CANADIAN SECURITIES EXCHANGE
The Exchange For Entrepreneurs

# Appendix A - Summary of Comments

List of Commenters

| Commenter |
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| Langlois – Archambeault |
| S. Mark Francis |
| Rick Skeith |
| Chuck Higgins |
| TMX Group |
| Foundation Markets |
| Clark Wilson LLP |
| Corporate Counsel |
| Boughton Law Corp. |
| Cassels |
| Peterson McVicar |
| O'Neill Law Group |
| RIMÔN Law |
| Frank Smeenk |
| Simon Romano |
| DuMoulin Black LLP |

| No. | Subject/Reference | Summarized Comments | CSE Response |
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| 1 | General Comments | Seven of the commenters provided general feedback on the Amendments. While all were supportive of the general approach, there was concern about any measures that would restrict access to capital or increase the costs of running a public company, including exchange review or shareholder approvals not already required under securities law or corporate law | |
| 1(a) | | One of the commentors strongly cautioned about the changes, noting that CSE does not have the rules or mechanisms in place to allow for the listing of non-corporate issuers. | We have proposed the addition of such rules and mechanisms. |
| 1(b) | | CSE is proposing to significantly change the way it has historically been operating and how it will oversee its listed companies, a significant undertaking that warrants a high level of scrutiny. | We are proposing additional requirements for CSE listed companies. The proposed policies are subject to public comment, and review and approval by the OSC and BCSC. |
| 1(c) | | A commenter expressed concern that the proposal could have significant negative consequences that could cause harm 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." | Further to the response above addressing the oversight and scrutiny, CSE has been exercising discretion to apply the policy objectives or proposed requirements to existing listed companies as appropriate. We have considered the potential impact of the new listing types and are confident that we will have sufficient capabilities. |

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| 1(d) | | A commenter expressed concern about the challenge of applying a new framework to a pool of existing issuers, as opposed to gradually listing senior issuers. | Existing listed companies will have to be designated as NV issuers for the new requirements to apply, which provides for a manageable transition. |
| 1(e) | | 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. | The effect is simply different requirements for different tiers, similar to the TSX and TSX Venture Exchange. |
| 1(f) | | 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. | CSE will be applying its own requirements, applicable to Listed Issuer and NV Issuers as defined in CSE Policy. |
| 1(g) | | 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. | We agree, but not with the implication of exclusivity.<br><br>Issues around SPACS and Funds, for example, are well understood at this point and not unique to the TSX. We are not proposing a program similar to the TSX Venture Exchange CPC program. Considerable expertise in respect of these products existsoutside of the TMX Group. |
| 2 | <u>Shareholder Distribution</u><br><br>Questions 1 & 2 in the Notice. | Seven commenters provided responses to one or more of the topics in Questions 1 & 2<br><br>One commenter observed that a 10% float allows more access to capital and that some companies with only a 10% | No change is proposed to the number of public shareholders.<br><br>The number of shares and percentage for public float requirements have been amended to 1,000,000 and 20% from 500,000 and 10%. The related Substantial Float thresholds have |

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| | | float still have adequate liquidity and distribution despite that low percentage.<br><br>All commenters stated directly or indirectly that the minimum number of holders (150) was adequate, or that there should be no fixed minimum. The Exchange should exercise discretion in determining the "quality" of the distribution.<br><br>One suggested it could be significantly lower if more were invested per shareholder. Another observed that it seemed appropriate that the NV requirements align with the TSX requirements.<br><br>Two commented on distributions as gifts or dividends and suggested additional discretion or specific restrictions be considered.<br><br>It was noted the NEO recently proposed a reduction in the number of holders required. | been amended to $2,000,000 in Capital raised and 2,000,000 shares from $1,000,000 and 1,000,000. The 20% public float threshold has been deleted from the Substantial Float criteria.<br><br>The Exchange will continue to exercise discretion in evaluating distribution, with a particular emphasis on the issues identified in the Notice.<br><br>Notwithstanding the NEO proposal, there is no change to the proposed requirement for NV Issuers. |
| 3 | Mineral Exploration Companies<br><br>Questions 3 & 4 in the Notice | Ten commenters provided responses to the topics raised. | |
| 4 | Time Period for pre-listing Qualifying Expenditures | Three commenters stated that 36 months is appropriate, one emphasizing that the Exchange should also exercise discretion, and one commenter suggested a longer period of up to 10 years, also suggesting a higher threshold for expenditures may be appropriate over the longer period. | No change is proposed to the 36-month timeline, however the requirement has been amended to apply to the issuer (or predecessor *company)* |
| 5 | Minimum Qualifying Expenditures | One commenter confirmed the current threshold is reasonable and should not be amended, two others suggested minimum qualifying expenditures should not be required and other factors should instead be considered, | The Exchange will continue to exercise discretion, with an increased scrutiny of the history of the property as a "listing property" and consideration of the combination of |

