

B.11

CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Canadian Securities Exchange – Significant Change Subject to Public Comment – Proposed Amendments to CSE Listing Policies – Notice of Approval

CANADIAN SECURITIES EXCHANGE

SIGNIFICANT CHANGE SUBJECT TO PUBLIC COMMENT

PROPOSED AMENDMENTS TO CSE LISTING POLICIES

NOTICE OF APPROVAL

In accordance with the process for the Review and Approval of Rules and Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendices to its recognition orders (the Protocol). CNSX Markets Inc. (CSE) has proposed, and the Ontario Securities Commission and British Columbia Commission have approved significant changes (the “Amendments”) to CSE Listing Policies (Policies) to introduce resale restrictions on listed securities issued by Listed Issuers.

Summary of the Amendments

On February 20, 2025, CSE published Notice 2025-002 – Proposed Amendments to CSE Listing Policies – Notice and Request for Comments. With the implementation of these Amendments, CSE will introduce resale restrictions (or “Holds”) on all prospectus-exempt issuances of listed securities, excluding issuances by NV Issuers, which is consistent with the treatment of “non-venture” issuers on other exchanges in Canada.

The Amendments make the CSE’s existing practice of using discretion to impose terms and conditions relating to resale restrictions on the issuance of shares more transparent. The Amendments also provide a framework through which Holds will be applied to listed issuers, other than NV Issuers. Additionally, the Amendments will prohibit the issuance of immediately tradable shares issued at a discount to market, or shares issued as consideration for assets without comprehensive disclosure of the value of those assets.

Comments

The comment period ended on March 21, 2025. CSE received four comment letters. A summary of the comments received, together with the CSE’s responses, is attached as [Appendix A](#). CSE thanks each of the commenters for their support and thanks industry participants for their input in this proposal.

Description of Non-Material Change Resulting from the Comments

In addressing one of the comment letters, the Exchange will retain an explicit provision in policy 6.1(4)(a) to approve the issuance of shares without an Exchange Hold or Extended Hold.

CSE Policy 6.1(4)(a):

“In addition to any resale restrictions imposed pursuant to applicable securities laws, where listed securities are issued by an issuer other than an NV Issuer pursuant to a prospectus exemption, the listed securities are subject to an Exchange Hold commencing on the date of issuance of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.”

The CSE has decided to retain this approval requirement for instances where issuing shares without a hold would be appropriate, subject to written approval from the Exchange. This amendment is a non-material change because it has been an existing requirement in CSE Policy 6.1(4)(a).

The blacklined text of the referred policy reflecting this change is included in [Appendix B](#).

Current CSE Policies are available at: [Policies](#) | CSE - Canadian Securities Exchange (thecse.com)

Effective Date

The Amendments will take effect immediately.

Questions

Questions about this notice may be directed to:

Chioma Nwachukwu, Legal Counsel
(legal@thecse.com)

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

Lists of Commenters:

