

13.2 Marketplaces

13.2.1 Aequitas NEO Exchange – Housekeeping Amendments to Listing Manual and Trading Policies – Notice of Housekeeping Rule Amendments

AEQUITAS NEO EXCHANGE

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDEMENTS TO THE LISTING MANUAL AND TRADING POLICIES

Introduction

Aequitas NEO Exchange Inc. (“NEO Exchange”) has adopted, and the Ontario Securities Commission (the “OSC”) has approved, housekeeping amendments (the “Amendments”) to the NEO Exchange listing manual (the “Listing Manual”) and trading policies (the “Trading Policies”) in accordance with Schedule 5 to its recognition order, as amended (the “Protocol”). The Amendments are Housekeeping Rules under the Protocol and as such have not been published for comment. The OSC has not disagreed with the categorization of the Amendments as Housekeeping Rules.

Description of the Housekeeping Rule Amendments

The rule changes are part of the Canadian securities industry’s initiative to move the standard settlement cycle from a trade date plus three business days (“**T+3**”) settlement cycle to a trade date plus two business days (“**T+2**”) settlement cycle. This change in settlement is being undertaken to align with upcoming changes in the U.S. markets.

The Canadian Capital Markets Association’s T+2 Steering Committee and working group members have been coordinating efforts to ensure a smooth transition to a T+2 standard for the Canadian markets. The United States announced in late 2014 that it would switch to T+2 and the planned date is September, 2017.

Amendments will be made to the following provisions to reflect the change from T+3 to T+2:

- (a) Applicable edits to amounts of time (days) in sections 6.01(2), 6.02(2), 6.02(4), 7.09(4) and 7.15(2) of the Listing Manual.
- (b) Similar applicable edits in sections 12.03(1), 12.03(2)(a)(ii) and 12.03(2)(b)(i) and (ii) of the Trading Policies.

The text of the Amendments (for the Listing Manual followed by the Trading Policies) is attached at Appendix A.

Implementation Date

The Amendments will be implemented on:

- (a) September 5, 2017; or
- (b) such later date as determined by the Canadian securities industry.

The date may move as a result of a decision by the U.S. SEC to push back the current compliance date of September 5, 2017 for broker-dealers in the United States to meet a new T+2 settlement standard under amendments to SEC Rule 15c6-1.

There will be a short transition period as part of the implementation of the Amendments, as agreed between the Canadian exchanges and CDS, to avoid corporate actions with ex-dates on September 5, 2017, the details of which will be published by notice to NEO Listed Issuers.

APPENDIX A

TEXT OF AMENDMENTS TO THE LISTING MANUAL AND TRADING POLICIES

AEQUITAS NEO EXCHANGE LISTING MANUAL

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PART VI DIVIDENDS OR OTHER DISTRIBUTIONS

6.01 Dividends or Other Distributions

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- (2) The Exchange may use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., ~~two-one~~ trading days before the Record Date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date. See section 6.02.

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6.02 Due Bill Trading

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- (2) Due Bill trading may be used at the discretion of the Exchange based on various relevant factors. However, the Exchange will normally defer ex-distribution trading and use Due Bills when the distribution per listed security represents 25% or more of the value of the listed security on the declaration date. Without the use of Due Bills, trading on an ex-distribution basis would commence ~~two-one~~ trading days prior to the Record Date for the distribution and could result in a significant adjustment of the market price of the security. Security holders will then be deprived of the value of the distribution between the ex-distribution date and the payment date. By deferring the ex-distribution date through the use of Due Bills, sellers of the listed securities during this period can realize the full value of the listed securities they hold, by selling the securities with the Due Bills attached. The use of Due Bills will also avoid confusion regarding the market value of the listed securities.

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- (4) The Exchange may also use Due Bills for distributions which are subject to a condition which may not be satisfied before the normal ex-distribution trading date (i.e., ~~two-one~~ trading days before the Record Date). When Due Bills are used for conditional distributions, the condition must be met prior to the payment date.

PART VII CORPORATE FINANCE AND CAPITAL STRUCTURE CHANGES

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7.09 Rights Offerings

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- (4) A Listed Issuer must finalize the terms of the rights offering and obtain clearance from all applicable securities regulatory authorities at least seven trading days prior to the Record Date for a rights offering. "Ex" trading will begin ~~two-one~~ trading days prior to the Record Date, meaning purchasers on and after that date will not be entitled to obtain rights certificates. Trading in the rights will begin on the first day of "ex" trading in the Listed Securities. If insufficient notice is given, the Exchange will require the Listed Issuer to delay the Record Date. Due Bill trading may be used in certain circumstances for conditional rights offerings as determined at the discretion of the Exchange. See section 6.02.

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7.15 Stock Subdivisions (Stock Splits)

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- (2) Subject to section 7.15(4), the securities will begin trading on a split basis ~~two-one~~ trading days prior to the Record Date for a stock subdivision accomplished by stock dividend.

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AEQUITAS NEO EXCHANGE TRADING POLICIES

PART XII CLEARING AND SETTLEMENT

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12.03 Settlement of the Exchange Trades of Listed Securities

- (1) Unless otherwise provided by the Exchange or the parties to the trade by mutual agreement, trades of Listed Securities on the Exchange must settle on the ~~third~~second settlement day following the trade.
- (2) Notwithstanding Section 12.03(1), unless otherwise provided by the Exchange or the parties to the trade by mutual agreement:
 - (a) trades in Listed Securities made on a when issued basis:
 - (i) prior to the second trading day before the anticipated date of issue of the security must settle on the anticipated date of issue of such security, and
 - (ii) on or after the second trading day before the anticipated date of issue of the security must settle on the ~~third~~second settlement day after the trade date,

provided if the security has not been issued on the date for settlement such trades shall settle on the date that the security is actually issued and provided that if the security will not be issued all trades made on a when issued basis will be cancelled;
 - (b) trades in Listed Securities that are rights, warrants and instalment receipts:
 - (i) on the ~~third~~second trading day before the expiry or payment date must settle on the settlement day before the expiry or payment date,
 - (ii) on the ~~second and~~ first trading day before the expiry or payment date, must be made as cash trades for next day settlement,

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