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| | | including a larger work program instead of previous expenditures.<br><br>One commenter suggested an increase would be appropriate, 5 suggested that an increase is unnecessary and would not likely achieve the objective of deterring "shell" listings.<br><br>One commenter suggested a higher threshold for expenditures over 18 months be necessary prior to a change of business. | previous expenditures and proposed work programs.<br><br>We acknowledge that simply raising the thresholds may not achieve the regulatory objective. We also note that the thresholds, which have not been amended since introduction, are not necessarily reflective of the objectives for which they were introduced. We have increased the qualifying expenditures requirement to $150,000.<br><br>Companies may qualify with $75,000, subject to additional restrictive escrow requirements. |
| 6 | Work Programs | Consistent with the comments on Qualifying expenditures, three commenters believe the current requirement is sufficient, one suggested it may be too low given current costs. | See response on Qualifying Expenditures, above. We have increased the required work program budget to $250,000.<br><br>Companies may qualify with $100,000, subject to additional restrictive escrow requirements. |
| 7 | | With respect to discouraging the listing of shells, three commenters opined specifically that raising the thresholds would not discourage the practice, one noting that it would just lead to an increase in the price of such a shell. | We agree. We have introduced additional restrictive escrow requirements for issuers meeting only the current thresholds. |
| 8 | Additional Controls or Restrictions | Eight commenters addressed this specific issue. Two agreed that an exploration issuer should remain in the exploration business for some period of time (restriction on change of business), one specifically stating that the first phase program should be completed unless a partially completed program clearly demonstrated that further exploration was not warranted. | We note that restrictions on changes of business or fundamental changes after listing can be effective, but such measures can be avoided with a voluntary delisting.<br><br>The "shell" could still be successfully used, just moved to a different exchange. |
| 9 | | One commenter suggested that the proposed Amendments, specifically the emphasis on business objectives and the | We agree. |

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| | | pre-listing review will provide a greater opportunity for review, reducing the need for additional prescriptive requirements. | |
| 10 | | One commenter suggested a greater emphasis on management experience. | We agree, and we have emphasized that in 2A.1(1). |
| 11 | | One commenter suggested the most effective way to deter shells is to increase the cost and effort of such a proposition. | We agree it is part of the solution, and the restrictive escrow proposed is intended to further reduce the incentive to create such shells |
| 12 | | Another commenter also suggested minimum expenditures prior to change of business, but not over a specific period. | In practice, this is achieved by requiring completion of the first phase of an exploration program (minimum $100k increased to $250k). |
| 13 | Operating History<br><br>Question 5 in the Notice | Seven commenters responded to the question related to minimum history or operations prior to listing. All were consistent in their comments that there should be no specified minimum.<br><br>One commenter suggested a focus on capital structure is a more important consideration for investor protection.<br><br>Three specifically referred to restrictions on changes of business for a period of time after listing.<br><br>One suggested a process similar to the TSX V interpretative guidance on History of Operations and Validation of Business, and suggested undertakings for the completion of specific milestones (as proposed by the issuer). | In the interest of fostering transparency for investors, we will continue the current practice of requiring a stated commitment to remain in the mineral exploration business in public disclosure, rather than requiring separate undertakings.<br><br>We will consider at a later date whether such guidance may be necessary. |
| 14 | Exchange and Shareholder Approvals<br><br>Questions 6 – 9 in the Notice | Exchange Approval of All Issuances: Nine commenters responded.<br><br>Seven explicitly stated that Exchange review or approval is not necessary in all cases, and one clarified that other than ensuring price compliance and determining if additional | Thank you for the comments. |

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| | | approval or disclosure requirements have been triggered, no further aspects of a financing should require review or approval.<br><br>Two noted the proposed disclosure requirement for advance notice would provide the Exchange with opportunity to identify and review transactions as necessary, one further suggesting that the Exchange could waive the 5-day requirement if satisfied there were no concerns.<br><br>One commenter suggested that if reviews were to be implemented, a starting point may be specific transactions, such as debt settlements. Similarly, another suggested that issuances issued in connection with an acquisition are more susceptible to abuse than those in a financing and should be more closely monitored, and suggested the Exchange consider specific circumstances or transactions which may require advance notice.<br><br>One commenter that was generally supportive of reviews set out the expectation that the review would essentially be to confirm the acceptability of terms of convertible, exercisable or exchangeable securities. | |
| 15(a) | | With respect to shareholder approvals (for non-NV issuers), six commenters responded.<br><br>One commenter suggested that certain provisions be clarified such that otherwise non-compliant issuances could be completed with shareholder approval, specifically with respect to minimum price for share issuances and acquisitions. | Such pricing would still require an exemption, which allows the Exchange to establish conditions such as shareholder approval. There is no certainty that all non-compliant issues may be resolved with shareholder approval. |
| 15(b) | | One commented that the proposed thresholds were appropriate and correspond to existing requirements. | |