- S. Mark Francis
- McMillan LLP
- Ben W. S. Gelfand
- Stikeman Elliott LLP

	<i>Summarized Comments Received</i>	<i>CSE's Response</i>
1.	One commenter was of the view that resale restrictions properly deal with a point of abuse, especially in the case of asset, technology, or property acquisitions. Therefore, requiring proper disclosure as the price for shares being freely trading, within the context of an exchange having regulatory flexibility, would help with this area of past abuse.	CSE thanks the commenter for their feedback.
2.	Two commenters were generally unsupportive of the Amendments on the premise that the resale restrictions would make it difficult for listed companies to fund or complete M&A transactions and create more regulatory burdens.	CSE believes that the application of proposed resale restrictions will not have a detrimental impact on M&A activity. Instead, it will contribute to increased investor confidence and market integrity.
3.	<p>One commenter was of the view that the amendments would impact the ability of Listed Issuers to distribute free-trading listed securities in connection with foreign distributions which are often conducted under BC Instrument 72-503 – Distributions Outside of British Columbia, or under a similar rule contained in Ontario Securities Commission Rule 72-503 – Distributions Outside Canada.</p> <p>The commenter's suggestion is to include a definition for "disclosure document" that includes foreign documents to confirm that the Exchange Hold will not inadvertently impose resale restrictions on public distributions in a foreign country, and (b) expressly permits Exchange Hold Periods to expire in connection with filing a foreign prospectus or a registration statement in transactions such as PIPEs.</p>	<p>CSE understands this concern and anticipates that in the circumstances of Foreign Distributions, the imposition of a condition that the Issuer prepares and posts a document acceptable to the Exchange in proposed 6.1(4)(b)(ii) would address this.</p> <p>In addition, CSE will include an explicit provision for Exchange approval to issue shares without a hold in 6.1(4)(a) as follows:</p> <p><i>"In addition to any resale restrictions imposed pursuant to applicable securities laws, where listed securities are issued by an issuer other than an NV Issuer pursuant to a prospectus exemption, the listed securities are subject to an Exchange Hold commencing on the date of issuance of the securities <u>unless written approval to issue the securities without the hold period is obtained from the Exchange.</u>"</i></p>
4.	<p>One commenter identified an example where filing of the disclosure document occurs in advance of the "greater than four-month" Extended Hold period. They propose that it would be appropriate for any hold period to end after the market has had sufficient time to consider the contents of the disclosure document. Such an example is the completion of a transaction that requires a Form 51-102F4 Business Acquisition Report ("BAR") to be filed.</p> <p>The commenter was of the view that guidance (either as part of the proposed amendments or as a separate interpretative document) is necessary to describe the circumstances that would trigger the Extended Hold.</p>	CSE believes that the disclosure requirement for different transactions is fact specific, such that there is no exhaustive list that can cover all potential circumstances. The discretion applied by the Exchange in imposing resale restrictions is provided for in its policies.

	<i>Summarized Comments Received</i>	<i>CSE's Response</i>
5.	One commenter was of the view that the Extended Hold Period be directly tied to the filing of a disclosure document, or otherwise be for a length determined by the CSE, as opposed to definitionally needing to be greater than four months, to allow for the CSE to exercise discretion and flexibility in determining the appropriate length of a hold in circumstances where four months may be unnecessary.	The four-month hold applies if the disclosure is not available at the time of closing. The policy does not explicitly provide for early termination of the Hold if disclosure becomes available afterwards.
6.	One commenter was of the view that the disclosure concerns raised by the CSE are adequately addressed in NI 45-102, National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102"), CSE Policy 5 Timely Disclosure, Trading Halts and Posting Requirements and CSE Policy 8 Fundamental Changes and Changes of Business.	The Extended Hold is intended to align trading restrictions with the timelines for disclosure, in part with the requirements in NI51-102 for example, in a Business Acquisition report or audited financial statements.
7.	One commenter noted that it would be detrimental to CSE-listed issuers and their shareholders to apply CSE hold periods as most transactions undertaken would apply to sections 2.11 or 2.16 of National Instrument 45-106 Prospectus Exemptions, where there is reliance on the public company's existing disclosure record and, if applicable, the business acquisition report requirements under Part 8 of NI 51-102.	<p>For clarity, CSE reinforces that the holds will not apply under a take-over bid, rights offering, or amalgamation or statutory procedure when the transaction is accompanied by disclosure. Where disclosure is available at or before closing (for example, in an information circular or listing statement), no hold would be applied.</p> <p>The policy objective is to ensure adequate disclosure about the target assets, that objective would not generally be met by a Listed Issuer's continuous disclosure record.</p>

APPENDIX B

BLACK-LINED VERSION OF CSE LISTING POLICIES

Policy 1 Interpretation and General Provisions

[...]

1.3 Definitions

[...]

(2) In all Policies, unless the subject matter or context otherwise requires:

[...]

Exchange Hold means a resale restriction imposed by the Exchange for a period of four months. The Exchange Hold may run concurrently with, and does not replace, any resale restrictions required by applicable securities laws.

[...]

Extended Hold means a resale restriction imposed by the Exchange for a period greater than four months

[...]

Hold(s) refers to an Exchange Hold or an Extended Hold.

[...]

