

B.11.2 Marketplaces

B.11.2.1 Canadian Securities Exchange – Public Interest Rule Amendments – Proposed Amendments to CSE Listing Policies – Notice and Request for Comments

CANADIAN SECURITIES EXCHANGE
PUBLIC INTEREST RULE AMENDMENTS
PROPOSED AMENDMENTS TO CSE LISTING POLICIES
NOTICE AND REQUEST FOR COMMENTS

CNSX Markets Inc., operator of the Canadian Securities Exchange (CSE or Exchange) is filing this Notice 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 the Exchange's recognition orders (the Protocol). CSE is proposing to amend CSE Listing Policies (Policies) to introduce an approval requirement for Major Acquisitions and broaden the application of its definition in the Policies (Proposed Amendments). These Proposed Amendments are Public Interest Rule Amendments under the Protocol and subject to public comment.

A. Description of the Proposed Amendments

CSE is proposing that its Policies be amended to introduce a specific approval process for a re-defined 'Major Acquisition' that is separate and apart from the process applicable to a Fundamental Change. Specifically, proposed CSE Policy 6.3(1)(a) would require a Listed Issuer intending to complete a Major Acquisition, based on the proposed re-definition, to obtain approval from the Exchange before completion of the transaction. The explicit approval requirement will impose a review process on Major Acquisitions that are not otherwise Fundamental Changes and therefore not subject to the review process and disclosure and escrow requirements that are applicable to Fundamental Changes. Proposed CSE Policy 6.3(e) would exclude Major Acquisitions from the existing deemed approval process.

The Proposed Amendments broaden the scope of the definition of "Major Acquisition". "Major Acquisition" is currently defined in CSE Policy 1 – Interpretation and General Provisions specifically in the context of a Fundamental Change, through the explicit reference to Policy 8 - Fundamental Changes and Changes of Business (Policy 8). The Proposed Amendments do not alter the core definition of a Major Acquisition but rather broaden its application beyond CSE Policy 8.

There are other drafting amendments to 6.3(1)(b) to accommodate the new requirement in 6.3(1)(a). The amendment to CSE Policy 6.3(1) (d) is grammatical correction.

The review of a Major Acquisition transaction may be subject to a fee, to be introduced by way of a separate filing.

The blacklined text of the policies included in Appendix A and the amended clean text is attached as Appendix B. Current CSE Policies are available at: [Policies](#) | CSE - Canadian Securities Exchange (thecse.com)

B. Expected Effective Date

The Proposed Amendments will be effective following regulatory approval.

C. Rationale for the Proposal and Supporting Analysis

Currently, only an acquisition that is a Fundamental Change requires both Exchange and shareholder approval. For any other acquisition, shareholder approval would only be required for the issuance of shares if the consideration shares for the acquisition were to exceed specific ownership or dilution thresholds¹. No other acquisition is explicitly subject to Exchange approval. A Fundamental Change is determined by two tests; the transaction must be a Major Acquisition accompanied by a Change of Control, with each of those terms defined explicitly and solely for that determination. A Fundamental Change requires disclosure consistent with prospectus requirements and is subject to the Exchange review and approval requirements of a new listing.

CSE has identified potential gaps in the disclosure requirements for acquisitions that are material to an issuer, meeting the defined criteria for a Major Acquisition, but do not meet the Change of Control test for a Fundamental Change or the ownership/dilution tests for shareholder approval. The Proposed Amendments would introduce a separate and distinct approval process for Major Acquisitions.

CSE is committed to upholding investor confidence and market integrity by ensuring that investors have access to relevant disclosure about Listed Issuers and the value of acquired assets. The proposed Exchange approval requirement seeks to address risks and public interest concerns associated with the materiality of transactions that meet the definition of a Major Acquisition.

¹ If the consideration shares are 50% of the outstanding shares and there is a new control position, or if the consideration shares represent more than 100% of the outstanding shares.

In our view, this approach is consistent with the public interest and fosters fair and efficient markets.

D. Expected Impact

The Proposed Amendments are expected to impact Listed Issuers contemplating a Major Acquisition and require approval by the Exchange before a Listed Issuer can proceed with a Major Acquisition. The effective result of the approval requirement will limit the issuance of shares as consideration for assets without comprehensive disclosure of the value of those underlying assets and could result in additional changes to the structure of, or the conditions on, the transaction. It would also require the Listed Issuer to liaise directly with the Exchange through the review process which may result in a longer period between the announcement and closing.

E. Compliance with Ontario and British Columbia Securities Law

The Proposed Amendments are consistent with Ontario and British Columbia securities law.

F. Technology Changes

No related technology changes are required.

G. Alternatives Considered

The alternative is to maintain the status quo whereby Listed Issuers could proceed with closing an acquisition, including a Major Acquisition, if within 5 (five) days there is no objection to the announcement and notice as required in CSE Policy 6.3(1)(d). An explicit approval process ensures that the appropriate disclosure is available to investors and provides clarity and transparency about the review process by the Exchange. The Exchange currently reviews all acquisitions, which, for larger acquisitions is often similar to an approval process. The proposed re-definition of 'Major Acquisition' will set a transparent threshold for Listed Issuers, on what CSE would consider to be material and require its approval.

