

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 CSE – Notice of Proposed Amendments and Request for Comments to Application of Continued Listing Requirements

CANADIAN SECURITIES EXCHANGE
PUBLIC INTEREST RULE AMENDMENT
APPLICATION OF CONTINUED LISTING REQUIREMENTS
NOTICE AND REQUEST FOR COMMENTS

April 26, 2018

Background

On January 6, 2017, the Canadian Securities Exchange (“CSE”) proposed certain continued listing requirements (“CLR”) in Notice 2017-001 *Request for Comments – Continued Listing Requirements* (“CLR Notice”).¹ Also included in Notice 2017-001 were proposed public interest amendments to Policy 3 – *Suspensions, Halts and Disqualifications*. Specifically, section 5 of Policy 3 was added to support the CLR by defining the consequences of a listed company not meeting the CLR. No comments were received during the comment period. Upon the Ontario Securities Commission’s approval of these amendments, the amendments will be made effective.

A. Description of the Public Interest Rule

In addition to the pending proposed amendments published on January 6, 2017, the CSE is proposing additional public interest rule changes to Policies 1, 3, and 6 including revising amendments to the previously proposed section 5 of Policy 3, and related housekeeping changes. The public interest rule changes and associated housekeeping changes (collectively, the “Amendments”) have been approved by the Regulatory Advisory Committee of the CSE Board.

- 1) Section 3 of Policy 3 includes updates to terminology and a change to reflect the practical application of suspensions. The current Policy 3 states that trading in an Issuer’s securities “will automatically” be suspended if “*at any time, the Issuer fails to meet any of the requirements for continued listing.*” There is no consideration given to the severity of the breach of requirements, which could result in a situation in which the suspension of trading causes greater harm than the breach. A Form 7 Monthly Progress Report, for example, contains no new material information, and provides a commentary from management of the Issuer. It is not in the public interest to suspend trading if a form is a day late, or charge the issuer a reinstatement fee to resume trading. The application of discretion for non-significant breaches will avoid unintended consequences resulting from automatic suspensions.

Policy 3 states that following a 90 day suspension, securities of a CSE Issuer are automatically delisted. The Amendments to section 3.2 reflect the more practical application of the policy to provide for an extension to the suspension for an additional 90 days.

- 2) The amendments to section 4 of Policy 3 supplement the changes to section 3 and expands upon the voluntary delisting process. These amendments are consistent with common exchange practice, and clarify the authority of the CSE to deny a voluntarily delisting in the public interest and to deny a delisting if there are outstanding fees owed to the CSE.
- 3) Section 5 of Policy 3 “Application of Continued Listing Requirements” is proposed to be amended to require that a Listed Issuer meet the CLR to remain listed in good standing. The CSE may designate the issuer as inactive, assign to a different industry segment, suspend trading or delist an issuer that does not meet the CLR. Section 5.1 “Notification”

¹ <http://thecse.com/en/about/publications/notices/notice-2017-001-request-for-comment-continued-listing-requirements>. Also published by the OSC on January 5, 2017: http://www.osc.gov.on.ca/documents/en/Marketplaces/cnsx_20170105_rfc-halts-delistings.docx.pdf.

provides for notice to a Listed Issuer in default, and the permitted period for meeting CLR. An Issuer, upon receiving notice from the CSE that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s).

- 4) Section 5.2 of Policy 3 “Restrictions” will limit certain activity by a company that has been deemed inactive. The published CLR proposal included a single restriction, that an Issuer that has been deemed inactive and received such notice from the CSE may not enter into a contract or agreement with any person to provide investor relations services for the issuer without prior approval of the CSE. Additional restrictions are proposed to limit financing activity for inactive issuers.
- 5) Section 5.3 of Policy 3 “Suspensions” clarifies that issuers that have received a notice under section 5.1 or that have been designated as inactive and are subsequently suspended for any reason will not resume trading after rectifying the breach that caused a suspension as is otherwise contemplated under section 3.2. Issuers that are inactive and suspended will be delisted following the 90 day suspension unless an application is made to requalify for listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business.
- 6) Section 5.4 of Policy 3 “Removal of the Inactive Designation” describes the conditions that must be met for an Issuer to no longer be considered an Inactive Issuer.

Consequential amendments to Policy 1 – Interpretation and General Provisions and Policy 6 – Distributions include the addition of the definition of “Inactive Issuer” to Policy 1 section 3.2 and the exclusion of Inactive Issuers from Policy 6 section 2.4, which supports the restriction on financing for Inactive Issuers in section 5.2 of the Policy.

