

AEQUITAS NEO EXCHANGE

LISTING MANUAL AMENDMENTS - EMERGING MARKET ISSUER REQUIREMENTS

Section 1.01 Definitions of the Listing Manual will include the following:

“**Emerging Market**” means a jurisdiction outside of Canada that is not included in the following list:

- Australia
- European Union
- Hong Kong
- Iceland
- Israel
- Japan
- Mexico
- New Zealand
- Norway
- Republic of Korea
- Singapore
- South Africa
- Switzerland
- Taiwan
- United Kingdom
- United States

The Exchange may, from time to time, exclude other jurisdictions from the definition of Emerging Market, provided the Exchange is satisfied that the jurisdiction’s business and legal environment is comparable to other non-Emerging Market jurisdictions.

Commentary:

The above list of non-Emerging Market jurisdictions will be adjusted, from time to time, by the Exchange, as applicable. The following factors guide the Exchange’s assessment of the legal and regulatory environment of a jurisdiction: participation in key commercial and economic international organizations and agreements, such as NAFTA, OECD, APEC and the G20; and existing indices of economic development, such as the Heritage Foundation’s Index of Economic Freedom, which, among other factors, consider the prevalence of the rule of law, government and regulatory efficiency and market openness.

“**Emerging Market Issuer**” or “**EMI**” means, unless otherwise determined by the Exchange, an issuer whose principal business operations and the majority of its operating assets are in an Emerging Market jurisdiction. For greater certainty, an EMI that has securities listed on the Exchange is also a Listed Issuer.

Commentary:

Other considerations in determining whether an issuer is an EMI include residence of “mind and management” and jurisdiction of incorporation.

“**OSC Staff Notice 51-720**” means OSC Staff Notice 51-720 *Issuer Guide for Companies Operating in Emerging Markets*.

“**Other Listed EMI**” means an Other Listed Issuer that would be considered an EMI, which is listed on another Recognized Exchange that has requirements for emerging market issuers and is subject to and/or exempt from such requirements.

“**Senior Management**” means executive officers and other persons exercising executive functions and who are responsible for the management of the company and accountable to the board of directors of the Listed Issuer.

Section 2.10 Emerging Market Issuers of the Listing Manual will be deleted and replaced with the text set out below.

2.10 Emerging Market Issuers

- (1) In addition to the initial listing requirements contained in this Part, an EMI that applies to list its securities on the Exchange must meet the requirements set out below. This section does not apply to an Other Listed EMI with a continuous disclosure record in Canada that is migrating its securities from a Recognized Exchange with listing requirements applicable to EMIs. An Other Listed EMI will be subject to the ongoing requirements set out in Parts IV, VII and X of the Listing Manual as a Listed Issuer.

Commentary:

The purpose of these requirements is to help mitigate the potential risks associated with listing securities of Emerging Market Issuers identified by the Canadian securities regulatory authorities. Each EMI applicant must review OSC Staff Notice 51-720 (and any other OSC requirements and guidance published from time to time) and consider the specific risks applicable to its business.

- (2) Pre-filing Meeting

An EMI applying to list its securities on the Exchange must arrange a pre-filing meeting with the Exchange to discuss the proposed listing application.

Commentary:

The general purpose of the pre-filing meeting is to:

- *address any questions related to the listing process generally;*
- *determine whether the applicant is an EMI;*
- *identify the requirements that will apply to the listing application and subsequent ongoing listing; and*
- *discuss any other issues of concern.*

- (3) Identification, Assessment and Disclosure of Emerging Market Issuer Risks

An EMI must identify, assess and adequately disclose the emerging market issuer risks and related matters that are applicable to its business as set out in OSC Staff Notice 51-720.

Commentary:

An EMI’s public disclosure should at a minimum:

- *meet all applicable requirements of Canadian securities legislation;*
- *identify the risk factors generally applicable to operating in an Emerging Market jurisdiction;*

- *capture issues, risks and characteristics unique to operating in the particular Emerging Market jurisdiction(s) in which the applicant has significant operations;*
- *provide a factual description and an analysis of the applicable risks and how they may impact operations; and*
- *use plain language.*

(4) Communication

- (a) An EMI operating in an Emerging Market jurisdiction where English or French is not the official or de facto language must at the time of the listing application and on an ongoing basis:
- (i) identify to the Exchange the Senior Management and directors who are fluent in English in addition to the language(s) of the applicable Emerging Market jurisdiction;
 - (ii) demonstrate to the satisfaction of the Exchange how any potential language barriers will be addressed: (A) among Senior Management; (B) between Senior Management and its advisors (e.g. legal counsel and auditors); and (C) between the issuer's staff in Canada and in the Emerging Market jurisdiction; and
 - (iii) File a certified English translation of all documents that the issuer is required to File with the Exchange that are prepared in a language other than English or French.

