

# NEO EXCHANGE INC.

## REQUEST FOR COMMENTS

### PROPOSED AMENDMENT TO THE LISTING MANUAL

December 3, 2020

#### **Introduction**

Neo Exchange Inc. (“**NEO Exchange**” or “**Exchange**”) is publishing a proposed public interest rule amendment to the NEO Exchange Listing Manual in accordance with Schedule 4 to its recognition order, as amended. The public interest rule amendment was filed with the Ontario Securities Commission (“**OSC**”) and is being published for comment. A description of the public interest rule amendment is set out below and the text of the public interest rule amendment is set out in Appendix A. Subject to any changes resulting from 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 Amendment**

Decrease the number of public securityholders required for minimum distribution of supplemental listings under subsection 2.02 (6) (a)(ii) of the Listing Manual from 150 to 50.

#### **Expected Date of Implementation of the Public Interest Rule Amendments**

NEO Exchange seeks to implement the public interest rule in mid-January 2021.

#### **Rationale for the Public Interest Rule Amendments and Supporting Analysis**

The revision to subsection 2.02(6) of the Listing Manual stems from a waiver codification. NEO has granted several waivers from this requirement in the context of a supplemental listing (in most cases of a convertible security) where a small number of investors (in NEO’s experience between 15 – 100 Public Security Holders) took a sizeable position in the offering which contributed to a lower number of expected public security holders. In our experience, the requirement of having 150 Public Security Holders does not provide any additional protection to the public in this context, and to decrease the required number to 50 Public Security Holders would not result in a material change to NEO’s listing requirements.

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

There is no anticipated impact on the market structure and a positive one on issuers and the capital markets generally, due to the positive impact on issuers’ ability to raise capital and meet exchange requirements.

**Impact on Exchange's Compliance with Ontario Securities Law and on Requirements for Fair Access and Maintenance of Fair and Orderly Markets**

The proposed amendment will not adversely impact the Exchange's compliance with Ontario securities laws, including requirements for fair access and maintenance of fair and orderly markets. The amendment seeks to provide additional clarity to our existing rules and streamline the listing process for new issuers (and harmonize with other requirements where applicable).

**Impact on the Systems of Members or Service Vendors**

The Public Interest Rule Amendment does not impact members or service vendors.

**New Rule**

None of the Public Interest Rule Amendments introduce any material new feature.

**Comments**

Comments should be provided, in writing, no later than **January 3, 2021** to:

Dmitri Smidovich  
Head of Listings Regulatory  
Neo Exchange Inc.  
155 University Avenue,  
Suite 400 Toronto, ON  
M5H 3B7  
[dmitri@neostockexchange.com](mailto:dmitri@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](mailto:marketregulation@osc.gov.on.ca)

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

**Appendix A**  
**NEO Exchange Listing Manual**  
**Text of Amendment**

**PART II. INITIAL LISTING REQUIREMENTS**

2.02 ...

(6) (a) (i) ...

~~(ii) Minimum Distribution—150 Public Security Holders each holding at least a Board Lot (or \$1,000 in the case of convertible debentures) and for securities other than convertible debentures, a Public Float of at least 150,000 securities.~~

(ii) Minimum Distribution - A Public Float of at least 150,000 supplemental securities (that are not convertible debentures) held by at least 50 Public Security Holders, each holding at least a Board Lot. In the case of convertible debentures, a minimum of 50 Public Security Holders each holding at least \$1000 and together holding a minimum of \$150,000 convertible debentures.