B. Expected Date of Implementation of the Proposed Public Interest Rule

The Amendments are expected to be implemented concurrently with the CLR upon OSC approval.

C. Rationale for the Proposal and any Relevant Supporting Analysis

CLR are intended to promote investor confidence by providing a threshold below which companies will not qualify for continued listing on an exchange. It is important to recognize, however, that while investors may take comfort in the fact that a company meets specific criteria at the time of investment, they should also take comfort in knowing that the Company will not be delisted for a minor breach of policy.

The proposed CLR do not include arbitrary thresholds such as market capitalization, and together with the supporting amendments to Policy 3 provide a measure of comfort for listed companies and their investors that the nature of the deficiencies and the actions of an issuer attempting to remedy deficiencies will be considered by the Exchange. The factors affecting continued listing are primarily within the control of the Issuer, so that a company that is working to meet business objectives should be able to maintain a listing. An issuer that is not working towards meeting the requirements will ultimately be delisted.

The Amendments provide clarity and transparency in the application of the CLR, and include additional measures, such as the restrictions proposed in section 5.2 to ensure that an issuer’s resources are directed towards developing or pursuing a business, rather than promoting a company without one or preparing the issuer as a listed shell company.

Section 5.3 Suspensions – Inactive Issuers, is intended to initiate the delisting process for those issuers that are both inactive and failing to meet regulatory obligations.

The inactive designation is intended to reflect the state of an issuer’s business. Section 5.4 provides for the removal of the inactive designation when there is evidence that an Inactive Issuer meets the initial or continued listing requirements.

D. Expected Impact of the Proposed Public Interest Rule on the Market Structure, Members and, if applicable, on Investors, Issuers and the Capital Markets

The CSE anticipates that the proposed changes to the Policies will increase confidence and encourage the Canadian corporate finance community’s willingness to participate in financings for CSE-listed issuers, and for investment dealers to participate in both agency and principal trading for CSE-listed issuers. These measures should improve secondary market liquidity and increase the range of financing opportunities for CSE-listed issuers.

There is no impact on Market Structure and Members.

E. Expected Impact of the Public Interest Rule on CSE’s compliance with Ontario securities law and in particular on requirements for Fair Access and Maintenance of Fair and Orderly Markets

The proposed amendments are not expected to impact the CSE's compliance with Ontario securities law, including the requirements for fair access or the maintenance of fair and orderly markets.

F. Imposed Requirements by the Public Interest Rule on Members and Service Vendors to Modify their Own Systems after Implementation of the Rule, and a Reasonable Estimate of the Amount of Time needed to Perform the Necessary Work, or an Explanation as to why a Reasonable Estimate was not Provided

No technology changes will be required as a result of the proposed amendments.

G. Introduction of a fee model, feature or Rule that currently exists in other markets or jurisdictions

All other exchanges in Canada have similar explicit requirements related to continued listing requirements and delisting.

H. Comments

Comments on the proposed amendments should be in writing and submitted no later than May 28, 2018 to:

Mark Faulkner
Vice President, Listings and Regulation
CNSX Markets Inc.
220 Bay Street, 9th Floor
Toronto, ON, M5J 2W4
Fax: 416.572.4160
Email: Mark.Faulkner@thecse.com

A copy of the comments should be provided to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, ON, M5H 3S8
Fax: 416.595.8940
Email: marketregulation@osc.gov.on.ca

The text of the Amendments is provided in Appendix A. The text of the proposed CLR, as published in the CLR Notice, is provided in Appendix B.