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| | | One opined that any shareholder approval for public offerings is inappropriate, noting the time frames and lack of TSX or NEO equivalent.<br><br>One suggested shareholder approval only be required for NV issuers, citing timing and cost concerns for smaller issuers.<br><br>One opined that for venture issuers, dilution is common. Provided the shares are issued at permissible prices and subject to existing requirements in securities law for the protection of minority shareholders, the issuances should be left to the board and shareholder approval where required by corporate law. The commenter did not support any additional shareholder approval requirements for issuer that are not NV Issuers, including for dispositions. The same commenter suggested the proposed requirements are overly onerous for NV Issuers, and there exists no sufficient investor or market protection rationale for the Exchange to implement more shareholder approval requirements on NV Issuers than non-NV Issuers. | NEO policies explicitly include "by way of prospectus or by private placement", and the TSX Venture has some restrictions. CSE would consider exemptive relief as appropriate.<br><br>The proposed thresholds allow for significant issuances without approval. We will continue to review the requirement following implementation. |
| 16 | | Regarding Exchange approval for acquisitions and dispositions, five commenters responded. One suggested an approach in line with TSX or NEO for dispositions, requiring approval based on the well-established concept of a "sale of all or substantially all" and another referred to that existing requirement in Canadian corporate law<br><br>Another also suggested it should be "left to applicable corporate law."<br><br>Three commenters said the current requirements relating to fundamental changes and changes of business are sufficient, | With respect to shareholder approval of dispositions, we have amended the proposed requirement of "more than 50%" of the assets, business or undertaking to "…all or substantially all…", noting that the requirement would be consistent with the examples provided, and would apply to Issuers incorporated in jurisdictions that did not include such a requirement to ensure consistent approach for all CSE listed issuers.<br><br>For a change of business, the requirements in Policy 8 only apply when a new business is |

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| | | One suggested that approval should not be required when a transaction is consistent with an existing business plan. | proposed, not when the existing business is sold or abandoned. |
| 17 | Approval of Control Position | Four comments were received on the subject of shareholder approval of a new control position. Three were opposed, one suggesting it only be considered for NV issuers if at all. The fourth was non-committal. | We have proposed specific requirements for financings and acquisitions and confirmed that the Exchange will generally require shareholder approval for transactions that materially affect control. We do not propose to amend those requirements and will consider exemptive relief if requested. |
| 18 | Circumstances for Approval | With respect to types of offerings that should be subject to shareholder approval, four commenters suggested approval requirements should vary:<br>One suggested approval should not be required for an issuer in financial distress,<br>Two suggested that it should not be required, or the threshold should be higher, for a prospectus offering.<br>One commenter did not take a specific position. | An issuer in financial distress may have reasonable grounds for exemptive relief. Also note that 4.6(2)(b) provides that relief in such circumstances, subject to additional conditions being met.<br>Please see response to comment 15(b). |
| 19 | NV Approval Thresholds | For the thresholds specific to NV Issuers, four commenters offered feedback.<br>One suggested, given their comments that the Exchange exercise discretion in designating NV issuers, that the thresholds would be appropriate if the *issuer has elected to be an NV issuer.* | It is our intention to designate NV issuers at the discretion of the Exchange. We will consider the views of the issuers in exercising that discretion. |

