

## RULE 1

### INTERPRETATION AND GENERAL PROVISIONS

#### 1-101 Definitions

- (1) Unless otherwise defined or interpreted or the subject matter or context otherwise requires, every term used in these Rules that is:
  - (a) defined or interpreted in section 1 of the *Securities Act* has the meaning ascribed to it in that section;
  - (b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection;
  - (c) defined or interpreted in subsection 1.1(3) of National Instrument 14-101 has the meaning ascribed to it in the subsection;
  - (d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection;
  - (e) defined or interpreted in Part 1 of National Instrument 21-101 has the meaning ascribed to it in that part;
  - (f) defined in subsection 1.1 of National Instrument 44-101 has the meaning ascribed to it in that subsection;
  - (g) defined in section 1.1 of UMIR has the meaning ascribed to it in that section; and
  - (h) a reference to a requirement of CNSX shall have the meaning ascribed to it in the applicable by-law, Rule or Policy of CNSX.
- (2) In these Rules, unless the subject matter or context otherwise requires:

“**affiliated entity**” has the meaning ascribed to it in Ontario Securities Commission Rule 45-501.

“**Alternative Market**” means the market for trading Alternative Market securities;

**“Alternative Market security”** means a security that is designated for trading on the Alternative Market in accordance with Rule 11-102 *Qualification for Alternative Market*;

**“Approved Trader,”** for the purposes of Rule 4-101, means a trader approved as such by the Toronto Stock Exchange or the TSX Venture Exchange.

**“ask” or “offer”** means the lowest price of an order to sell at least one Board Lot of a particular CNSX-listed security or Alternative Market security posted in the CNSX System.

**“bid”** means the highest price of an order to buy at least one Board Lot of a particular CNSX-listed or Alternative Market security posted in the CNSX System.

**“Board Lot”** means a standard trading unit.

**“Business Day”** means any day from Monday to Friday inclusive, excluding Statutory Holidays.

**“Buy-in Notice”** means a notice issued by the Clearing Corporation to a CNSX Dealer that has defaulted in settling a CNSX Contract.

**“by-laws”** means any by-law of CNSX as amended and supplemented from time to time.

**“Clearing Corporation”** means The Canadian Depository for Securities Limited or such other person as recognized by the Commission as a clearing agency for the purposes of the *Securities Act* and which has been designated by CNSX as an acceptable clearing agency.

**“Client Matching Order”** [deleted May 4, 2007]

**“CNSX”** means Canadian National Stock Exchange

**“CNSX Board”** means the Board of Directors of CNSX Markets Inc. and includes any committee of CNSX Markets Inc.’s Board of Directors to which powers have been delegated in accordance with the by-laws or the Rules.

**“CNSX Contract”** means any contract:

- (a) to buy or sell any CNSX-listed security or Alternative Market security, if such contract is made through the facilities of CNSX; or
- (b) for delivery of and payment for any CNSX-listed security or Alternative Market security (or security which was a CNSX-listed security or Alternative Market Security when the contract was made) arising from settlement through the Clearing Corporation of a trade made through the facilities of CNSX.

“**CNSX Dealer**” means a Participant which has applied to CNSX for, and has been approved by CNSX to access to the CNSX System, provided such access has not been terminated or suspended.

“**CNSX Issuer**” means an issuer which has its securities qualified for listing on the CNSX System or which has applied to have its securities qualified for listing on the CNSX System.

“**CNSX listed market**” means the market for trading CNSX-listed securities.

“**CNSX-listed security**” means a security that has been listed and approved for trading on CNSX and, for greater certainty includes a CNSX-listed security that is also listed on another Canadian stock exchange;

“**CNSX Requirements**” means collectively:

- (a) these Rules;
- (b) the Policies;
- (c) UMIR; and
- (d) any Decision,

as amended, supplemented and in effect from time to time.

“**CNSX System**” means the electronic system operated by CNSX for trading and quoting securities.

“**CNSX Trading and Access Systems**” includes all facilities and services provide by CNSX to facilitate quotation and trading, including, but not limited to: the CNSX System; data entry services; any other computer-based quotation and trading systems and programs, communications facilities between a system operated or maintained by CNSX and a trading or order routing system operated or maintained by

a CNSX Dealer, another market or other person approved by CNSX; a communications network linking quotation dissemination, trade reporting and order execution systems; and the content entered, displayed and processed by the foregoing, including price quotations and other market information provided by or through CNSX.

**“control block holder”** means any person or combination of persons holding a sufficient number of any securities of a CNSX Issuer or CNSX Dealer to affect materially the control of that CNSX Issuer or Dealer, but any holding of any person or combination of persons holding more than 20% of the outstanding voting securities of a CNSX Issuer or Dealer shall, in the absence of evidence of the contrary, be deemed to affect materially the control of that CNSX Issuer or Dealer.