Commentary:

Where appropriate, the Exchange may as a condition of listing on the Exchange require the EMI to implement and File a communication plan that addresses to the satisfaction of the Exchange any language and/or time zone barriers.

(5) Senior Management and Directors

- (a) In addition to the suitability requirements in section 2.07 of the Listing Manual, the EMI must:
- (i) demonstrate to the satisfaction of the Exchange that its Senior Management and board of directors, when taken as a whole, has adequate knowledge of and/or experience with Canadian public company requirements or demonstrate that adequate knowledge of Canadian public company requirements will be obtained prior to listing;
 - (ii) demonstrate to the satisfaction of the Exchange that its Senior Management and board of directors, when taken as a whole, has adequate experience and technical expertise relevant to the EMI's business and industry; and
 - (iii) identify each of its Senior Management and board members that has experience conducting business in the relevant Emerging Market jurisdiction.

Commentary:

The Exchange expects at least one director to have significant expertise and experience conducting business in the applicable Emerging Market jurisdiction. Where appropriate, the Exchange may require an EMI to adopt robust policies, procedures and processes designed to ensure the EMI's Senior Management and board of directors have adequate knowledge of the local business environment and/or public company reporting obligations in Canada.

- (b) A properly qualified and experienced CFO is critical to mitigating the potential risks identified in OSC Staff Notice 51-720. An EMI must demonstrate to the satisfaction of the Exchange that the CFO:
 - (i) is financially literate as defined in National Instrument 52-110 *Audit Committees*;
 - (ii) has the appropriate background and experience in an accounting, auditing or financial role;

Commentary:

The Exchange will consider previous public company experience as a CFO, controller, treasurer or auditor and/or a professional accounting designation as factors weighing in support of an individual's suitability as CFO.

- (iii) has the requisite understanding of and the ability to develop and implement an appropriate financial reporting and internal controls framework in accordance with Canadian securities legislation;
- (iv) has the required understanding of the business and legal environment in the relevant Emerging Market jurisdiction; and
- (v) communicates with the CEO, audit committee and board of directors of the EMI, as required, to discharge his or her obligation.

(6) Corporate Governance

The Exchange will examine the composition and qualifications of the EMI's Senior Management and board of directors taking into account the nature of the EMI's business and the principal jurisdiction of its business operations.

- (a) The Exchange also expects an EMI to have implemented, by the time of listing on the Exchange, any corporate governance policies required to adequately mitigate the risks identified in its disclosure. Such policies may include:
 - (i) anti-bribery,
 - (ii) anti-corruption,
 - (iii) communication,
 - (iv) conflicts of interest disclosure,

- (v) related party transactions,
 - (vi) whistle blowing, and
 - (vii) other corporate governance policies.
- (b) Where appropriate, the Exchange may direct an EMI to implement any such policy required to adequately mitigate the risks identified in its disclosure as a condition of listing on the Exchange.
 - (c) In addition to the corporate governance requirements in Part X, an EMI must also have in place certain governance structures to ensure there is sufficient independent oversight of management by the board of directors.

Commentary:

For example, for an EMI with a security holder who owns more than 50% of the votes attached to equity securities of the EMI and who is also an officer of the EMI, the Exchange may require the EMI to have a majority of independent directors.

- (d) An EMI's board of directors must provide evidence, satisfactory to the Exchange, of sufficiency of its independence from management, which may generally be demonstrated by the following:
 - (i) an independent director as chair;
 - (ii) at least one independent director with relevant experience in one or more Emerging Market jurisdictions; and
 - (iii) at least two independent directors with relevant public company experience in a non-Emerging Market jurisdiction, at least one of whom is a resident of Canada.

Commentary:

In evaluating the overall suitability of an EMI's board of directors, the Exchange will also consider whether the independent directors have historically, if applicable, and/or plan to carry out regular site visits at the location of the principal business operations as part of exercising their mandate and oversight of senior and local management.

- (e) An EMI's audit committee must, when evaluated as a whole, have:
 - (i) relevant Canadian experience, including general familiarity with securities legislation requirements relating to continuous disclosure obligations as well as financial reporting skills;
 - (ii) a thorough understanding of the local legal and political, as well as cultural and business practices in the Emerging Market jurisdiction; and
 - (iii) experience supervising international audit engagements for public companies.