H. Other Markets or Jurisdictions

TSX Venture Exchange (TSXV) has similar provisions in its policies, where transactions of this nature go through an approval process, with an exception for expedited transactions that are not subject to advance approval requirements. CSE requirements were intended to be comparable to the expedited process on the TSX V, with amendments in April 2023 to add a 5-day advance disclosure requirement. The Proposed Amendments will require Major Acquisitions to go through an approval process, comparable to the TSX V requirements that reviewable transactions are subject to Issuers obtaining prior TSXV acceptance.

Comments

Please submit comments on the proposed amendments no later than August 16, 2025 to:

Chioma Nwachukwu

Legal Counsel
CNSX Markets Inc.
100 King Street West, Suite 7210
Toronto, ON, M5X 1E1
Email: GeneralCounsel@thecse.com

Trading and Markets Division

Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, ON, M5H 3S8
Email: TradingandMarkets@osc.gov.on.ca

Georgina Steffens

Senior Oversight Analyst, Market and SRO Oversight
Capital Markets Regulation
British Columbia Securities Commission
1200-701 West Georgia Street
Vancouver, BC V7Y 1L2
Email: GSteffens@bcsc.bc.ca

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:

[...]

“**Major Acquisition**” means, ~~with respect to Policy 8,~~ an asset purchase (whether for cash or securities), take-over (either a formal or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12-month period at least 50% of the Listed Issuer’s

- (a) assets or resources are expected to be comprised of,
- (b) anticipated revenues are expected to be derived from, or
- (c) expenditures and management time and effort will be devoted to the assets, properties businesses or other interests that are the subject of the Major Acquisition.

Policy 6 Distributions and Corporate Finance

[...]

6.3 Acquisitions

- 1) Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately Post notice of the proposed acquisition (Notice of Proposed Issuance of Listed Securities). Management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request. [In addition, the following requirements apply:](#)

~~Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.~~

- (a) [Major Acquisitions must be approved by the Exchange prior to completion.](#) ~~Shares must be issued at a price that does not exceed the Maximum Permitted Discount under section 6.2(1).~~
- (b) ~~Where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply~~ [With respect to any acquisition,](#)
 - (i) ~~S~~ shares must be issued at a price that does not exceed the Maximum Permitted Discount under section 6.2(1); and
 - (ii) ~~W~~ where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply.

[...]

- (d) A Listed Issuer must, at least 5 Business Days prior to closing,
 - (i) announce the intention to complete the acquisition, [and](#)
 - (ii) provide notice to the Exchange and Post a Notice of Proposed Issuance of Listed Securities.
- (e) [Other than for Major Acquisitions,](#) if the Exchange has not objected to ~~the~~ [an](#) acquisition within the five business day period [set out in 6.3\(1\)\(d\)](#), the Listed Issuer may proceed to close the acquisition.

[Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.](#)

CLEAN 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:

[...]

“Major Acquisition” means an asset purchase (whether for cash or securities), take-over (either a formal or exempt bid), amalgamation, arrangement or other form of merger, the result of which is that for the next 12-month period at least 50% of the Listed Issuer’s

- (a) assets or resources are expected to be comprised of,
- (b) anticipated revenues are expected to be derived from, or
- (c) expenditures and management time and effort will be devoted to the assets, properties businesses or other interests that are the subject of the Major Acquisition.

Policy 6 Distributions and Corporate Finance

[...]

6.3 Acquisitions

1) Where a Listed Issuer proposes to issue securities as full or partial consideration for assets (including securities), the Listed Issuer must immediately Post notice of the proposed acquisition (Notice of Proposed Issuance of Listed Securities). Management of the Listed Issuer is responsible for ensuring that the consideration paid for the asset is reasonable and must retain adequate evidence of value received for consideration paid such as confirmation of out-of-pocket costs or replacement costs, fairness opinions, geological reports, financial statements or valuations. The evidence of value must be made available to the Exchange upon request. In addition, the following requirements apply:

- (a) Major Acquisitions must be approved by the Exchange prior to completion.
- (b) With respect to any acquisition,
 - (i) shares must be issued at a price that does not exceed the Maximum Permitted Discount under section 6.2(1); and
 - (ii) where a Listed Issuer is relying on confidential price protection, the requirements of section 6.2(4) apply.

[...]

- (d) A Listed Issuer must, at least 5 Business Days prior to closing,
 - (i) announce the intention to complete the acquisition; and
 - (ii) provide notice to the Exchange and Post a Notice of Proposed Issuance of Listed Securities.
- (e) Other than for Major Acquisitions, if the Exchange has not objected to an acquisition within the five business day period set out in 6.3(1)(d), the Listed Issuer may proceed to close the acquisition.

Notwithstanding compliance with the specific requirements set out in this section 6.3, the Exchange may object to a transaction or impose additional requirements pursuant to Policy 1 s. 1.2.