Appendix A

Blacklined version indicating changes to existing CSE Policies 1, 3 and 6	Version indicating changes incorporated
<p>POLICY 1 – INTERPRETATION AND GENERAL PROVISIONS</p> <p>3. Definitions</p> <p>3.2 ...</p> <p><u>“Inactive Issuer” means an issuer that has failed to meet certain continued listing requirements and has been deemed inactive by the Exchange pursuant to Policy 3 section 5.</u></p>	<p>POLICY 1 – INTERPRETATION AND GENERAL PROVISIONS</p> <p>3. Definitions</p> <p>3.2 ...</p> <p><u>“Inactive Issuer” means an issuer that has failed to meet certain continued listing requirements and has been deemed inactive by the Exchange pursuant to Policy 3 section 5.</u></p>
<p>POLICY 3 – SUSPENSIONS AND <u>DISQUALIFICATION INACTIVE ISSUERS</u></p> <p>1. Listing Agreement</p> <p>1.1 The Listing Agreement authorizes the Exchange or the Market Regulator to halt and authorizes the Exchange to suspend listing and trading in a <u>CNSX Listed</u> Issuer’s securities without notice and at any time or to disqualify for listing delist the securities of a <u>CNSX Listed</u> Issuer if <u>CNSX the Exchange</u> or the Market Regulator, as the case may be, believes it is in the public interest.</p>	<p>POLICY 3 – SUSPENSIONS AND INACTIVE ISSUERS</p> <p>1. Listing Agreement</p> <p>1.1 The Listing Agreement authorizes the Exchange or the Market Regulator to halt and authorizes the Exchange to suspend trading in a Listed Issuer’s securities without notice and at any time or to delist the securities of a Listed Issuer if the Exchange or the Market Regulator, as the case may be, believes it is in the public interest.</p>
<p>2. Halts</p> <p>2.1 The Exchange or the Market Regulator can order a quotation and trading halt to allow for public dissemination of material news pursuant to Policy 5.</p>	<p>2. Halts</p> <p>2.1 The Exchange or the Market Regulator can order a trading halt to allow for public dissemination of material news pursuant to Policy 5.</p>
<p>3. Suspensions</p> <p>3.1 The Exchange will automatically and may, without any prior notice suspend from qualification for listing trading in a Listed Issuer’s securities if, at any time, the Listed Issuer fails to meet any of the requirements for continued qualification for as set out in CSE Policies; or the Exchange considers it in the public interest to do so.</p> <p>3.2 <u>(a) Subject to section 5.3 for Inactive Issuers, if if</u> a Listed Issuer which has had its securities suspended from qualification for listing pursuant to this Policy 3 or otherwise has, within 90 days from the date of such suspension,</p> <p>(i) cured the default or breach that gave rise to the suspension; and</p> <p>(ii) paid the <u>requalification reinstatement</u> fee set out in fee schedule of the Exchange,</p> <p>the <u>CNSX Listed</u> Issuer’s securities will automatically requalify for listing <u>may resume trading.</u></p> <p><u>(b) The Exchange will extend the period of suspension for an additional 90 days if the Exchange is satisfied that the Listed Issuer has made progress towards curing the default or breach that gave rise to the suspension.</u></p>	<p>3. Suspensions</p> <p>3.1 The Exchange may, without any prior notice suspend trading in a Listed Issuer’s securities if, at any time, the Listed Issuer fails to meet any of the requirements as set out in CSE Policies; or the Exchange considers it in the public interest to do so.</p> <p>3.2 (a) Subject to section 5.3 for Inactive Issuers, if a Listed Issuer which has had its securities suspended pursuant to this Policy 3 or otherwise has, within 90 days from the date of such suspension,</p> <p>(i) cured the default or breach that gave rise to the suspension; and</p> <p>(ii) paid the reinstatement fee set out in fee schedule of the Exchange,</p> <p>the Listed Issuer’s securities may resume trading.</p> <p>(b) The Exchange will extend the period of suspension for an additional 90 days if the Exchange is satisfied that the Listed Issuer has made progress towards curing the default or breach that gave rise to the suspension.</p>

