

CONFLICTS OF INTEREST POLICY & PROCEDURES

In accordance with its recognition order by the Ontario Securities Commission and National Instrument 21-101 *Marketplace Operation*, the Canadian Securities Exchange (“CSE”) has established, and maintains and requires compliance with, this policy and related procedures to identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services the CSE provides.

This includes actual or potential conflicts of interest (real or perceived) that arise:

- (i) from the involvement of any partner, director, officer or employee of a significant shareholder¹ in the management or oversight of the exchange operations or regulation functions of the CSE and the services and products it provides,
- (ii) from any interactions between the CSE and a significant shareholder where the CSE may be exercising discretion that involves or affects the significant shareholder either directly or indirectly,
- (iii) between the regulation functions and the business activities of the CSE, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the CSE issuer regulation functions and the business activities of the CSE, and
- (iv) from the listing of the shares of any significant shareholder or affiliated entity.

These situations form two broad categories: (1) where there is potential significant shareholder influence, and (2) situations involving both the regulatory function and business activities of the CSE. These situations may arise in relation to the CSE’s listings and trading functions. If staff outside the Listings or Trading divisions identify a conflict or potential conflict related to listings or trading, it must be reported to the VP Listings & Regulation or the CEO.

LISTINGS

Listing Decisions

Listing decisions are made by the CSE’s Listing Committee. This includes review and approval of listing applications, listing compliance reviews and consideration of requests for relief from a CSE listing requirement.

Listing Committee Composition

¹ A "significant shareholder" means a person or company that beneficially owns or controls, directly or indirectly, more than 5% of any class of voting shares of the CSE.

The Listing Committee is comprised of at least two senior members of the Listings & Regulation Division and an officer from another CSE division (excluding the Business Development Division).

Members of the CSE Board, CSE significant shareholders' and their representatives², and CSE Business Development Division staff are not permitted to be members of the Listing Committee, nor are they permitted to attend Listing Committee meetings.

No member of the Listings Committee is permitted to have a reporting relationship (direct or otherwise) to any Business Development Division staff or to a significant shareholder representative.

Identification and Responses to Conflicts of Interest in the Listing Process

Listings & Regulation Division staff are required to identify and document any actual or potential for a conflict of interest (real or perceived),³ in processing listing applications, listing compliance reviews and any requests for relief from a CSE listing requirement. They must report such identified situations to a member of the Listing Committee.

The Listings Committee will assess all applications and requests to determine if an actual or perceived a conflict of interest exists and decide on a course of action. The decision and course of action is documented by the Listings Committee.

The decisions to approve a listing or to grant an exemption from a listing requirement must be unanimous.

The Listings Committee may not accept recommendations for its decisions from Business Development Division staff, or significant shareholders and their representatives, unless the recommendation was solicited by the Listings Committee and the Listing Committee decision does not affect the significant shareholder or affiliated entities.

If it is determined that no conflict of interest exists or is unlikely to arise, the review or transaction will be managed in the normal course.

TRADING

Trading Decisions

Trading Management and staff are required to identify any potential trading conflicts related to any Members of the CSE Board, CSE significant shareholders' and their representatives. Any potential conflict of interest requires escalation to the Senior Executive Management team for review.

Dealer applicants must meet specific criteria published in the Trading Rules, and applications are reviewed in accordance with internal procedures.

² This includes a partner, director, officer or employee of a CSE significant shareholder and any affiliated entity.

³ Where a significant shareholder representative is acting solely in the capacity of an underwriter, agent or advisor, there is a presumption that a conflict of interest does not exist.

Market Operations staff perform day-to-day functions as described in the Market Operations (internal) Procedures manual. Any concerns related to the operation of the market, including conflicts or potential conflicts, are escalated to Trading Management.

Market Maker Applications are reviewed by the Market Maker Committee. The Market Maker Committee is comprised of management representation from four internal divisions. Market Maker applications are processed in accordance with defined internal procedures.

RECORD KEEPING AND REPORTING

Any record pertaining to the identification of a potential or actual conflict of interest (real or perceived), will include but not be limited to the following information:

a. Initial Information

- i. the date and time at which the conflict or potential conflict of interest was first identified;
- ii. the person who first identified the conflict of interest;
- iii. description of the communication or event which gave rise to the conflict of interest;
- iv. description of any immediate steps taken to manage the conflict of interest; and
- v. the person to whom the conflict of interest was reported;

b. Subsequent Information

- i. Whether the conflict of interest was an actual or potential conflict of interest;
- ii. the steps taken to manage the conflict of interest;
- iii. the resolution of the conflict of interest including any undertakings or follow-up actions;
- iv. any recommendations for, or changes to procedure that resulted from the management of the conflict of interest; and
- v. any other information that would be considered relevant with respect to identifying and managing the conflict or potential conflict of interest.

COMPLIANCE

The CEO will ensure that regular compliance review will be undertaken for this policy and related procedures. The review will identify any deficiencies and the rectification thereof. Annual reports of these reviews will be provided to the Ontario Securities Commission.

QUESTIONS

Questions concerning the application of this policy and related procedures should be directed to the Vice President, Listings & Regulation, or the CEO.