

**NEO EXCHANGE
REQUEST FOR COMMENTS
LISTING MANUAL & FORMS AMENDMENTS**

February 21, 2019

Introduction

Neo Exchange Inc. (“**NEO Exchange**” or “**Exchange**”) is publishing proposed amendments to the NEO Exchange Listing Manual and Listing Forms (“**Public Interest Rule Amendments**” and “**Housekeeping Rule Amendments**”, as applicable, and together, the “**Rule Amendments**”) in accordance with Schedule 5 to its recognition order, as amended (the “**Protocol**”). As required under the Protocol, the Rule Amendments were filed with the Ontario Securities Commission (“**OSC**”). The Public Interest Rule Amendments are being published for comment. The Rule Amendments are set out below and, 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. The Housekeeping Rules will also be effective upon the publication of the notice of approval, unless an earlier date is determined and published by NEO Exchange.

Description of the Rule Amendments

Description of the Public Interest Rule Amendments

1. **Revisions Stemming from the Codification of Waivers**

The following proposed revisions result from our experience to date with certain types of listings and include 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)

The proposed revisions listed below are designed to update and simplify the listing process, and to reflect a trend toward more transparent disclosure and increased ESG requirements.

- 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 proposed 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

The following changes are proposed to the requirements relating to SPACs:

- 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 Proposed to Clarify Provisions

The proposed changes set out in this section are intended to clarify concepts, eliminate superfluous wording, track existing definitions in securities legislation or simplify the manner in which requirements are conveyed in the Exchange's rules or Commentaries.

- 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

Proposed changes to the Exchange’s forms are as follows:

- 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.

Description of Housekeeping Rule Amendments

We have also included typographical, formatting and other non-material edits for consistency and simplification throughout:

- Changes have been made throughout to reflect the Exchange’s recent legal name change to “Neo Exchange Inc.”
- Section 1.01 – Definitions: the acronyms “AIF” and “PIF” have been added as new definitions in section 1.01 so that they may be used instead of the full terms “Annual Information Form” and “Personal Information Form”, respectively, throughout the Listing Manual; the definition of “Effective Date” has been moved so that it is in alphabetical order; wording in “Escrowed Funds” has been re-ordered to make the definition clearer; and “Foreign Issuer” has been clarified by replacing “but does not include an issuer if” with the word “unless” at the end of the first paragraph, which more closely tracks the equivalent (and clearer) definition in National Instrument 71-101 – *The Multijurisdictional Disclosure System*.
- The word “standard” has been deleted from subsection 1.02(11) so that the time zone reference is broad enough to apply to each of Eastern Standard Time and Daylight Saving Time.
- The Commentary that previously followed subsection 2.01(1) has been deleted as it did not provide additional assistance in understanding section 2.01.
- The word “made” has been deleted from subsection 2.05(5) as it can be implied.
- Corrections to cross-references were made in 2.06(4), 10.12(8) and (9), 7.09(2) and 7.15(2).
- A minor revision has been made to the Commentary below subsection 2.08(3).
- Section 4.02 has been simplified by deleting the words “the City of Toronto or elsewhere in” before the word “Canada”, as the deleted words were redundant.
- “ETF or CEF” has been replaced by the general term “ETP” in subsection 4.07(1).
- The words “National Instrument” are now spelled out in section 5.01 for clarity.
- The words “investors, brokers, analysts and other interested parties” in subsection 5.11(1) have been replaced with “all market participants” for simplicity.
- The word “File” has been capitalized in subsections 5.08(2) and 7.03(1) to indicate the defined term.
- “Listed” has been added in front of “securities” in subsection 7.03(2) for greater certainty.
- Subsection 7.03(4) has been moved to section 7.06 as it is meant to refer to the supplemental listing of a new class or series of securities.
- The last sentence of new subsection 7.05(4) has been revised to clarify that the notice period referred to in this section is in connection with the “implementation” of a proposed amendment.
- The word “will” in subsection 7.09(8) has been replaced with the word “must”.