Commentary:

In evaluating the overall suitability of an EMI's audit committee, the Exchange considers the qualifications of the audit committee as a whole. Each individual member of an EMI's audit committee must meet the applicable suitability requirements set out in National Instrument 52-110 Audit Committees.

(7) Experts

(a) Foreign Experts and Advisers

- (i) An EMI must demonstrate to the satisfaction of the Exchange that its experts, including valuers, tax advisers, auditors and underwriters, have the experience, expertise and resources available to effectively mitigate the risks inherent in relying on foreign experts and advisers identified in OSC Staff Notice 51-720.
- (ii) An EMI should exercise reasonable care in evaluating the credentials and expertise of these experts and professionals in order to ensure that the qualifications of these professionals are similar to the standards in other non-Emerging Market jurisdictions.

(b) Canadian Experts and Advisers

An EMI must demonstrate to the satisfaction of the Exchange that its Canadian experts and industry professionals have sufficient knowledge of laws and rules of the applicable Emerging Market jurisdiction and experience in advising entities operating in that jurisdiction.

(8) Auditors

An EMI must demonstrate to the satisfaction of the Exchange that its auditors have the experience, expertise and resources available to effectively mitigate the applicable risks identified in OSC Staff Notice 51-720. This requirement applies to existing auditors at the time of listing and in respect of any proposed change of auditors after becoming a Listed Issuer.

Commentary:

The Exchange will consider:

- *the size, general resources and reputation of the auditor, including whether the auditor has the ability to communicate effectively with Senior Management and the board of directors and, in particular, the audit committee;*
- *whether the auditor is a "participating audit firm" as defined in National Instrument 52-108 Auditor Oversight in good standing with the Canadian Public Accountability Board;*
- *whether the auditor is in compliance with any restrictions, sanctions or remedial action imposed by the local governing body; and*
- *whether the auditor has demonstrated that it has the ability to directly execute or supervise the audit field work necessary to support the audit opinion and evaluate any internal control system of an EMI either directly or indirectly through an affiliated component auditor.*

The Exchange may require a change of auditors as a condition of listing in cases where there is an indication that the EMI's incumbent auditor will not be able to adequately discharge its duties.

(9) Internal Financial Reporting Controls

An EMI must demonstrate to the satisfaction of the Exchange that its internal controls over financial reporting matters adequately address the following factors:

- (a) the differences in banking systems and controls between jurisdictions in which the EMI operates;
- (b) any limitations on the flow of funds between those jurisdictions; and
- (c) any differences in business cultures and business practices between jurisdictions in which it operates.

Commentary:

In exceptional circumstances, the Exchange may request an independent review of the EMI's internal control system as a condition of listing on the Exchange.

(10) Ownership of Assets and Ability to Conduct Operations

An issuer must ensure information provided to the Exchange relating to assets and approvals in the Emerging Market jurisdiction is complete and accurate and provide additional information, as required.

Commentary:

The Exchange may require legal opinions in order to determine whether there are any unacceptable risks relating to ownership of assets and the ability of the EMI to conduct its operations.

Where any of the EMI's principal properties or assets are located in an Emerging Market jurisdiction, the Exchange may require a legal opinion that the EMI has the ability to exercise control over the assets.

The Exchange may require, where appropriate, a legal opinion that the EMI has the required permits, licenses and other applicable governmental and regulatory approvals to carry out its business operations in the relevant Emerging Market jurisdiction.

(11) Corporate and Capital Structure

Where an EMI intends to employ a non-traditional corporate or share capital structure, including a variable interest entity or a special-purpose entity, the EMI's public disclosure should describe the proposed non-traditional corporate or share capital structure and provide an explanation as to why the structure is necessary in the given circumstances.

Commentary:

Where the Exchange has concerns over the validity of the structure, the Exchange may require a legal opinion describing how the EMI's board of directors and management has effective control of the EMI and its assets.

The legal opinion should address, among other things, the legality of the EMI's non-traditional corporate structure, the EMI's ability to enforce contracts and repatriate assets within and from the Emerging Market and recourse rights of security holders of the EMI against the EMI's assets. Comprehensive disclosure regarding any non-traditional corporate structure and any risks associated with the use of such a structure should also be included.

(12) Nexus to Canada

An EMI must demonstrate to the satisfaction of the Exchange sufficient ties to Canada to merit a public listing on a Canadian exchange.