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| 20 | Approval vs. Notice | One commented that Exchange approval should not be required if the 5-day notice period is adopted. | This is consistent with the proposed amendments. |
| 21 | Related Party Transactions Test | Another commented that the tests for related party interest seem too low and require clarification, especially with respect to exchangeable share structures. Another shared that view, suggesting that review of consideration/valuation could be useful in some transactions, but that there should be a reasonably high threshold to trigger the requirement. | The test in 4.6(2)(a)(iii) for NV issuers is identical to the NEO requirement. We do not propose any further changes at this time. |
| 22 | NV Approval Thresholds | One stated the 25% threshold for shareholder approval is too low, as is the proposed 10% limit on related party participation and emphasized the position that acquisition and dispositions are already subject to corporate law.<br><br>Another comment on the 25% threshold cited it as a reason that TSX V issuers remain on the TSX V, even once qualified for the TSX. The 25% limit imposes unnecessary restrictions. | The Exchange will consider circumstances in which Listed Issuers seek exemptive relief to determine whether further amendments are necessary, or guidance/clarification should be provided. We do not propose any further changes at this time. |
| 23 | Related Party Transactions Review | Three commenters addressed the question about Exchange review or approval of related party transactions.<br><br>Two commented that Multilateral Instrument 61-101 is sufficient and Exchange review is not necessary<br><br>One commenter did not opine but sought clarification that the formal valuation exemption available to issuers not listed on specified markets was not being removed. | This is consistent with the proposed requirements. |
| 24 | Defensive Tactics<br><br>Question 10 in the Notice | On whether Exchange or shareholder approval should be required for an issuance:<br><br>One commenter said Exchange or shareholder approval is appropriate | |

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| 25 | Defensive Tactics | Two specifically stated that Exchange or shareholder approval should not be an explicit requirement.<br><br>Another commenter stated that such an issuance should be governed by corporate and securities laws, and intervention left to the court or securities commissions, but also suggested the Exchange may impose additional disclosure requirements.<br><br>One commenter agreed that the proposed information should be provided to the Exchange, and discretion could be exercised to determine if the Exchange should object to a financing. | This is consistent with current practice for confidential price protection, which has been included in the Amendments. The proposed 5-day notice will serve that purpose where confidential notice has not been given. |
| 26 | Consolidations<br><br>Questions 11 & 12 in the Notice | On the shareholder approval requirement for consolidation ratios greater than 1 for 10, four commenters responded. Three suggested it should be left to corporate law, but if required it should apply to all issuers (i.e., issuers and NV issuers), and one sought clarification that it was holders of the specific security rather than security holders in general.<br><br>One commenter suggested that if requirements were to be introduced, it would be practical to have them be consistent with other Exchanges. | The requirements will address shareholder expectations, and notwithstanding the absence of a specific requirement on TSX and NEO, it will apply to all issuers listed on the CSE, specific to the listed securities. |
| 27 | NV Issuer Requirements<br><br>Question 13 in the Notice | Seven commenters provided feedback on the NV Tier and issuer qualifications.<br><br>Only one opposed the tier, opining that the CSE would operate as a venture exchange and senior exchange and would be required to apply certain securities law requirements applicable to non-venture issuers, and raised concern about applying the standards to existing and future listed companies.<br><br>One commented that the qualifications were adequate but cautioned that the requirements should not copy the rules of other exchanges in all aspects. New requirements should | The intent of the NV designation is to reflect requirements of exchanges listing non-venture issuers.<br><br>While we do not intend to amend the proposed requirements prior to implementation, we will review and consider any future amendments that may be required, specifically with respect to the requirement for shareholder approval of an issuance of 25% of the issued and |

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| | | benefit shareholders. Specifically, CSE should NOT adopt a majority voting requirement that is not required by corporate law. Further, the designation as an NV issuer should be voluntary, which was also the position of two other commenters.<br><br>One specifically identified margin eligibility as the highest and best use of the senior tier concept. | outstanding shares, and the majority voting requirement. Please see previous response on the discretionary application of the NV designation. |
| 28 | Emerging Markets Issuer Requirements<br><br>Question 13 in the Notice | Four commenters responded, each confirming that existing guidance and CSE requirements were sufficient and that no additional prescriptive requirements should be introduced. | No changes are proposed. |
| 29 | Policy 1 – Additional Comments | One commenter sought confirmation that Average Daily Trading Volume would be published, and what activity would be included. | We will consider publication of such data in response to demand. |
| 30 | | One commenter questioned the amended definition of IIROC, given possible SRO changes. | The definition will be updated by way of a housekeeping amendment if and when necessary. |
| 31 | | One commenter suggested deleting Certificates of Compliance, at least for NV issuers<br><br>One commenter suggested the definition of Beneficial Holders could include additional consideration.<br><br>One commenter suggested "Freely Tradable" should exclude US restrictions for issuers listed as foreign private issuers. | We will review the use of Certificates in the context of future amendments.<br><br>The current definitions have not generated any identifiable concerns. We note the comments for consideration in future amendments. |
| 32 | | One commenter noted the definition of Independent Director does not distinguish between ss. 1.4 and 1.5 of NI 52-110, and that the latter is only relevant for audit | We note that NEO uses the same reference to NI52-110 without distinguishing between 1.4 and 1.5. Such distinction may not be necessary |