- Subsection 7.12(2) has been amended to include a reminder that sales from control must also meet securities law requirements.
- The Commentary following section 7.17(1) was revised non-substantively for clarity and to reinforce securities law requirements.
- The Commentary following section 7.22(1) has been amended to remove a statement that, although accurate, did not provide any useful guidance.
- Minor grammatical changes have been made to the Commentary following paragraph 8.01(1)(f).
- The change in paragraph 8.01(4)(a) has been effected to remove a requirement that had been made redundant with the prior consolidation of the “Filing” and “Posting” requirements.
- The third paragraph in the Commentary following subsection 9.01(1) has been deleted as, upon review, it was not viewed as providing useful guidance, and the word “original” in section 9.01(2) has been corrected to “initial” to reflect the standard terminology in the Listing Manual.
- Subsections 10.01(1) and (2) have been amended to clarify which sections of Part X apply to corporate, and ETP issuers, respectively.
- In section 10.09, the heading “General Requirements” has been replaced with “General Principles”, and the changes to subsections (3) and (7) add the names of the sections of the Listing Manual that are cross-referenced for ease of use.
- Non-substantial drafting edits have been made in section 10.10.
- The words “Listed Issuer” have been added to subsection 10.15(3).
- Paragraphs 10.16(9) and (11) have each been amended to remove an incorrect reference to escrowed securities.
- Subsection 11.12(2) was revised non-substantively for clarity.

Expected Date of Implementation of the Rule Amendments

NEO Exchange seeks to implement the Public Interest Rule Amendments in Q1 2019. There is no urgency to the Housekeeping Rule Amendments and for convenience we would make them effective upon the same date as the Public Interest Rule Amendments.

Rationale for the Public Interest Rule Amendments and Supporting Analysis

1. Revisions Stemming from the Codification of Waivers

The revisions described below are generally intended to address scenarios that had not been contemplated when the Listing Manual was implemented, and include changes designed to codify certain waivers granted in the course of the Exchange’s review of both corporate and ETP listing applications.

- The intention behind the minimum price in subsection 2.02(2) was to help ensure that a new issuer had sufficient capitalization to sustain a public listing on a non-venture exchange. The subsection provides an exemption for securities of Other Listed Issuers and we identified other circumstances in which the minimum price should not apply, and therefore have proposed that issuers resulting from reverse take-over transactions involving Other Listed Issuers should be afforded the same treatment. It is our view that imposing a \$2 minimum price on an existing issuer with a well-established share structure and a public disclosure track record would add unnecessary costs and cause delays for the issuer without providing any additional benefit from an investor-protection standpoint.
- The removal of the minimum distribution requirement applicable to exchange-traded funds in subsection 2.04(1) follows a recent benchmarking exercise.
- In new subsection 2.08(2), information relating to NEO's approach to issuers requesting to be listed in a halted state (e.g. pending the completion of a reverse take-over transaction) has been added for greater clarity. This change effectively codifies the listing of an issuer in a halted state pending a reverse take-over transaction.
- In subsection 3.02(2), we are proposing to reduce the continuous listing net asset value for CEFs as a result of the above-mentioned benchmarking.
- In subsection 3.03(1) we are proposing to reduce the continuous listing distribution requirement for ETFs, again due to benchmarking. Commentary was added at the end of section 3.03 to provide guidance on the considerations NEO would use, in addition to these minimum standards, to determine whether it was in the public interest to allow the continued listing of an ETF.
- The section 7.13 revisions provide flexibility to ETFs to report creation and redemption transactions to the Exchange more frequently than the current requirements in Form 15.
- The changes in sections 7.14, 7.15, 7.16 and 7.17 aim to: (i) replace certain specific terms with more general terms so that they are applicable to both corporate and trust structures, and (ii) clarify that certain documents do not have to be filed with the Exchange when not applicable, to provide greater certainty for issuers.

2. Revisions Intended to Streamline the Listing Process for Issuers and Promote Environmental, Social and Governance Initiatives (ESG)

For the most part, these revisions result from our regular review of the operation of the Listing Manual for internal consistency and they are intended to update some of the requirements relating to ongoing compliance and disclosure applicable to Listed Issuers, reflecting clarifications, the evolution of public disclosure that is expected of public companies in general, and our continuous benchmarking against other exchanges' standards in Canada and other jurisdictions.

- The Commentary added below paragraph 2.02(3)(a) is intended to provide more flexibility to issuers that wish to list under the Exchange's Equity Standard, recognizing that an operating history may not be applicable to an issuer who otherwise meets this Standard, e.g. a newly-formed investment corporation or trust. The Exchange would look at factors such as the nature of the proposed issuer's business and industry, the experience and qualification of its senior management and the type and quality of its assets, among others, as a proxy to the two year operating history requirement.