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<p>3.3 Throughout the period during which a Listed Issuer’s securities are suspended, the Trading System Exchange will not allow quotation or trading by Dealers in the securities of the Listed Issuer; the Exchange website will indicate that the Issuer’s securities have been suspended. Dealers may quote or trade the securities of the Listed Issuer on other marketplaces or over-the-counter unless prohibited under securities legislation or UMIR.</p> <p>3.4 Throughout the period during which a Listed Issuer’s securities are suspended, the Listed Issuer must continue to comply with all applicable Exchange Requirements.</p>	<p>3.3 Throughout the period during which a Listed Issuer’s securities are suspended, the Exchange will not allow quotation or trading by Dealers in the securities of the Listed Issuer; the Exchange website will indicate that the Issuer’s securities have been suspended. Dealers may quote or trade the securities of the Listed Issuer on other marketplaces or over-the-counter unless prohibited under securities legislation or UMIR.</p> <p>3.4 Throughout the period during which a Listed Issuer’s securities are suspended, the Listed Issuer must continue to comply with all applicable Exchange Requirements.</p>
<p>4. Delisting Disqualifications and Withdrawal of Listings</p> <p>4.1 Following a 90 day suspension CNSXthe Exchange will, automatically and without any prior notice, disqualify from listing delist a CNSXListed Issuer’s securities unless the period of suspension has been extended in accordance with Section 3.2(b) of this Policy. Issuer has, within 90 days of having its securities suspended from qualification for listing:</p> <p>(a) — cured the default or breach that gave rise to the suspension from qualification for listing; and</p> <p>(b) — paid to CNSX the requalification fee set out in Policy 10.</p> <p>4.2 A CNSXListed Issuer may at any time request that CNSX withdraw from listing all or any class of its securities be delisted. Any such request must be made in writing and must identify the securities that will be the subject of the withdrawal delisting. Pursuant to Policy 1 Section 2.1, the Exchange may, in its sole discretion, deny such request for any of the following reasons:</p> <p>(a) outstanding fees are owed to the Exchange;</p> <p>(b) the request is made in order to proceed with a transaction that is unacceptable to the Exchange or that the Exchange finds objectionable;</p> <p>(c) the Exchange believes it is in the public interest to deny such a request.</p>	<p>4. Delisting</p> <p>4.1 Following a 90 day suspension the Exchange will, without any prior notice, delist a Listed Issuer’s securities unless the period of suspension has been extended in accordance with Section 3.2(b) of this Policy.</p> <p>4.2 A Listed Issuer may at any time request that all or any class of its securities be delisted. Any such request must be made in writing and must identify the securities that will be the subject of the delisting. Pursuant to Policy 1 Section 2.1, the Exchange may, in its sole discretion, deny such request for any of the following reasons:</p> <p>(a) outstanding fees are owed to the Exchange;</p> <p>(b) the request is made in order to proceed with a transaction that is unacceptable to the Exchange or that the Exchange finds objectionable;</p> <p>(c) the Exchange believes it is in the public interest to deny such a request.</p>
<p>[NOTE: Double underline/strikethrough indicates changes from proposed amendments published in the CLR Notice January 5, 2017]</p> <p><u>5. Application of Continued Listing Requirements</u></p> <p><u>A Listed Issuer must meet Exchange the Continued Listing Requirements to remain listed in good standing. The Exchange may designate an issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet Exchange Continued Listing Requirements.</u></p>	<p>5. Application of Continued Listing Requirements</p> <p>A Listed Issuer must meet the Continued Listing Requirements to remain listed in good standing. The Exchange may designate an issuer as inactive, assign it to a different industry segment, suspend trading or delist an issuer that does not meet Continued Listing Requirements.</p>