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| | | committee purposes, not independence under for example NI 58-101. | as 1.4 is “Meaning of Independence” and 1.5 is “Additional Independence Requirements”. A single reference to NI 52-110 incorporates the requirements of both 1.4 and 1.5. |
| 33 | | One commenter noted the use of “filing”, which is not defined | Filing is not a defined term, and with respect to communications with the Exchange, means “delivering”, rather than the defined “Posting” which requires uploading to the (public) CSE website. |
| 34 | | One commenter questioned whether “voting securities” should be defined, and whether Promotional Activity should be defined in full rather than cross-referenced. | Terms not defined within have the meaning ascribed to them in the relevant Act, Regulation, National Instrument, UMIR or CSE Requirements. The cross-reference to the Promotional Activity definition is intended to emphasize the connection to the existing definition. |
| 35 | | One commenter asked if one of the related person tests (f)[g] should be limited to voting control, as the language suggests it extends to debt securities. | Paragraph (g) refers to any outstanding class of securities, which we would apply to mean the equity securities issuable upon conversion of convertible debt securities. |
| 36 | | A commenter suggested “Evergreen plans” should be defined or described in Security Based Compensation Arrangement. | The description is included in 6.5(4). |
| 37 | | A comment noted the definition of “Significant Transaction” should include materiality | Significant transactions require disclosure through Posting of a form. The requirement for a news release is determined by materiality. |
| 38 | Policy 2 – Additional Comments | | |

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| 39 | Pursuit of Milestones and Objectives | A commenter suggested it may be necessary for a company to change its business. | We note that the new sections reflect the current application of discretion, distinguishing between a failed business, and failure to pursue a business. |
| 40 | Listing Eligibility Review | Two commenters were supportive of the review. A third noted that the fee should be indicated. | The fee will be included in the Listing Fee Schedule and is expected to be 50% of the non-refundable deposit, or "Application Fee", which would be applied to that fee. |
| 41 | Legal Opinions | One commenter noted that "non-assessable" does not apply to all securities, such as instalment receipts. | It is consistent with our history and principles to apply the requirements when relevant. If we listed instalment receipts, we would expect the opinion to reflect that. We have added "as applicable" to 6.2(7). |
| 42 | Certificates of Good Standing | One commenter noted that the requirement in 2.6(g) to good standing certificates should be amended, as none of the certificates available under, for example, the OBCA, the CBCA or in connection with Ontario limited partnerships contain the language referred to, and for trusts no governmental certificates of any sort are available. | Item 2.6(g) is outdated and has been deleted. |
| 43 | Escrow | One commenter noted that National Policy 46-201 does not refer to CSE issuers in the definition of "established issuers" and suggested CSE introduce such thresholds to allow for escrow requirements aligned with those of established issuers. | NP 46-201 includes specific references to other exchange requirements, and for an IPO, CSE requirements will not determine the escrow requirement. For an escrow imposed by the CSE, we will continue the current practice of determining the applicability of the NP46-201 requirements with respect to issuers that would otherwise be considered exempt or established issuers. |

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| 44 | Treasury Orders | Three commenters responded to this proposed requirement. One sought clarification that it was for the issuance of listed securities only, one supported the proposed requirement, one suggested the proposal, due to the content of treasury orders, would not be feasible. | Notwithstanding the concerns expressed, the proposed requirement is identical to an existing requirement (TSX Venture Exchange). |
| 45 | Book-Based System | A commenter sought clarity on the distinction between deposit and eligibility, and another noted there could be existing securities still held in registered form. | This is the existing requirement, which refers to shares, but not all shares.<br>The significant issue is confirmation of eligibility, which is also addressed in new requirement 2.19 ISIN Eligibility. |
| 46 | Suitability of Directors and Officers | One commenter thought the restrictions may be too restrictive, and the continuation of the existing restrictions could result in a proliferation of hearings on relatively minor securities enforcement issues.<br>One asked if a parenthetical reference in 2.16 should apply to the entire section, rather than just securities laws. | These are the existing requirements and there is no indication that an amendment is necessary. |
| 47 | Restricted Shares | One commenter opposed restricted share structures except in limited situations such as cross border transactions.<br>Another questioned whether the Exchange should object to such a structure for non-NV issuers when so many current issuers have such structures. | 2A.3(3)(d) states the Exchange will "generally object", which provides for a review and determination by the Exchange that such a structure is appropriate for the issuer, e.g., to retain Foreign Private Issuer status in the U.S. |
| 48 | Special Purpose Acquisition Corporations | One issuer provided several comments on specific SPAC provisions, noting that they were not identical to TSX and NEO rules: | |

