business and operations to facilitate informed investment decisions. Acceptable expenses include: maintaining an investor relations web site, presentations to institutional and retail investors, research, investor relations staff compensation, annual reports, news release dissemination, media monitoring, and investor relations and public relations advisory services.*

- (13) *Supplemental Listings* – A Listed Issuer or an Other Listed Issuer may apply to have a new class or series of securities listed and posted for trading on the Exchange, subject to the following:
- (a) A Listed Issuer, or an Other Listed Issuer that is not a “venture issuer” and that is a “non-venture” issuer under Canadian securities legislation, must meet the following standards to qualify for listing on the Exchange:
    - (i) *Good Standing* – The issuer must be in good standing and not subject to delisting review by any Recognized Exchange; and
    - (ii) *Minimum Distribution* – A Public Float of at least 150,000 supplemental securities (that are not convertible debentures) held by at least 50 Public Security Holders, each holding at least a Board Lot. In the case of convertible debentures, a minimum of 50 Public Security Holders each holding at least \$1000 and together holding a minimum of \$150,000 convertible debentures.
  - (b) In addition to the requirements above, an Other Listed Issuer that is a “venture issuer” must also demonstrate that it meets the issuer criteria set out in section 2.02(2) in order for its securities to be considered for a supplemental listing.

**Commentary:**

*Supplemental listings may include warrants, preference shares, convertible debentures or any other security convertible or asset-backed security.*

*A supplemental listing by a venture issuer may result in such issuer becoming a “non-venture” issuer under Canadian securities legislation, which would require the issuer’s main listed security to meet the listing criteria under subsection 2.02(2) of the Listing Manual.*

- (14) *SPACs* – Subsections 2.02 (2), (3), (4) and (5) do not apply to a SPAC. An issuer that is a SPAC must also meet the following standards to qualify for listing on the Exchange:
- (a) expected market value of Public Float of at least \$30,000,000 at time of listing; and
  - (b) the criteria prescribed in section 10.16.

**3.02 Continuous Listing Requirements – Corporate Issuers**

- (6) *Distribution* – Public Float of at least 500,000 securities together with a minimum of 150 Public Security Holders each holding a Board Lot;
- (7) *Minimum Public Float Value* – \$2,000,000; and
- (8) *Minimum Standards* – At least one of the following criteria must be met:
  - (a) Shareholders’ equity of at least \$2,500,000;
  - (b) Net income from continuing operations of at least \$375,000;
  - (c) Market value of Listed Securities of at least \$25,000,000; or
  - (d) Assets and revenue of at least \$5,000,000 each.

- (9) *Supplemental Listing* – 50 Public Security Holders, each holding at least a Board lot (or \$1,000 for convertible debentures) and for securities other than convertible debentures, a Public Float of at least 50,000 securities.
  
- (10) *Investor Relations Requirement* – maintain an annual investor relations budget of at least \$50,000. For a SPAC, this provision does not apply prior to the completion of a Qualifying Transaction.