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<p>5.1 Notification</p> <p><u>An Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will may:</u></p> <p>a) <u>delist or suspend the Issuer pending delisting in 90 days;</u></p> <p>b) <u>assign the Issuer to a different industry classification; or</u></p> <p>c) <u>designate the Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the issuer.</u></p> <p>5.2 Restrictions</p> <p><u>The following restrictions apply to any Issuer that has been designated inactive and received such notice from the Exchange:</u></p> <p>(a) <u>an Inactive Issuer an issuer that has been deemed inactive and received such notice from the Exchange may not enter into a contract or agreement with any person to provide investor relations services for the issuer.</u></p> <p>(b) <u>an Inactive Issuer is not eligible for confidential price protection as per Policy 6 section 2.4. An Inactive Issuer with an intention to complete a private placement must issue a news release.</u></p> <p>(c) <u>in addition to the procedures set out in Policy 6, any private placement proposed by an Inactive Issuer must be approved by the Exchange prior to closing.</u></p> <p><u>The Exchange may impose additional requirements or restrictions as it determines appropriate.</u></p> <p>5.3 Suspensions – Inactive Issuers</p> <p><u>For an Issuer that has, pursuant to section 5.1, received notice or been designated as inactive, section 3.2 does not apply. The Issuer will be delisted in 90 days unless application is made to requalify for listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. Section 3.2 does not apply for suspended Inactive issuers or Issuers suspended pursuant to s. 5.1(a). Such Issuers will be delisted in 90 days unless an application is made to requalify for listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. If the Issuer's requalification application is approved, the Issuer will not be delisted and for Inactive Issuers, the inactive designation will be removed upon the approval. If the Issuer's requalification application is not approved, the Issuer will be delisted at the later of</u></p>	<p>5.1 Notification</p> <p>An Issuer, upon receiving notice from the Exchange that it does not meet a continued listing requirement, will have nine months from the date of the notice to meet the requirement(s). If, after the nine-month period, the Issuer has not demonstrated to the Exchange that it has met the requirements, the Exchange will:</p> <p>a) suspend the Issuer pending delisting in 90 days;</p> <p>b) assign the Issuer to a different industry classification; or</p> <p>c) designate the Issuer as inactive, with relevant disclosure on the Exchange website and a designation on the trading symbol of the issuer.</p> <p>5.2 Restrictions</p> <p>The following restrictions apply to any Issuer that has been designated inactive and received such notice from the Exchange:</p> <p>(a) an Inactive Issuer may not enter into a contract or agreement with any person to provide investor relations services for the issuer.</p> <p>(b) an Inactive Issuer is not eligible for confidential price protection as per Policy 6 section 2.4. An Inactive Issuer with an intention to complete a private placement must issue a news release.</p> <p>(c) in addition to the procedures set out in Policy 6, any private placement proposed by an Inactive Issuer must be approved by the Exchange prior to closing.</p> <p>The Exchange may impose additional requirements or restrictions as it determines appropriate.</p> <p>5.3 Suspensions – Inactive Issuers</p> <p>Section 3.2 does not apply for suspended Inactive issuers or Issuers suspended pursuant to s. 5.1(a). Such Issuers will be delisted in 90 days unless an application is made to requalify for listing pursuant to Policy 2 Qualification for Listing or Policy 8 Fundamental Changes and Changes of Business. If the Issuer's requalification application is approved, the Issuer will not be delisted and for Inactive Issuers, the inactive designation will be removed upon the approval. If the Issuer's requalification application is not approved, the Issuer will be delisted at the later of the expiry of the 90 day suspension or the date of disapproval.</p>

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<p><u>the expiry of the 90 day suspension or the date of disapproval.</u></p> <p><u>5.4 Removal of the Inactive Designation</u></p> <p><u>An issuer that has, pursuant to section 5.1, received notice or been designated as inactive, will be considered inactive until:</u></p> <ul style="list-style-type: none"> <u>a) there is evidence in the Issuer's interim or audited financial statements, updated listing statement or other continuous disclosure document that confirms the Issuer meets the CLR;</u> <u>b) the Issuer requalifies for listing pursuant to Policy 2 or Policy 8; or</u> <u>c) the Exchange is otherwise satisfied that the issuer has met the CLR.</u> 	<p>5.4 Removal of the Inactive Designation</p> <p>An issuer that has, pursuant to section 5.1, received notice or been designated as inactive, will be considered inactive until:</p> <ul style="list-style-type: none"> a) there is evidence in the Issuer's interim or audited financial statements, updated listing statement or other continuous disclosure document that confirms the Issuer meets the CLR; b) the Issuer requalifies for listing pursuant to Policy 2 or Policy 8; or c) the Exchange is otherwise satisfied that the issuer has met the CLR.
<p>POLICY 6 – DISTRIBUTIONS</p> <p>2.4 <u>Other than an Inactive Issuer, a</u> Listed Issuer with a bona fide intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange. <u>An Inactive Issuer may not close a financing without prior Exchange approval.</u></p>	<p>POLICY 6 – DISTRIBUTIONS</p> <p>2.4 Other than an Inactive Issuer, a Listed Issuer with a bona fide intention to do a private placement may, on a confidential basis, request price protection based on the closing price on the Trading Day prior to the date on which notice is given to the Exchange. The price protection will expire if the private placement has not closed within 45 days of the day on which notice is given to the Exchange. An Inactive Issuer may not close a financing without prior Exchange approval.</p>