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| 49 | | ***a.*** The "Founding Security Holders" definition should not include independent directors, who are sometime compensated with a small number of founder shares rather than cash so as to preserve cash. | The definition is identical to the NEO definition: "insiders and Equity Security holders of the Listed Issuer prior to the completion of the IPO who continue to be insiders or Equity Security holders, as the case may be, immediately after the IPO." |
| 50 | | b. The definition of a "Qualifying Acquisition" should be much more flexible, and incorporate the concept set forth in 2C.4(8). | The definition has been amended to include: "*A Qualifying Acquisition may include a merger or other reorganization or an acquisition of the Listed Issuer by a third party."* |
| 51 | | ***c.*** Appendix 2A.5(4) should explicitly exclude prior SPACs from the "re-qualifying" concept. | The issuer resulting from a Qualifying Acquisition is not requalifying following fundamental change pursuant to Policy 8. |
| 52 | | **d.** The 20% cap in Appendix 2C.1(2)(c) fails to take into account the frequently used additional non-redeemable class B shares which are purchased (together with warrants) at the IPO issue price to provide working capital and pay the initial tranche of the underwriters' commissions. While sometimes warrants alone are used for this purpose, where class B shares are used the overall equity percentage will climb into the 23-24% range. | The proposed language is identical to TSX 1002 and includes a minimum and maximum.<br>The maximum limit is the same as NEO 10.16(3). |
| 53 | | ***e.*** Re Appendix 2C.1(6)(b)(ii), [2C.2?] the expiry date of the warrants is typically 5 years after the Qualifying Acquisition closing, so a date cannot be specified up front. | The requirements in 2C.2(6) Capital Structure are identical to TSX 1008 Capital Structure, including identical subparagraphs (b)(ii). (The date in the IPO prospectus may relate to the date of the closing of the Qualifying |

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| | | | Transaction, which is explicitly provided for in NEO's 10.16(i)(b). |
| 54 | | ***f.*** The TSX does not impose a $5 million limit on SPAC debt financing, just the 10% of escrowed funds limit. | The $5 million limit has been removed to be consistent with NEO and TSX. |
| 55 | | **g.** Re Appendix 2C.1(8), [2C.2] the language seems wrong as it seems to require 100% of the proceeds plus the underwriter's deferred commissions to be escrowed. This is not done in practice, just an amount equal to 100% of the gross proceeds is escrowed. The risk capital from the sponsor group is used to gross up the escrow amount to cover the initial underwriting commissions and deal expenses that are deducted by the underwriters from what they raise. I note that the TSX and NEO allow for the escrowing of only 90% of the gross IPO proceeds. Appendix 2C.3(1) uses this 90% level for rights offerings, which is inconsistent with Appendix 2C.1(8), as is Appendix 2C.3(3). Appendix 2C.5(2) is similarly incorrect. | In 2C.2(8), 100% has been amended to 90% to be consistent with TSX and NEO requirements, and a comma after IPO clarifies that only the deferred commissions are subject to escrow. A corresponding change was made in<br>2C.5(2). |
| 56 | | ***h.*** Appendix 2C.3(3) doesn't allow SPACs to "make Equity Securities issuable" until the Qualifying Acquisition closing. This isn't workable as they frequently plan contingent PIPE financing transactions and agree to issue shares as part of the Qualifying Acquisition itself.<br>Also, the last sentence is duplicative of Appendix 2C.2(15). | Proposed 2C.3 (2) and (3) are the same as TSX 1019 and 1020, and NEO 10.16(23)(a) and (b).<br><br>The last sentence of 2C.3(3) has been deleted. |