- In addition to clarifications to the Investor Relations requirements, a new requirement for a Listed Issuer to have a written investor relations strategy has been added to subsection 2.02(5), a document which we have determined to provide useful information during our reviews of listing applications.
- Subsection 2.02(6) has been revised to consolidate information that was duplicative and to set out the Exchange's standards applicable to a Listed Issuer or an Other Listed Issuer applying to list a new class or series of securities. The Exchange's standards under this section distinguish the requirements applicable to senior versus "venture issuers", requiring that a "venture issuer" demonstrate that it meets the Exchange's standards applicable to a corporate issuer under section 2.02(3) of the Listing Manual in order for its securities to be considered for a supplemental listing on the Exchange.
- The revised Commentary below paragraph 2.13(1)(c) is to provide further details regarding the Exchange's listing document requirements applicable to: (i) issuers applying to list on the Exchange without a prospectus, (ii) reporting issuers, (iii) SEC foreign issuers and (iv) designated foreign issuers.
- The Commentary below paragraph 2.13(1)(d) provides further details regarding when PIFs must be filed and how other organizations' PIFs may be used, to assist issuers and their counsel in better understanding these requirements. We no longer require that an individual sign a consent form for criminal checks as part of the PIF form; instead, an electronic criminal check request is sent directly to target individuals, and their authorization to conduct the search is obtained at that time.
- The minor change to the Commentary below proposed new subsection 2.13(2) is to clarify our approach to listing applications, for greater certainty.
- Subsections 2.13(2), (3) and (4) have been deleted as they were in part determined to be inconsistent with our approach as it has evolved and otherwise to provide flexibility.
- Paragraphs (a) to (c) of subsection 3.01(4) were consolidated, for simplicity, without materially changing any of the standards.
- Subsection 3.01(5) was amended for consistency with the corresponding initial listing requirement under subsection 2.02(5).
- In subsections 4.01(1) and (2), consequential changes were made to reflect the elimination of Form 5 and the consolidation of Forms 3, 3A and 3B into one Form and Commentary was added below subsection 4.01(2) to replace and update the guidance that was set out in subsection 4.01(5). Non-substantial changes were made to the wording in 4.01(3), which was moved to the above-noted Commentary.
- Changes throughout section 4.08 are proposed to update website disclosure as a result of the evolution of disclosure standards and the thinking around material information, and to reinforce that the required documents should be easily identifiable and accessible to investors and their advisors. The term "offering document" in new subsection 4.08(2) refers to a prospectus or any other applicable document used for the public offering of exchange traded funds, closed-end funds or structured products and would not include an annual information form or information circular.
- The addition disclosures in subsection 5.02(3) regarding climate change-related events are also to part of the evolution of thinking around material information.

- Changes in subsection 6.01(1) are consequential to the consolidation of Forms 7 and 7A. An additional change to reduce the number of days for pre-filing a press release announcing a distribution was made to better reflect issuers' workflows.
- The change from "two trading days" to "one trading day" in subsection 7.15(2) is proposed to correct an oversight; this change was missed in the housekeeping amendments to the Listing Manual that came into effect in September 2017 following the move to a T+2 settlement cycle.
- Subsection 9.03(2) has been amended to reduce the number of days required by the Exchange to review an information circular from 20 to 10 trading days, as a 20 day review period was identified as problematic for some issuers and the Exchange's processes evolved to allow it to meet a shorter timeline.
- The proposed changes to the diversity criteria in section 10.05(1)(b) mirror the diversity disclosure pertaining to boards of directors and senior management that were included in Bill C-25 (*An Act to Amend the Canada Business Corporations Act*, among others) which received royal assent on May 1, 2018. These criteria will apply to public companies that are governed by the *Canada Business Corporations Act* and are expected to come into force in 2020.

3. Changes relating to the listing of SPACs

Experience with SPACs, including feedback received from issuers, have informed some of the proposed changes. A few are drafting updates made for clarity, such as in the revised definition of Liquidation Distribution, and amendments to subsection 2.12(2) to add detail around current escrow requirements and procedures, and to paragraph 10.16(8)(b) to make it clear that the warrant expiry date must be specified but does not have to be "fixed". Most of the proposed changes relating to SPAC provisions in the Listing Manual are similar to those recently implemented by the TSX, as informed by the comments they received. We believe that SPAC issuers will benefit from more harmonized listing requirements among Canadian exchanges and, as a result, we propose corresponding changes. As described in Part A, section 3, these amendments relate to the following (all references are to the new section numbers, where applicable, and additional context is added for changes beyond harmonization):

- The definitions of "Founding Securities", "Permitted Investments", and "Specified SPAC Securities".
- The initial distribution requirements for SPACs under subsection 2.02(7).
- The escrow requirements in subsection 2.12(2) (expanded with the addition of text indicating that the Exchange would consider alternative escrow arrangements, including being made a party to an underwriters' escrow agreement).
- Paragraph 10.16(6)(a) re: required provisions for SPAC shares or units.
- Paragraph 10.16(6)(b) re: requirements for Liquidation Distributions.
- Subsection 10.16(7) re: redemption rights.
- Subsection 10.16(12) re: entitlements following exercise of redemption rights under paragraph 6(a).