Appendix B

Blacklined version indicating changes to Policy 2 (published January 5, 2017)	Version indicating changes incorporated
<p>Proposed Amendments to Policy 2 section 9</p> <p>9 Continuing to Qualify for Listing</p> <p>9.1 To continue to qualify for listing, a Listed Issuer must meet all of the following requirements:</p> <ul style="list-style-type: none"> a) the Listed Issuer must be in good standing under and not in default of applicable corporate law; b) the Listed Issuer must remain a reporting issuer or equivalent in good standing in each jurisdiction in which it is a reporting issuer or equivalent and must not be in default of any requirement of any such jurisdiction; c) the Listed Issuer must be in compliance with Exchange Requirements, and the terms of the Listing Agreement; d) the Listed Issuer must post all required documents and information required under the Policies of the Exchange; e) the Listed Issuer must concurrently post all public documents submitted to SEDAR (unless identical disclosure has not already been posted in an Exchange-specific Form); f) if the Issuer is required to submit Personal Information Forms for each Related Person at the time of listing then the Listed Issuer must submit a Personal Information Form for any new Related Person of the Listed Issuer (and if any of these persons is not an individual, a Personal Information Form for each director, officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual); g) the Listed Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to the Exchange or posted by the Listed Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information-; <u>and</u> h) <u>a Listed Issuer with equity securities listed must meet the continued listing requirements described in section 2.9 of Appendix A of this Policy.</u> <p>9.2 <u>Significant Connection to Alberta</u></p> <p>Each Listed Issuer that is not a reporting issuer in Alberta must:</p> <ul style="list-style-type: none"> a) assess whether it has a significant connection 	<p>Proposed Amendments to Policy 2 section 9</p> <p>9 Continuing to Qualify for Listing</p> <p>9.1 To continue to qualify for listing, a Listed Issuer must meet all of the following requirements:</p> <ul style="list-style-type: none"> a) the Listed Issuer must be in good standing under and not in default of applicable corporate law; b) the Listed Issuer must remain a reporting issuer or equivalent in good standing in each jurisdiction in which it is a reporting issuer or equivalent and must not be in default of any requirement of any such jurisdiction; c) the Listed Issuer must be in compliance with Exchange Requirements, and the terms of the Listing Agreement; d) the Listed Issuer must post all required documents and information required under the Policies of the Exchange; e) the Listed Issuer must concurrently post all public documents submitted to SEDAR (unless identical disclosure has not already been posted in an Exchange-specific Form); f) if the Issuer is required to submit Personal Information Forms for each Related Person at the time of listing then the Listed Issuer must submit a Personal Information Form for any new Related Person of the Listed Issuer (and if any of these persons is not an individual, a Personal Information Form for each director, officer and each person who beneficially, directly or indirectly owns, controls or exercises direction over 20% or more of the voting rights of such non-individual); g) the Listed Issuer must take all reasonable care to ensure that any statement, document or other information which is provided to or made available to the Exchange or posted by the Listed Issuer is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, document or other information; and h) a Listed Issuer with equity securities listed must meet the continued listing requirements described in section 2.9 of Appendix A of this Policy. <p>9.2 Significant Connection to Alberta</p> <p>Each Listed Issuer that is not a reporting issuer in Alberta must:</p> <ul style="list-style-type: none"> a) assess whether it has a significant connection