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| 57 | | ***i.*** The last sentence of Appendix 2C.3(3) [2C.4(3)] should refer to acquisitions by the SPAC. Often a target itself is completing acquisitions, but they are not made subject to SPAC shareholder approval. | The requirement is for approval of the Qualifying Acquisition. By definition, it does not include the acquisitions by the target. |
| 58 | | ***j.*** The TSX does not require physical delivery of the prospectus but instead allows for electronic delivery (see TSX Rule 1028). | CSE will accept electronic delivery but has no specific provision for receipt of documents through SEDAR, as provided by the referenced TSX Rule. |
| 59 | | ***k.*** Appendix 2C.4(8) should clarify that if the resulting entity would be exempt under NP 46-201's escrow provisions then no escrow would be applied. | The reference in 2C.4(8) is to original listing requirements, which includes escrow pursuant to NP46-201. |
| 60 | Policy 4 – Additional Comments | One commenter suggested the requirement for written position descriptions in 4.2(5) was excessive | This is an existing requirement consistent with NP58-201 Corporate Governance Guidelines. S. 4.2(2) includes discussion about smaller companies and board composition. |
| 61 | Shareholder approval, Sale of Securities | One commenter noted that the test in S. 4.6(2)(a)(iii) is a different test than the TSX uses. | CSE's proposed 4.6(2)(a) includes the same requirements as NEO 10.10(1), and the test in s. 4.6(2)(a)(iii) is identical to NEO 10.10(1)(c). |
| 62 | Policy 5 – Additional Comments | One commenter supported the adoption of Form 5A in place of the Annually Updated 2A<br><br>One commenter recognized the value of the Form 7 Monthly Progress Report but believes an Annually Updated 2A is unnecessary. | The proposed Form 5A will replace the Annually Updated Form 2A. |

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| 63 | Policy 6 – Additional Comments | Two commenters offered several observations about amendments to Policy 6 | |
| 64 | Pricing below $0.05 | 6.2(2)(c)(i) the reference to VWAP "including maximum discount" needs clarification. | The reference to the VWAP has been amended to *"…which for the purposes of shareholder approval in 4.6(2)(a)(ii) will be considered to be the Market Price less the Maximum Permitted Discount…",* so as not to require shareholder approval of the price. |
| 65 | 6.2(4) | One commenter expressed concern about the information requested in advance of a private placement (s. 6.2(4)) | These new requirements reflect current practice. |
| 66 | 6.2(7) Private Placements | Both commenters noted the requirement to Post, rather than provide, Table 1B of Form 9 | This error has been corrected. S. 6.2(6) includes the information to Post. The materials in S. 6.2(7) must be delivered to the Exchange.<br>"(7) Forthwith upon closing, the Listed Issuer must ~~Post the following documents~~ submit…" |
| 67 | 6.3 Acquisitions | One commenter noted, with in **6.3(1)(b) Acquisitions,** an apparent conflict in the requirement to confirm there is no undisclosed Material Information. | The intention is not to require disclosure of the material information, but to determine whether there is additional information to be considered when reserving the price given that the Exchange does not review or approve the share issuance. S. 6.2(4) This has been amended to "…any undisclosed Material Information about the Listed Issuer, other than the transaction or transactions for which price protection has been requested." |

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| 68 | 6.5(5) Security Based Compensation Arrangements | One commenter recommended a provision for other Awards to be listed in the form and removing the listing of some details of existing stock options. | We will amend Form 11 separately to require a summary in the Posted form, and confidential submission of a detailed form, consistent with the requirements for Form 9. |
| 69 | 6.7(1) Issue Price and Exercise Price | Two commenters had concerns with the minimum issue price on warrants, as they are often used for parties not eligible for options, and as sweeteners on acquisitions or loans. | Sweeteners on acquisitions are already permitted, attached to the acquisition shares, and already implicitly permitted on convertible debt.<br><br>The proposed language is less restrictive than the TSX V, and consistent with restrictions on NEO.<br><br>We have amended the proposal to accept an issue price below 5 cents but no lower than the VWAP, similar to the pricing for a private placement in s. 6.2(2)<br><br>"Warrants may not otherwise be issued for nil. For ~~a~~ warrants issued with a purchase price less than $0.05, the issue price:<br><br>(i) must be no lower than the volume-weighted-average-price for the previous 20 Trading Days as determined by the Exchange; and<br><br>(ii) must be paid in cash." |
| 70 | 6.8 Control Block Sales and 6.8(5)(a) Restriction on Private agreement transactions | One commenter questioned the restriction in 6.8(5)(a). | The proposed rules and restrictions are consistent with TSX and NEO.<br><br>Specifically, s. 6.8(5) Restriction on Control Block Sales is identical to TSX Rule 633 and NEO 7.12(3) |