Information Circular has the meaning ascribed to it in National Instrument 51-102 Continuous Disclosure Obligations.

[...]

Take-Over Bid Circular means Form 62-104F1, prepared and filed pursuant to National Instrument 62-104 Take-Over Bids and Issuer Bids.

[...]

Policy 6 Distributions and Corporate Finance

6.1 General

[...]

(4) Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) for exempt distributions including rights offerings and National Instrument 45-102 *Resale of Securities* (45-102) for restrictions on resale of securities.

(a) In addition to any ~~applicable~~ resale restrictions imposed pursuant to applicable ~~under~~ securities laws, where listed securities are issued by an issuer other than an NV Issuer pursuant to a ~~under the~~ prospectus exemption, the listed securities are subject to an Exchange Hold commencing on the date of issuance of the securities ~~in section 2.24 of NI 45-106 (Employee, executive officer, director and consultant) must be subject to a hold period of 4 months commencing on the date of distribution of the securities~~ unless written approval to issue the securities without the hold period is obtained from the Exchange.

(b) Paragraph (a) does not apply if:

i) the listed securities are issued:

(1) as consideration for an acquisition or in connection with a business combination, only if prospectus level disclosure about the assets or target company is available in the form of an Information Circular, Listing Statement, or Take-Over Bid Circular;

(2) in a financing or debt settlement, only if the price of the securities is equal to or greater than the closing price or alternative price established in accordance with 6.2(2); or

- (3) [pursuant to a prospectus exemption applicable to circumstances other than those described in \(1\) and \(2\) above for which disclosure is made in the form of an offering document or circular as prescribed under securities laws; or](#)
- ii) [the Issuer posts a disclosure document prepared by the Issuer and acceptable to the Exchange](#)

~~In determining whether the hold period will be required, the Exchange will consider such things as~~

(c) [Notwithstanding paragraph \(b\), after considering relevant factors in the particular circumstances of the Listed Issuer, including the relationship between the Listed Issuer and the Person receiving securities, the price per security, number of securities to be issued, the value of the transaction, ~~and any other factors the Exchange considers relevant to the decision.~~ the Exchange may require a Hold on the securities.](#)

(d) [If a transaction is subject to the additional disclosure required by 8.3\(b\) or if the Exchange is of the view that an Extended Hold is appropriate in the circumstances, the listed securities issued are subject to an Extended Hold and may only be freely tradeable after a minimum of 10 days after such disclosure is Posted or any such longer period as may be appropriate.](#)

~~(e)~~ (e) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, [Hold](#), or lack thereof, on the securities to be issued.

6.2 Private Placements

(1) The Exchange defines “private placement” as a prospectus-exempt distribution of securities for cash or in consideration for forgiveness of *bona fide* debt. Private placements are subject to:

[\(a\) the security-holder approval requirements in Policy 4-; and](#)

[\(b\) the application of a Hold pursuant to 6.1\(4\) for listed securities issued in connection with the private placement.](#)

[...]

(7) Forthwith upon closing, the Listed Issuer must submit:

[...]

[\(d\) Written confirmation that a resale restriction including a Hold has been imposed.](#)

6.3 Acquisitions

(1) [...]

(c) Acquisitions are subject to

[\(i\) the security holder approval requirements in Policy 4-;](#)

[\(ii\) additional disclosure as determined by the Exchange in accordance with 8.3, if applicable; and](#)

[\(iii\) the application of a Hold pursuant to 6.1\(4\) for listed securities issued in connection with the acquisition.](#)

[...]

(3) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with:

[...]

[\(d\) Written confirmation that a resale restriction including a Hold has been imposed.](#)

[...]

6.10 [Take-Over](#) Bids and Issuer Bids

(1) Take-~~e~~[O](#)ver Bids

[...]

(ii) Post a copy of the Take-Over Bid ~~e~~[C](#)ircular, unless already filed on SEDAR; and

Policy 8 Fundamental Changes and Changes of Business

[...]

8.3 One of the fundamental requirements for a fair and efficient capital market that fosters confidence and protects investors from unfair, improper or fraudulent practices is high quality, timely and continuous disclosure by Listed Issuers.