**“COP”** or **“Calculated Opening Price”** means the price of opening trades in a CNSX-listed security or an Alternative Market security, calculated in the manner prescribed by the Board;

**“cross”** means a trade entered by a CNSX Dealer holding matching buy and sell orders.

**“CSA Marketplace Rules”** means National Instrument 21-101 and companion policy and National Instrument 23-101 and companion policy, as amended from time to time.

**“Decision”** means any decision, direction, order, ruling, guideline or other determination of CNSX, including any committee of CNSX, or the Market Regulator made in the administration or application of these Rules or any Policy.

**“Designated Market Maker”** means, in respect of a particular Market Maker security, the CNSX Dealer or Dealers appointed as Market Maker for that security.

**“Fill or Kill Order”** means an order that is filled immediately, in whole or in part, with any unfilled balance cancelled from the CNSX System and **“fill or kill basis”** means entering an order as a Fill or Kill Order.

**“hit order”** means a market or limit order entered on a Fill or Kill basis to sell up to the amount available on the bid.

**“holding company”** means a corporation that holds, directly or indirectly and alone or in combination with any other person, securities of a CNSX Dealer:

- (a) carrying 50 per cent or more of the votes carried by all voting securities;
- (b) carrying the right to receive 50 per cent or more of any distribution of earnings; or
- (c) accounting for 50 per cent or more of the total capital or equity.

“**limit order**” means an order to buy at no higher than a specified price and an order to sell at no lower than a specified price.

“**listed company**” means a CNSX Issuer which has one or more classes of its securities listed on the CNSX System.

“**listed security**” means a security of a CNSX Issuer listed on the CNSX System.

“**Market Maker**” means a CNSX Dealer approved as such for a particular listed security.

“**Market Maker security**” means a listed security for which one or more CNSX Dealers have been appointed as Market Maker.

“**market order**” means an order to buy or sell at the best available price.

“**Market Regulator**” means Investment Industry Regulatory Organization of Canada or such other person recognized by the Commission as a regulation services provider for the purposes of the *Securities Act* and which has been retained by CNSX as an acceptable regulation services provider.

“**MR Policy**” means a Policy as defined in UMIR, being policy statement adopted by the Market Regulator in connection with the administration or application of these Rules as such policy statement is amended, supplemented and in effect from time to time.

“**notice**” means a communication or document to be given, sent, delivered or served by CNSX pursuant to CNSX Requirements to any person subject to these Rules.

“**Policy**” means any policy statement, direction or decision adopted by the CNSX Board or any committee of the CNSX Board in connection

with the administration or application of the Rules as such policy statement is amended, supplemented and in effect from time to time.

**“quotation”** means an order to buy and an order to sell a CNSX-listed security entered by a Market Maker in its capacity as such;

**“recognized self-regulatory organization”** means a self-regulatory organization recognized by the Commission.

**“registered representative”** means a person who has been approved as such by the appropriate recognized self-regulatory organization.

**“Regulation”** means Ontario Regulation 1015-General Regulation made under the Securities Act, as amended from time to time.

**“Related Entity”** means, in respect of a particular CNSX Dealer, a person that:

- (a) is an affiliated entity of the CNSX Dealer:
- (b) is a control block holder of the CNSX Dealer or of which the CNSX Dealer is a control block holder

which carries on as a substantial part of its business in Canada that of a broker, dealer or advisor in securities and is not a CNSX Dealer.

**“Related Person”** means, in respect of a particular CNSX Dealer:

- (a) a Related Entity;
- (b) an employee of the CNSX Dealer or Related Entity;
- (c) partners, directors and officers of the CNSX Dealer or Related Entity;
- (d) such other person as may be designated from time to time by CNSX.

**“Rules”** means these rules as adopted by the CNSX Board as amended, supplemented and in effect from time to time.

**“Securities Act”** means the *Securities Act*, R.S.O. 1990, c. S.5 as amended from time to time.

“**settlement day**” means any Trading Day on which settlements in listed securities may occur through the facilities of the Clearing Corporation.

“**Statutory Holiday**” means such day or days as may be designated by the CNSX Board or established by law applicable in Ontario.

“**take order**” means a market or limit order entered on a Fill or Kill basis to buy up to the amount available on the offer.

“**Toronto**” means the City of Toronto as the same may be constituted from time to time, and in the event that the City of Toronto shall at any time cease to exist, shall mean the municipality in which the registered office of CNSX is located.

“**Trading Day**” means a Business Day during which trades are executed on the CNSX System.

“**UMIR**” means the Universal Market Integrity Rules adopted by the Market Regulator as amended from time to time.