(13) Agent for Service

An EMI must appoint an agent for service of process and maintain an address for service within Canada and must agree to attorn to the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(14) Background Checks

An EMI must provide any required information to allow the Exchange to conduct local background checks on the EMI's Senior Management, board members, any Insiders and any other associated individuals it may deem relevant. The Exchange may also conduct local corporate background checks on an EMI and any of its affiliates and/or subsidiaries. Background checks are outsourced to private investigative firms and the EMI will be required to prepay any related expenses.

(15) Waivers

The Exchange may waive the requirements in this section on a case by case basis depending on the facts and circumstances specific to each EMI.

(16) Additional Requirements

The Exchange may, in its discretion, impose additional requirements on a case by case basis, depending on the facts and circumstances specific to each EMI, as a condition of listing on the Exchange.

PART IV. ONGOING REQUIREMENTS AND POSTING REQUIREMENTS of the Listing Manual will be amended by adding section 4.10 as follows:

4.09 Ongoing Requirements for Emerging Market Issuers

(1) Ongoing Compliance with Applicable Initial Listing Requirements

An EMI, unless otherwise exempted by the Exchange, must comply, on an ongoing basis, with any applicable requirements set out in section 2.10, and any other requirements imposed by the Exchange as a condition of listing. An EMI that was an Other Listed EMI at the time of applying for listing on the Exchange must comply with such requirements within a reasonable transition period, as determined by the Exchange.

Commentary:

The Exchange will review an EMI's compliance with the applicable initial listing requirements on an ongoing basis. This may include periodic review of the following:

- *the suitability and qualification of Senior Management, the board of directors and experts and advisors, including auditors;*
- *any applicable corporate governance policies and processes identified at the time of listing;*
- *the continued adequacy of internal financial reporting controls; and*
- *any other risk mitigation mechanisms relevant to addressing any issues discussed in OSC Staff Notice 51-720 applicable to the EMI's business.*

Where appropriate, the Exchange may require an action plan to address any deficiencies identified during the course of the ongoing review.

(2) Auditors

In respect of any proposed change of auditors, an EMI must demonstrate to the satisfaction of the Exchange that the proposed auditors meet the requirements set out in subsection 2.10(8).

(3) EMI Annual CFO Certification

The CFO of an EMI must certify to the Exchange on an annual basis whether the CFO has visited any principal property of the EMI located in an Emerging Market as part of exercising his or her mandate. If the CFO has not, he or she must disclose the reasons for not doing so.

Part X. CORPORATE GOVERNANCE AND SECURITY HOLDER APPROVAL of the Listing Manual will be amended as set out below.

10.03 Audit Committee

- (2) A Listed Issuer that is an EMI must have an audit committee that meets the requirements in paragraph 2.10(6)(e).

10.16 Related Party Transactions

- (2) In addition to the requirements above, a Listed Issuer that is an EMI must implement and

publish on its website a policy designed to identify and mitigate the risks to Canadian investors inherent in related party transactions conducted in an Emerging Market jurisdiction. The policy should address independent director oversight and approval, public disclosure, financial reporting, continuous disclosure and regulatory filing requirements applicable to related party transactions.

Commentary:

Related party transactions may provide the Listed Issuer with benefits or better terms than those that are available from arms' length parties. Conversely, it is also possible that related party transactions may benefit the related party while providing little or no benefit for the Listed Issuer. Non-related investors may also be harmed by an inappropriate transfer of corporate assets to related parties. Such transfers may occur on an ad hoc basis or could involve a series of continuous transfers via smaller operational expenditures that are cumulatively material. Transactions of this nature undermine the credibility of Canadian capital markets and erode investor confidence.

- (3) Effective identification and monitoring of related party transactions by Senior Management and the board of directors is necessary to prevent potential abuse. The Exchange requires an EMI to implement appropriate policies, procedures and scrutiny for the identification, evaluation and approval of related party transactions. In addition, the board of directors should ensure that the issuer complies with the applicable requirements under generally accepted accounting principles and Form 51-102F1 *Management's Discussion and Analysis* (MD&A) for the disclosure of related party transactions.

Commentary:

Emerging Market Issuers are further reminded that certain related party transactions are subject to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, which in certain circumstance may require, among other things, a formal valuation and minority shareholder approval of the transaction.

- (4) Minimum disclosure requirements for related party transactions are prescribed in both accounting standards and Canadian securities legislation. The disclosure in respect of a related party transaction in the MD&A must at a minimum disclose the following:
- (a) the relationship and identity of the related party;
 - (b) the business purpose of the transaction;
 - (c) the recorded amount of the transaction and the measurement basis used; and
 - (d) any ongoing contractual or other commitments resulting from the transaction.