(a) Disclosure sufficient to permit trading to occur on the basis of information adequate for investors to make informed investment decisions must be prepared and disseminated by the Listed Issuer ~~and provided in~~ in the form of an Information eCircular, management proxy circular or Listing Statement regarding the Fundamental Change or Change of Business.

(b) The Exchange may require additional disclosure, including financial disclosure, for a transaction that does not otherwise meet the definition of a Fundamental Change.

CLEAN VERSION OF CSE LISTING POLICIES

Policy 1 Interpretation and General Provisions

[...]

1.3 Definitions

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(2) In all Policies, unless the subject matter or context otherwise requires:

[...]

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[...]

Hold(s) refers to an Exchange Hold or an Extended Hold.

[...]

Information Circular has the meaning ascribed to it in National Instrument 51-102 *Continuous Disclosure Obligations*.

[...]

Take-Over Bid Circular means Form 62-104F1, prepared and filed pursuant to National Instrument 62-104 *Take-Over Bids and Issuer Bids*.

[...]

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6.1 General

[...]

(4) Listed Issuers must comply with applicable requirements of securities and corporate law for any distribution of securities. In particular, Listed Issuers should refer to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) for exempt distributions including rights offerings and National Instrument 45-102 *Resale of Securities* (45-102) for restrictions on resale of securities.

(a) In addition to any resale restrictions imposed pursuant to applicable securities laws, where listed securities are issued by an issuer other than an NV Issuer pursuant to a prospectus exemption, the listed securities are subject to an Exchange Hold commencing on the date of issuance of the securities unless written approval to issue the securities without the hold period is obtained from the Exchange.

(b) Paragraph (a) does not apply if:

iii) the listed securities are issued:

- (1) as consideration for an acquisition or in connection with a business combination, only if prospectus level disclosure about the assets or target company is available in the form of an Information Circular, Listing Statement, or Take-Over Bid Circular;
- (2) in a financing or debt settlement, only if the price of the securities is equal to or greater than the closing price or alternative price established in accordance with 6.2(2); or
- (3) pursuant to a prospectus exemption applicable to circumstances other than those described in (1) and (2) above for which disclosure is made in the form of an offering document or circular as prescribed under securities laws; or

iv) the Issuer posts a disclosure document prepared by the Issuer and acceptable to the Exchange.

(c) Notwithstanding paragraph (b), after considering relevant factors in the particular circumstances of the Listed Issuer, including the relationship between the Listed Issuer and the Person receiving securities, the price per security, number of securities to be issued, or the value of the transaction, the Exchange may require a Hold on the securities.

(d) If a transaction is subject to the additional disclosure required by 8.3(b) or if the exchange is of the view that an Extended Hold is appropriate in the circumstances, the listed securities issued are subject to an Extended Hold and may only be freely tradeable after a minimum of 10 days after such disclosure is Posted or any such longer period as may be appropriate.

(e) A news release announcing a financing or issuance of securities must include a description of any resale restrictions, Hold, or lack thereof, on the securities to be issued.

[...]

6.2 Private Placements

(1) The Exchange defines "private placement" as a prospectus-exempt distribution of securities for cash or in consideration for forgiveness of *bona fide* debt. Private placements are subject to:

(a) the security-holder approval requirements in Policy 4; and

(b) the application of a Hold pursuant to 6.1(4) for listed securities issued in connection with the private placement.

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(7) Forthwith upon closing, the Listed Issuer must submit:

[...]

(d) Written confirmation that a resale restriction including a Hold has been imposed.

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(1) [...]

(c) Acquisitions are subject to:

(i) the security holder approval requirements in Policy 4;

(ii) additional disclosure as determined by the Exchange in accordance with 8.3, if applicable; and

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(3) In addition, forthwith upon closing, the Listed Issuer must provide the Exchange with:

[...]

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[...]

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(1) Take-Over Bids

[...]

(ii) Post a copy of the Take-Over Bid Circular, unless already filed on SEDAR; and

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- (b) The Exchange may require additional disclosure, including financial disclosure, for a transaction that does not otherwise meet the definition of a Fundamental Change.