



**AEQUITAS NEO EXCHANGE INC.**  
**(the “Exchange”)**

**MANDATE OF THE REGULATORY OVERSIGHT COMMITTEE**

**A. Purpose**

The board of directors of the Exchange (the “**Board**”) has established a Regulatory Oversight Committee (the “**Committee**”) to assist the Board in its oversight of the Exchange’s regulatory responsibilities and operations and the management of real or perceived conflicts of interest that may arise as further described herein. This mandate, as amended from time to time, will be posted on the website of the Exchange.

**B. Definitions**

All terms used herein and not otherwise defined have the respective meanings given to them in the recognition order issued by the Ontario Securities Commission (the “**OSC**”), as amended from time to time (the “**Recognition Order**”).

**C. Duties and Responsibilities**

**1. Oversight of Regulatory Compliance**

- (a) At least annually, the Committee will:
- (i) receive and review a report from management assessing the performance by the Investment Industry Regulatory Organization of Canada (“**IIROC**”) of the regulation services it provides to the Exchange and self-assessing the Exchange’s performance of any regulation functions not performed by IIROC, together with any recommendations for improvements, and provide views to management for presentation to the Board and the OSC, and
  - (ii) review the Exchange’s regulatory and compliance program, including a summary of:
    - any material regulatory or compliance issues,
    - any material regulatory actions brought against members (“**Members**”) and listed issuers (“**Listed Issuers**”) of the Exchange,
    - staffing and resources having regulation and compliance functions, and
    - the results of any OSC or other oversight reviews.
- (b) In a timely manner, the Committee will conduct or cause to be conducted an investigation of any breach or possible breach of the terms and conditions applicable to the Exchange under the Schedules to the Recognition Order, and make a determination whether there has been a breach, in accordance with section 22 of Schedule 2 to the Recognition Order.

- (c) Annually, the Committee will recommend a regulation budget to the Board, including key priorities and initiatives for the regulatory functions.
2. **Review of Regulation/Rule Proposals.** The Committee will review and decide, or make recommendations to the Board, on proposed regulation and rules that must be submitted to the OSC for review and approval under Schedule 5 *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto* to the Recognition Order.
3. **Oversight of Conflicts of Interest**
- (a) The Committee will consider real or perceived conflicts of interest that may arise, including but not limited to the following contexts:
    - (i) ownership interests in the Exchange or its parent body corporate (“**Aequitas**”) by any Member with representation on the Board of Aequitas or the Board of the Exchange,
    - (ii) increased concentration of ownership of Aequitas, and
    - (iii) the profit-making objective and the public interest responsibilities of the Exchange, including general oversight of the management of the regulatory and public interest responsibilities of the Exchange;
  - (b) The Committee will oversee the establishment of mechanisms to identify and avoid or manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the Exchange or the services it provides including, but not limited to, any policies and procedures that are required to be established pursuant to the Schedules of the Recognition Order and, in particular, the following:
    - (i) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant shareholder in the management or oversight of the exchange operations or regulation functions of the Exchange and the services or products it provides,
    - (ii) conflicts of interest or potential conflicts of interest that arise from any interactions between the Exchange and a significant shareholder, where the Exchange may be exercising discretion that involves or affects the significant shareholder, either directly or indirectly, including where the shareholder (or an affiliate) lists shares on the Exchange, and
    - (iii) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of the Exchange, particularly with respect to conflicts of interest or potential conflicts of interest that arise between the Exchange’s issuer regulation functions and the business activities of the Exchange.
  - (c) The Committee will oversee the establishment of mechanisms to require that any confidential information regarding marketplace operations, regulation functions, a Member or Listed Issuer that is obtained by a representative of a significant shareholder through that individual’s involvement in the management or oversight of marketplace operations or regulation functions of the Exchange:

- (i) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information; and
  - (ii) not be used to provide an advantage to the significant shareholder or its affiliated entities.
- (d) The Committee will oversee the establishment of mechanisms to identify and manage conflicts of interest or potential conflicts of interest arising from the listing of the securities of any Competitor (as such term is defined in Schedule 2 to the Recognition Order).
  - (e) The Committee will monitor the operation of mechanisms that deal with conflicts of interest, including oversight of reporting of issuer regulation activities and conflicts of interest by the Exchange;
  - (f) The Committee will regularly, and at least annually, review the effectiveness of the policies and procedures regarding conflicts of interest.
  - (g) The Committee will cause an investigation of any reported violations of the Exchange's code of conduct and conflicts policies and oversee an appropriate case specific response, including corrective or disciplinary action and preventative measures.
  - (h) The Committee will establish a procedure for the receipt, retention and follow-up of complaints of members of the Board.

**4. *Oversight of Members and Listed Issuers***

- (a) The Committee will review and decide on appeals regarding any matter specified under the Exchange's Trading Policies and Listing Manual.
- (b) At its discretion, the Committee will review and decide on the resolution of any other issues raised by a Member or a Listed Issuer as a result of a decision by staff of the Exchange, if such review is requested by a Member or a Listed Issuer.