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| 71 | | One commenter questioned, with respect to 6.8 Control Block Distributions, how a listed issuer would be responsible for monitoring sales by a control block holder. | As an insider of the issuer, the control block holder has an obligation to abide by the Policy. A Dealer is likewise bound to follow the Requirements, whether set out in the Trading Rules, the Policies, or securities law. |
| 72 | Form 9 – Additional Information | One commenter suggested incorporating the letters regarding receipt of proceeds on a private placement or assets in an acquisition directly into the Form 9. | We will consider this in future amendments to the Form 9. |
| 73 | 45 Day limit for closing | One commenter noted that proposed CSE Policy 6 would be amended in s. 2.4 to create a closing deadline of 45 days. TSX permits 135 days where shareholder approval is required by the TSX. It may be appropriate to explicitly allow for longer closings where regulatory approvals are required. | The 45-day period is an existing requirement. s. 2.4 has been further amended to include: "…unless securityholder or Exchange approval is required, or the Exchange has otherwise consented to an extension." |
| 74 | 5-day notice<br>Policy 6 s. 2.5 and s. 3.1 | One commenter stated that the required public disclosure a minimum of 5 days prior to closing seems inappropriate and could discourage third parties from financing CSE listed issuers or prevent CSE listed issuers from being able to complete sensitive acquisitions.<br>There is no TSX or NEO equivalent. MI 61-101 has an equivalent provision in the case of related party transactions in certain circumstances, and CSE should go no further than that. | The introduction of this requirement is proposed to avoid an explicit requirement for pre-notification or filing, or subsequent Exchange review and approval.<br>If there are specific circumstances in which the disclosure would jeopardize a transaction, we would expect the Issuer would be seeking relief from the requirement, thereby providing an opportunity for confidential Exchange review. |
| 75 | 5-day notice | One commenter noted that S. 6.3 suggests that all acquisitions involving the issuance of shares are subject to | There is no requirement for approval. |

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| | | CSE approval and prior public announcement which could discourage M&A activity with CSE listed issuers. | Please see comments above related to the 5-day public notice period. |
| 76 | Transition for Security Based Compensation Plans | One commenter observed that transition provisions will be needed to address transactions in progress and previously valid evergreen security-based incentive compensation plans. | We will announce transition provisions where necessary prior to the implementation of the final requirements. |
| 77 | 6.9(2) Shareholder Rights Plans | One commenter suggested S. 6.9(2) is workable. A grandfathering provision will if required need to be in force from time of adoption of a poison pill, well before shareholder approval is obtained (unless the plan is in force for under 6 months, in which case shareholder approval may never be sought). | The proposal is consistent with NEO 7.22(3). |
| 78 | 6.10 NCIB - Block purchase exemption for NV Issuers only | One commenter noted that it is not clear why a block purchase exemption would not be available to non-NV Listed Issuers engaging in normal course issuer bids, given that there is no such restriction in CSA requirements, and it could be significant given lower levels of shareholders and liquidity. | We note that there is no such exemption available in the TSX V Policy 5.6 s. 9. |
| 79 | Rights offerings | It should be clarified in connection with rights offerings what the time is at which the Maximum Permitted Discount analysis will be applied. | The Maximum Permitted Discount is calculated based on the market price prior to public notice of the issuance. |
| 80 | Rights offerings | One commenter questioned the requirement for shareholder approval of a rights offering. | The approval requirement only applies to a proposed rights offering where the shareholders would not get the maximum discount available. |

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| 81 | Policy 7 – Additional Comments | One commenter questioned why the IR and promotional activity requirements would apply to NV Issuers when the TSX has no such requirement. | We intend to apply the requirements to all issuers. |
| 82 | Policy 8 – Additional Comments<br><br>Trading Halt<br><br>Escrow<br><br>Exchange Discretion | One commenter suggested:<br>• halting for a fundamental change would be inappropriate for an NV issuer or any issuer where the transaction is with another public company.<br>• 8.8 should clarify the "exempt issuer" status for escrow<br>• That the inclusion of "may, in its discretion, determine that a transaction or series of transactions is … a fundamental change, notwithstanding the definition of Fundamental Change" can result in uncertainty in planning a transaction. | The current CSE practice to avoid a halt for transactions between listed companies, as the disclosure about each entity is readily available to investors.<br><br>The application of discretion is not a new requirement, and any uncertainty should be eliminated through the application of 8.1 which explicitly states: "Listed Issuers that are contemplating a transaction or series of transactions that may be a Fundamental Change or Change of Business must consult with the Exchange at an early stage to determine how the exchange will characterize the transaction." |
| 83 | Policy 9 – Additional Comments | One commenter asked for clarification:<br>Does Policy 9 need to clarify when a new ISIN would be required?<br>And noted an error:<br>In s. 9.3(1) should the reference to CUSIP be to an ISIN, and what is "a new Listed number"? | CUSIP is derived from the ISIN. The Clearing Corporation determines when a new number is required.<br>9.1 (1) has been amended to two paragraphs relating to (a) Symbol assignment, and (b) confirmation of new CUSIP/ISIN, subject to the Clearing Corporation confirming it is not necessary. |

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| | | | In 9.3(1), “Listed Number” has been corrected to “CUSIP number/ISIN.” |