- Subsection 10.16(15) re: Related Party transactions (deleted as the requirements of the provision are met through prospectus disclosure, and compliance with subsection 10.16(16)).
- Subsection 10.16(16) re: approval requirements for a Qualifying Transaction (clarifying when shareholder approval is required).
- Subsection 10.16(17) re: required disclosure in the SPAC’s IPO prospectus if shareholder approval is a condition of the Qualifying Transaction.
- Subsection 10.16(18) re: process and transparency for Qualifying Transactions not requiring shareholder approval.
- Subsection 10.16(19) re: further redemption rights.
- Subsection 10.16(20) re: a grace period for Resulting Issuers to meet the initial listing requirements of the Exchange.
- Subsection 10.16(23) re: restrictions regarding additional capital raising (aligning the language relating to financings that occur contemporaneous with or after completion of a SPAC’s Qualifying Transaction to similar references in other provisions).
- Paragraph 10.16(24)(b) re: permitting a SPAC to obtain unsecured loans from its founders or their affiliates.
- Subsection 10.16(29) re: providing updates to shareholders (to reflect the general evolution in the thinking around this topic).

In addition to the changes listed above, a commentary has been added to section 4.08 in connection with website requirements as they relate specifically to SPACs. We are aware that SPACs typically have a limited budget and no operating business apart from identifying acquisition targets. For that reason, the Exchange has not made the website requirement mandatory for SPACs, but strongly recommends that a SPAC maintain a website and post the documents listed in subsection 4.08(1), as applicable.

4. Revisions Proposed to Clarify Provisions

Most of the changes under this heading are being proposed to clarify our expectations and to try to eliminate any potential confusion by being more explicit. We have also proposed changes to the terms used to describe certain documents so that the provisions are flexible enough to apply more broadly. Some requirements have also been deleted where we have determined them to not be applicable in the context of today’s business transactions.

- Revisions to Definitions (excluding SPACs)
 - We have changed to “Independent Director” from “Unrelated Director” as it is a more commonly used term, and propose to refer solely to the independence requirements set out National Instrument 52-110—Audit Committees to simply the definition.
 - “Insider” has been revised to account for different types of mutual fund structures, ensuring that the directors and officers of a mutual fund corporation (as opposed to a trust structure) are captured in this definition, as those individuals may be different from the directors and officers of the investment fund manager (“IFM”). The other change reflects that the IFM and promoter of a fund are the same entity.
 - The definition of “Offering Document” has been replaced with “Listing Document” to

include documents that would not strictly be considered “offering documents”, such as an information circular, but that would still be suitable in the context of a listing application as they provide prospectus-level disclosure. The revised definition also clarifies that foreign documents may be considered acceptable, as determined by the Exchange on a case-by-case basis. Additional information relating to listing documents acceptable to NEO Exchange has also been inserted as a new Commentary under section 2.13 (Listing Application—Procedure). The revised term has been changed accordingly throughout the Listing Manual.

