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**VIA EMAIL**

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Dear Sirs/Mesdames:

**Re: Canadian Securities Exchange Public Interest Rule Amendment CSE Policies –  
Notice and Request for Comments (Notice 2021-0005)**

TMX Group Limited (“**TMX**” or “**we**”), on behalf of TSX Inc. (“**TSX**”) and TSX Venture Exchange Inc. (“**TSXV**”), welcomes the opportunity to comment on the request for comment entitled “*Canadian Securities Exchange Public Interest Rule Amendment CSE Policies Notice and Request for Comments (Notice 2021-0005)*” (the “**Request for Comment**”) published by CNSX Markets Inc. (“**CSE**”) on December 9, 2021.

**The Exchanges**

TMX is an integrated, multi-asset class exchange group. TMX’s key subsidiaries operate cash and derivatives markets for multiple asset classes, including equities and fixed income, and provide clearing facilities, data driven solutions and other services to domestic and global financial and energy markets. TSX, TSXV, TSX Alpha Exchange, The Canadian Depository for Securities,

Montreal Exchange, Canadian Derivatives Clearing Corporation, Shorcan Brokers Limited and other TMX Group companies provide listing markets, trading markets, clearing facilities, data products and other services to the global financial community and play a central role in Canadian capital and financial markets. It is with the benefit of our deep capital markets experience, particularly in the areas of focus in the Request for Comment, that we provide our comments below.

## The Proposal

Throughout its history, CSE has operated as a venture exchange offering access to the public market for companies at earlier stages in their development (i.e. “junior” issuers) who may not qualify to list on other exchanges. To date, its listing requirements and experience have been limited to corporate issuers, and CSE currently does not have rules or mechanisms in place to allow for the listing of non-corporate issuers (e.g. investment funds) on its exchange. In addition, and as stated in the Request for Comment, CSE’s issuer oversight regime has been that of a disclosure-based reliance model, rather than that of the review and approval model adopted by other exchanges. TMX understands that CSE is proposing to significantly change the way it has historically been operating and how it will oversee all of its existing listed companies as well as its future listing applicants. More specifically, CSE is proposing to, among other things, introduce:

- (i) a senior tier of issuers, which includes the introduction of listing qualifications, requirements and specific reporting requirements for certain listed issuers that would be treated as non-venture issuers (“**NV Issuers**”) by CSE, despite being considered venture issuers under applicable securities laws;
- (ii) new listing categories for Special Purpose Acquisition Corporations (“**SPACs**”), and for closed end funds and exchange traded funds (collectively, “**Funds**”); and
- (iii) a new review model that includes additional active issuer oversight by CSE, by implementing certain aspects of the review and approval model employed by other exchanges.

TMX is of the view that the above-mentioned proposed amendments are a marked departure in how CSE has historically operated as an exchange and that their implementation is a significant undertaking that warrants a high level of scrutiny. Although we typically refrain from commenting on proposed policy amendments of other exchanges, we are concerned that this proposal could have significant negative consequences that may harm our markets generally if not appropriately considered. In the interest of maintaining the integrity of the Canadian public markets, we have concerns with an existing exchange introducing such sweeping changes to its listings offerings and issuer oversight model without adequately considering resourcing, including sufficient staffing to facilitate a review and approval model, and developing robust internal expertise specifically tailored to these new listings categories. Not having had the benefit of operating as a senior exchange in the past, it will be particularly challenging to have to apply a new framework to a significant pool of existing public companies immediately upon the amendments coming into effect, rather than gradually listing senior issuers.

The creation of a new category of issuers which treats venture issuers as non-venture issuers in certain instances, requires that CSE effectively operate as both a venture exchange and a senior exchange. This will also require CSE to monitor and apply certain securities law requirements

applicable to non-venture issuers (e.g. financial statement filing deadlines and CEO/CFO certification requirements), and to apply these new standards not only to potential future applicants but also to a group of existing listed venture issuers. TSX, for example, has operated as a senior market for decades and therefore, understands the knowledge, resources, and experience necessary to effectively operate as a senior exchange, and to effectively apply and enforce its rules on senior issuers.

In order to ensure public confidence in the Canadian market, listing new products on an exchange (such as Funds and SPACs, as proposed by CSE) requires that an exchange have the appropriate understanding and expertise of the listing products being offered. Historically, CSE has focused on corporate listings of junior issuers only. TSX and TSXV have introduced many new listing products (for example, exchange traded funds, SPACs, and Capital Pool Companies) over the years in close consultation with regulators and market stakeholders, and have refined those products over time in the face of expanding use and novel structures. With respect to listing investment funds, for example, TSX has dedicated and qualified analysts and staff who are focused solely on investment fund listings, and who have an in-depth understanding of the complex nature of these funds.

CSE regulation, as stated in the Request for Comment, has historically been based primarily on public disclosure by the listed issuers (i.e. the reliance model), with limited oversight by CSE on issuer compliance with the exchange's rules. While we agree that a review and approval model is more appropriate than a reliance model, in order shift to such a model, CSE would need to ensure that it has the resources and processes in place to adequately implement this new review framework immediately when it becomes effective. TSX and TSXV, for example, have long standing experience utilizing the review and approval model and, therefore, have well established knowledge and expertise with this type of issuer oversight. Each of TSX and TSXV has dedicated teams of highly experienced professionals (including lawyers, accountants and geologists) who work through complex issuer proposals on a daily basis, and a dedicated team of compliance experts whose sole focus is to actively and continuously monitor issuer compliance with each exchange's requirements, to ensure that our listed issuers conduct themselves in a manner consistent with the public interest.

The proposed amendments represent a significant shift in the way that CSE will operate, and in its approach to issuer oversight. Given the proposed expansion of CSE's activities to encompass overseeing non-venture issuers, SPACs and Funds, and in utilizing a review and approval model for its issuers, we are of the view that each such proposal requires careful analysis, a heightened level of scrutiny and appropriate consideration as to the resources, expertise, and processes in place. Failure to do so could have profoundly negative consequences for the Canadian capital markets.

We appreciate the opportunity to respond to the Request for Comment. We would be pleased to discuss in more detail at your convenience.

Sincerely,

*"Loui Anastasopoulos"*

Loui Anastasopoulos  
President, Capital Formation and Enterprise Marketing Officer  
TMX Group Limited