“**unpriced order**” means an order to buy at the ask or to sell at the bid.

## 1-102 Interpretation

- (1) In determining the value of an order for the purposes of these rules, the value shall be calculated as of the time of the receipt or origination of the order and shall be calculated by multiplying the number of shares to be bought or sold under the order by:
  - (a) in the case of a limit order, the specified maximum price (for a buy order) or minimum price (for a sell order);
  - (b) in the case of a market buy order, the offer; and
  - (c) in the case of a market sell order, the bid.
- (2) For the purpose of determining the “board lot reference price” where a sale of at least a Board Lot of a security has not occurred in the CNSX System on a trading day, the board lot reference price is the price:
  - (a) of the last sale of the security on the CNSX System;

- (b) at which the security was issued, if the security has not previously traded on a market place; or
  - (c) which has been accepted by the Market Regulator, in any other circumstance.
- (3) For the purpose of determining the price at which a security is trading for the purposes of the definition of “Board Lot,” the price shall be the board lot reference price of the particular security.
- (4) For the purposes of these Rules,

“**person**” includes without limitation a company, corporation, incorporated syndicate or other incorporated organization, sole proprietorship, partnership or trust; and

“**trade**” has the meaning ascribed to it in the *Securities Act* and, in addition, includes a purchase or acquisition of a security for valuable consideration.

### **1-103 Exercise of CNSX Powers**

- (1) Unless the subject matter or context requires otherwise, wherever CNSX is specified as having any powers, rights, discretion or is entitled to take any action, then the same may be exercised or taken at any time and from time to time on behalf of CNSX by the CNSX Board, the appropriate officers of CNSX or any committee or person designated by the CNSX Board or the President of CNSX, including the Market Regulator.
- (2) Unless the subject matter or context requires otherwise, any exercise of any power, right or discretion or the taking of any action on behalf of CNSX by any person or committee shall be subject to the overall authority of the CNSX Board.

### **1-104 Rules of Construction**

- (1) The division of CNSX Requirements into separate Rules, Policies, divisions, sections, subsections and clauses, the provision of a table of contents and index thereto, and the insertion of headings, indented notes and footnotes are for convenience of reference only and shall not affect the construction or interpretation of CNSX Requirements.

- (2) The use of the words “hereof”, “herein”, “hereby”, “hereunder” and similar expressions indicated the whole of the Rules and not only the particular rule in which the expression is used, unless the context clearly indicates otherwise.
- (3) The word “or” is not exclusive and the word “including”, when following any general statement or term, does not limit that general statement or term to the specific matter set forth immediately after the statement or term, whether or not non-limited language (such as “without limitation” or “but not limited to” or similar words) is used.
- (4) Any reference to a statute, unless otherwise specified, is a reference to that statute and the regulations made pursuant to that statute, with all amendments made and in force from time to time, and to any statute or regulation that may be passed which supplements or supersedes that statute or regulation.
- (5) Unless otherwise specified, any reference to a policy, rule, blanket order or instrument includes all amendments made and in force from time to time and any policy, rule, blanket order or instrument which supplements or supersedes that policy, rule, blanket order or instrument.
- (6) Grammatical variations of any defined term shall have similar meanings; words imputing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.
- (7) All times mentioned in CNSX Requirements shall be local time in Toronto on the day concerned, unless the subject matter or context otherwise requires.
- (8) Any reference to currency refers to lawful money of Canada (unless expressed to be in some other currency).
- (9) Failure by CNSX to exercise any of its rights, powers or remedies under the CNSX Requirements or its delay to do so will not constitute a waiver of those rights, powers or remedies. The single or partial exercise of a right, power or remedy will not prevent its subsequent exercise or the exercise of any other right, power or remedy. CNSX will not be deemed to have waived the exercise of any right, power or remedy unless such waiver is made in writing and delivered to the person to which such waiver applies or is published, if such waiver applies generally. Any waiver may be general or particular in its application, as determined by CNSX.

### **1-105 Appeals of Decisions**

- (1) A CNSX Dealer or any person directly affected by a Decision under these Rules, other than a Decision made pursuant to Rule 3-102 or a Decision of the Market Regulator, may appeal such Decision to the CNSX Board.
- (2) [Repealed March 1, 2004]
- (3) A Decision of the Market Regulator or Market Integrity Official under these Rules, other than a Decision made pursuant to Rule 3-102, may be appealed pursuant to the provisions of Rule 11.3 of UMIR.

### **1-106 Deeming Provisions**

- (1) CNSX Dealers are Users for the purposes of UMIR and the CSA Marketplace Rules.
- (2) A client who originates an order that is given by a CNSX Dealer to a designated Market Maker is deemed to be a client of the Market Maker for the purposes of these Rules and UMIR.