- The change to the Commentary below subsection 2.12(1) is intended to better align with the language relating to exemptions from escrow requirements in paragraph 3.2(b) National Policy 46-201 *Escrow for Initial Public Offerings*.
- Adjustments to paragraph 2.14(1)(b) reflect inclusion of other Listing Documents in addition to prospectuses and, conversely, the clarification in paragraph 2.14(1)(d) applies specifically to a situation where a prospectus is used as a Listing Document.
- The Commentary below paragraph 2.14(1)(b) has been removed as we do not feel it provides meaningful guidance.
- Paragraph 2.14(1)(f) and subsection 2.14(2) have been consolidated into one provision that applies to both corporate issuers and exchange-traded products to simplify the provision and provide issuers with the flexibility to submit documents (e.g. legal opinions required for a listing) that better fit their particular situation or the transactions they are engaged in without creating more risk to the Exchange or investors.
- Subsections 2.14(4) and (5) have been deleted as they were determined to be inconsistent with our approach as it has evolved.
- The drafting changes to sections 4.05 and 4.06 are proposed to clarify the Exchange’s approach re: confidentiality of Forms and the impact of the Exchange publishing any Forms on requirements re: general dissemination of material information and selective disclosure.
- Updates to section 5.04 are proposed to clarify timely disclosure obligations in a multiple marketplace environment and to section 5.05 to clarify and simplify the Exchange’s expectations around filing news releases.
- Subsections 7.01(1) and (2) have been revised to update notification requirements, including clarifying the Exchange’s expectations with respect to the notification of certain material transactions by Listed Issuers and the timing for notices, to provide greater certainty to Listed Issuers.
- Changes to section 7.04 for the most part are drafting clarifications but clarification of the process for proceeding with private placements has also been included to enhance certainty for issuers.
- The changes to section 7.07 are intended to clarify requirements and timing for greater certainty. This includes the addition of Commentary following subsection (2). This subsection would now require that a Form 10 be filed “promptly”, putting the obligation on issuers to file the form quickly and diligently, without imposing an arbitrary number of days. (The Exchange would expect, and it has been issuers’ general practice, that a Form 10 will be filed within three to five business days prior to the close of the acquisition.)

- Section 7.08 has been amended to more clearly set out the Exchange’s expectations in connection with security based compensation arrangements.
- The addition of paragraph 7.09(5)(c) is to ensure that the Exchange obtains applicable CUSIP numbers for listed rights.
- Subsection 9.03(1) has been amended to provide clarification, for greater certainty, that the standards to follow for a reverse take-over transaction parallel those for an initial listing and that a Listed Issuer must comply with securities law, and that Listed Issuers must always comply with securities laws, which was previously implied, but should have been more explicitly stated.
- The changes to paragraph 10.05(1)(b) and paragraphs 10.11(a) and (c) are to provide clarifications and to update certain requirements to reflect current trends and the evolution of corporate governance principles in Canada. More particularly, paragraph 10.05(1)(b) has been amended to list specific diversity criteria to be considered by Listed Issuers when filling board or executive officer positions and paragraph 10.11(a) has been adjusted to more closely align to similar provisions at other Canadian exchanges.
- Subsections 10.11(2) and section 10.12 have been removed as they were duplicative of existing securities law requirements.

5. Revision to Forms

The changes to Forms 3, 3A, 3B, 7 and 7A are proposed to eliminate certain distinctions (i.e. between Forms 3A and 3B and Forms 7 and 7A) that were not always properly understood by issuers and to streamline the format of these forms in order to make them more user-friendly. These changes also include formatting changes and deletion of duplicative fields, and the elimination of the requirement for notarization, which is burdensome to issuers and does not provide meaningful additional comfort as to the authenticity of the signatures and/or the documents attached.

We propose to eliminate Form 5 as it is duplicative: the Exchange considers that the new PIF filed by a Listed Issuer upon a change of Insider is enough to constitute a notice of the change without the need to submit an additional form describing the change(s).

Form 7 and 7A have been consolidated into a single revised Form 7. The consolidated form streamlines the process for notifying the Exchange of proposed distributions. Again, we propose to eliminate the certificate from Forms 7, 7A and 15 as it was considered burdensome by issuers and it did not provide any additional comfort to the Exchange as to the veracity or accuracy of the information submitted.

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

There is no anticipated impact on the market structure and a positive one on the capital markets generally, due to the positive impact on issuers’ ability to raise capital and meet exchange requirements.

By clarifying and streamlining its rules, NEO Exchange continues to encourage competition, confidence and participation in Canada’s capital markets for investors, issuers and dealers.

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

The Rule 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. Our listing standards are designed to achieve fairness and encourage investor confidence in Canada's equity markets, while providing issuers with an exchange that will promote their success and growth. The bulk of the Rule Amendments seeks to provide additional clarity to our existing rules, streamline the listing process for new issuers (and harmonize with other requirements where applicable) and simplify the reporting requirements for Listed Issuers.

Impact on the Systems of Members or Service Vendors

None of the Rule Amendments require members or service vendors to modify their systems.

New Rule

None of the Public Interest Rule Amendments introduce any material new feature.

Comments

Comments should be provided, in writing, no later than March 25, 2019 to:

Cindy Petlock
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Toronto, ON M5H 3B7
legal@neostockexchange.com

with a copy to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
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Please note that, unless confidentiality is requested, all comments will be publicly available.

**NEO Exchange Listing Manual
Text of Amendments**