

AEQUITAS NEO EXCHANGE REQUEST FOR COMMENTS LISTING MANUAL AMENDMENTS

November 2, 2017

Introduction

Aequitas NEO Exchange Inc. (“**NEO Exchange**” or “**Exchange**”) is publishing proposed amendments to the NEO Exchange Listing Manual (“**Public Interest Rule Amendments**”) in accordance with Schedule 5 to its recognition order, as amended (the “**Protocol**”). As required under the Protocol, the Public Interest Rule Amendments were filed with the Ontario Securities Commission (“**OSC**”) and are being published for comment. The text of the amendments is attached to this notice and, subject to any changes resulting from any comments received, the Public Interest Rule Amendments will be effective upon publication of the notice of approval on the OSC’s website.

Description of the Public Interest Rule Amendments

We are proposing new initial listing and ongoing requirements for emerging market issuers (“**EMIs**”). They include new definitions, initial listing requirements and ongoing listing requirements for EMIs that seek to offer securities to the public and list those securities on NEO Exchange (the “**Proposed EMI Rules**”):

- Definitions added under section 1.01 -
 - “Emerging Market”,
 - “Emerging Market Issuer”,
 - “OSC Staff Notice 51-720”
 - “Other Listed EMI” and
 - “Senior Management”;
- Section 2.10 has been deleted and replaced with new initial listing requirements for EMIs;
- Section 4.09 has been added to set out ongoing requirements for EMIs;
- New subsection 10.03(2) has been inserted to set out audit committee requirements for EMIs; and
- New subsections 10.16 (2), (3) and (4) have been inserted to set out additional related party transaction requirements for EMIs.

The Exchange’s initial and ongoing listing requirements include certain provisions that aim to mitigate the risk factors identified in OSC Staff Notice 51-720 *Issuer Guide for Companies Operating in Emerging Markets* (the “**OSC Staff Notice**”) by: (i) requiring EMIs to provide additional information to the Exchange to assist in identifying whether the risks are present; (ii) establishing minimum corporate governance and suitability requirements to address those risks; and (iii) ensuring there are meaningful ties to Canada. Where any risk factors identified in the OSC Staff Notice exist in respect of a foreign issuer that is not an EMI, the Exchange has general discretion to address those matters at the time of listing.

Expected Date of Implementation

NEO Exchange intends to implement the Public Interest Rule Amendments in December, 2017.

Rationale for the Public Interest Rule Amendments and Relevant Supporting Analysis

The Proposed EMI Rules allow NEO Exchange to accept applications from EMIs. This will provide foreign issuers with an additional choice of listing venue in Canada. Our listing standards are designed to promote fairness, transparency and investor confidence in Canadian equity markets, while providing issuers with an exchange that will promote their success and growth. The Proposed EMI Rules are consistent with the current practices at other exchanges in Canada.

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

There is no anticipated impact on the market structure of NEO Exchange or the capital markets generally other than a positive one. By offering EMIs a choice of listing venue for their securities, 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 proposed 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. As indicated above, 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. EMIs seeking to list on NEO Exchange, similar to any public issuer in Canada, will be required to comply with a robust set of rules that are consistent with and uphold the principles of securities legislation in Canada.

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 are new and none introduce any material new feature.

Comments

Comments should be provided, in writing, no later than December 4, 2017 to:

Cindy Petlock
Chief Legal Officer
Aequitas NEO Exchange Inc.
155 University Avenue, Suite 400
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
marketregulation@osc.gov.on.ca

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