**5. *Reporting to the Board and the OSC***

- (a) The Committee will periodically, and at least annually, prepare one or more written reports regarding avoidance and management of conflicts of interest, the mechanisms used and the effectiveness of those mechanisms, and provide the report to the Board promptly, and to the OSC within 30 days of providing it to the Board.
- (b) The Committee will provide to the OSC meeting materials provided to the Committee in conjunction with each Committee meeting, within 30 days after such meeting, and will include a list of the matters considered and a detailed summary of the Committee's considerations, how those matters were addressed and any other information required by the OSC.
- (c) The Committee will report, in writing, directly to the OSC on any matter that the Committee deems appropriate or that is required by the OSC, without first requiring Board

approval for such reporting (provided that the Committee may provide notice the Board concurrently or in advance).

- (d) The Committee will notify the OSC of the investigation of a breach or possible breach and, thereafter, of its determination and any actions to be taken, in compliance with section 22 of Schedule 2 to the Recognition Order.
- (e) The Committee will review and recommend to the Board any reporting to the OSC and other regulators, including annual reporting.
- (f) The Committee will review and make recommendations to the Board regarding the Exchange's response to any material findings of regulatory reviews carried out by the OSC or other organizations.

**D. Members and Chairperson**

- 1. The Committee shall consist of such number of directors, but in any event no fewer than three (3), as the Board may from time to time by resolution determine. A majority of the members of the Committee shall be independent directors.
- 2. The members of the Committee shall be appointed or changed by resolution of the Board and shall hold office from the time of appointment until the earlier of: (i) the close of the next annual meeting of shareholders following the appointment at which an election of directors is required; and (ii) the appointment of their successors.
- 3. A member may resign from the Committee, and may also be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director of the Exchange. The Board will fill vacancies in the Committee by appointment from among the qualified directors. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all of the powers of the Committee.
- 4. The Board will, in each year, appoint the chairperson of the Committee from among the members of the Committee. The chairperson of the Committee shall be an independent director.

**E. Meetings**

- 1. The Committee will meet at the request of its chairperson, but in any event, it will meet at least twice in each year. Notices calling meetings will be sent to all members of the Committee, to the Chief Executive Officer, to the Chairperson of the Board and to all other directors.
- 2. For any meeting at which the chairperson of the Committee is absent, the members of the Committee who are present shall choose a chairperson of the meeting from amongst themselves.
- 3. The Chief Executive Officer and, to the extent the Chairperson of the Board is not otherwise a member of the Committee, the Chairperson of the Board, and all other non-management directors who are not members of the Committee may attend all meetings of the Committee in an ex-officio capacity and will not vote, subject to the right of the chairperson of the Committee to determine that it is necessary or appropriate that such directors should be excluded from the meeting. Directors who are also members of management, other than the Chief Executive Officer, shall be

entitled to attend meetings of the Committee if invited to do so by the chairperson of the Committee. The Committee shall hold *in camera* sessions, initially including the Chief Executive Officer but in the absence of other management and staff and then in the absence of the Chief Executive Officer, at each regularly scheduled meeting.

4. The member(s) of management responsible for legal and/or regulatory matters of the Exchange (or their delegate(s)) shall attend meetings of the Committee.

**F. Quorum**

1. Unless otherwise determined from time to time by resolution of the Board, a majority (of which at least fifty percent (50%) shall be independent directors) of the members of the Committee, present in person or by teleconferencing or videoconferencing, will constitute a quorum.
2. At all meetings, any question shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote.

**G. Actions in Writing**

A resolution in writing signed by all of the members of the Committee entitled to vote thereon at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

**H. Secretary and Records**

1. Unless otherwise determined by resolution of the Board, the corporate secretary of the Exchange (or his or her delegate) shall be the secretary of the Committee.
2. The Committee shall prepare and maintain minutes of meetings and resolutions of the Committee. The minutes of meetings and resolutions of the Committee shall be in writing and duly entered into the records of the Exchange. Subject to all statutory and regulatory requirements, the Committee shall keep such other records of its proceedings as it may deem necessary or appropriate.

**I. Committee Panels**

1. The Board may establish one or more panels of the Committee and delegate to any such panel any of the powers, duties and responsibilities of the Committee.
2. In each case, the panel shall consist of such number of directors, but in any event no fewer than two (2), as the Board may from time to time by resolution determine.
3. Unless otherwise determined from time to time by resolution of the Board, all (of which at least one shall be an independent director) members of a panel, present in person or by teleconferencing or videoconferencing, will constitute a quorum.

4. At all meetings of a panel, any question shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote.
5. Except as otherwise provided in this Part I, the provisions of this mandate, with necessary changes, shall be deemed to apply to a panel.

**J. Advisors and Experts**

The Committee may retain or appoint, at the Exchange's expense, such outside advisors and experts as it deems necessary to carry out its duties.

Enacted by the Board: March 23, 2015.

Reviewed by the ROC: October 28, 2015.

Ratified by the Board: October 29, 2015.