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<p>to Alberta;</p> <p>b) upon becoming aware that it has a significant connection to Alberta as a result of complying with section 9.2 a) above or otherwise, immediately notify the Exchange and promptly make a <i>bona fide</i> application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a Listed Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a significant connection to Alberta);</p> <p>c) assess, on an annual basis, in connection with the delivery of its annual financial statements to securityholders, whether it has a significant connection to Alberta;</p> <p>d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their registered holders and beneficial holders; and</p> <p>e) if requested, provide to the Exchange evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 <i>Communication with Beneficial Owners of Securities of a Reporting Issuer</i> or its successor instruments).</p>	<p>to Alberta;</p> <p>b) upon becoming aware that it has a significant connection to Alberta as a result of complying with section 9.2 a) above or otherwise, immediately notify the Exchange and promptly make a <i>bona fide</i> application to the Alberta Securities Commission to be deemed to be a reporting issuer in Alberta (a Listed Issuer must become a reporting issuer in Alberta within six months of becoming aware that it has a significant connection to Alberta);</p> <p>c) assess, on an annual basis, in connection with the delivery of its annual financial statements to securityholders, whether it has a significant connection to Alberta;</p> <p>d) obtain and maintain for a period of three years after each annual review referenced in this section, evidence of residency of their registered holders and beneficial holders; and</p> <p>e) if requested, provide to the Exchange evidence of the residency of its non-objecting beneficial owners (as defined in National Policy 54-101 <i>Communication with Beneficial Owners of Securities of a Reporting Issuer</i> or its successor instruments).</p>
<p>9.3 Where it appears to the Exchange that an Issuer making an application for listing has a significant connection to Alberta, the Exchange will, as a condition of its acceptance or approval of the listing application, require the Issuer to provide evidence that it has made a <i>bona fide</i> application to the Alberta Securities Commission to become a reporting issuer in Alberta.</p>	<p>9.3 Where it appears to the Exchange that an Issuer making an application for listing has a significant connection to Alberta, the Exchange will, as a condition of its acceptance or approval of the listing application, require the Issuer to provide evidence that it has made a <i>bona fide</i> application to the Alberta Securities Commission to become a reporting issuer in Alberta.</p>
<p>Proposed Section 2.9 of Appendix A to Policy 2</p>	<p>Proposed Section 2.9 of Appendix A to Policy 2</p>
<p>Appendix A</p>	<p>Appendix A</p>
<p>Part A</p>	<p>Part A</p>
<p><u>2.9 Continued Listing Requirements</u></p>	<p>2.9 Continued Listing Requirements</p>
<p><u>In addition to the general requirements in Policy 2 Section 9.1, a Listed Issuer with equity securities listed must meet the specific criteria set out below on an annual basis:</u></p>	<p>In addition to the general requirements in Policy 2 Section 9.1, a Listed Issuer with equity securities listed must meet the specific criteria set out below on an annual basis:</p>
<p>a) <u>Public distribution</u></p> <p>(i) <u>minimum of 250,000 shares in the public float;</u></p> <p>(ii) <u>10% or more of listed shares in the public float;</u></p> <p>(iii) <u>at least 150 public securityholders each holding one board lot of freely trading shares, subject to the exception provided in Policy 9 that would permit no less than 100 public securityholders immediately</u></p>	<p>a) Public distribution</p> <p>(i) minimum of 250,000 shares in the public float;</p> <p>(ii) 10% or more of listed shares in the public float;</p> <p>(iii) at least 150 public securityholders each holding one board lot of freely trading shares, subject to the exception provided in Policy 9 that would permit no less than 100 public securityholders immediately</p>

Blacklined version indicating changes to Policy 2 (published January 5, 2017)	Version indicating changes incorporated
<p style="text-align: center;"><u>following a consolidation;</u></p> <p>b) <u>Financial Resources</u></p> <p><u>Adequate working capital or financial resources to maintain operations for a period of 6 months.</u></p> <p>c) <u>Assets</u></p> <p><u>No prescribed requirement however the Exchange may determine that a Listed Issuer no longer meets the continued listing requirements if the Issuer:</u></p> <p>(i) <u>reduces or impairs its principal operating assets; or</u></p> <p>(ii) <u>ceases or substantively reduces its business operations.</u></p> <p>d) <u>Activity</u></p> <p>(i) <u>For a mining or oil and gas issuer, either:</u></p> <p>1) <u>For the most recent fiscal year, positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures; or</u></p> <p>2) <u>For the three most recent fiscal years, an aggregate of \$100,000 in exploration or development expenditures.</u></p> <p>ii) <u>For industry segments other than mining or oil & gas, either:</u></p> <p>1) <u>For the most recent fiscal year:</u></p> <p>a) <u>Positive cash flow;</u></p> <p>b) <u>\$100,000 in revenue from operations</u></p> <p>c) <u>\$100,000 of development expenditures</u></p> <p><u>or</u></p> <p>2) <u>For the three most recent fiscal years, either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business.</u></p>	<p style="text-align: center;">following a consolidation;</p> <p>b) Financial Resources</p> <p>Adequate working capital or financial resources to maintain operations for a period of 6 months.</p> <p>c) Assets</p> <p>No prescribed requirement however the Exchange may determine that a Listed Issuer no longer meets the continued listing requirements if the Issuer:</p> <p>(i) reduces or impairs its principal operating assets; or</p> <p>(ii) ceases or substantively reduces its business operations.</p> <p>d) Activity</p> <p>(i) For a mining or oil and gas issuer, either:</p> <p>1) For the most recent fiscal year, positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures; or</p> <p>2) For the three most recent fiscal years, an aggregate of \$100,000 in exploration or development expenditures.</p> <p>(ii) For industry segments other than mining or oil & gas, either:</p> <p>1) For the most recent fiscal year:</p> <p>a) Positive cash flow;</p> <p>b) \$100,000 in revenue from operations;</p> <p>c) \$100,000 of development expenditures</p> <p>or</p> <p>2) For the three most recent fiscal years, either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business.</p>