



## AEQUITAS NEO EXCHANGE INC. DESIGNATED MARKET MAKER AGREEMENT

This agreement (the “**Designated Market Maker Agreement**”), with an effective date as of the date executed on the signature page hereof, is made between Aequitas Neo Exchange Inc., a Canadian corporation, with its principal place of business at 155 University Avenue, Suite 400, Toronto, Ontario M5H 3B7 (the “**Exchange**”), and the member referenced in the signature page hereto (the “**Designated Market Maker**” or “**DMM**”).

**1. Incorporation of Member Agreement.** The Member Agreement, entered into between the Exchange and the DMM (as a Member), as it may be amended from time to time, is hereby incorporated into and forms a part of this Designated Market Maker Agreement. The provisions of the Member Agreement, including without limitation all provisions with respect to the definitions, rights and responsibilities of the parties, representations and warranties, confidentiality, warranty, limitation on liability, indemnification, and dispute resolution provisions, to the extent that they are not inconsistent with the provisions hereof, apply *mutatis mutandis* to this Designated Market Maker Agreement. In the case of any inconsistency between the terms of this Designated Market Maker Agreement and the terms of the Member Agreement, the terms of the Member Agreement shall govern.

**2. Definitions.** Capitalized words and phrases used but not defined in this Designated Market Maker Agreement have the respective meanings given to them in the Member Agreement and the Exchange’s Trading Policies (“**Trading Policies**”).

### **3. Designated Market Maker Responsibilities**

- (a) Appointment of DMM. Upon execution of this Designated Market Maker Agreement, the DMM agrees to act as a Designated Market Maker for all securities assigned to it by the Exchange. The Exchange may approve the DMM for specific securities in accordance with the terms of the Trading Policies or in such other manner as the Exchange may deem appropriate, in its sole discretion. The Exchange retains the discretion to change the DMM’s list of Assigned Securities, from time to time, upon sixty (60) days’ prior written notice to the DMM.
- (b) Status as a Member. The DMM agrees to maintain its status as a Member of the Exchange.
- (c) Market Making Obligations. For its Assigned Securities, the DMM agrees to comply with all obligations of a Designated Market Maker as set out in the Exchange Requirements, including but not limited to those obligations set out in Schedule A to this Designated Market Maker Agreement (which may be amended by the Exchange upon thirty (30) days’ written notice either (i) directly to the Market Maker, or (ii) to all Members or all DMMs, including by posting such notice on the Exchange’s website) and the Trading Policies, or as otherwise directed by the Exchange (“**Obligations**”). Where the DMM does not comply with such requirements it will immediately advise the Exchange of such non-compliance in writing. Such notification will include specific information as to the nature of such failure to comply.
- (d) Code of Conduct and Transparency of Obligations. The DMM acknowledges and agrees that it is subject to and will follow the Exchange’s Designated Market Maker Code of Conduct, as amended, which will be posted on the Exchange’s website along with DMM performance information. The DMM acknowledges and agrees that the Exchange has the right to publish statistics relating to the performance of the DMM’s Obligations.

- (e) Resources. The DMM represents and warrants that it has and will continue to have necessary resources, including trained personnel, technology and capital including, but not limited to, that required by any IIROC Rules, to allow it to:
  - (i) carry out all of its Obligations; and
  - (ii) ensure compliance with all applicable Exchange Requirements when undertaking any activity on the Exchange Systems in furtherance of a trade, and it has the capacity to settle all trades executed on or through the use of the Exchange Systems.
- (f) Policies and Procedures. The DMM shall implement policies and procedures to achieve and maintain compliance with its Obligations.
- (g) Odd Lot Responsibilities. The DMM will carry out all obligations as an odd lot dealer in its Assigned Securities as set out in the Trading Policies or as otherwise directed by the Exchange.
- (h) Term. Subject to each party's right to terminate in accordance with the provisions of section 6 of this Designated Market Maker Agreement or the Trading Policies, the DMM agrees to act as a Designated Market Maker for:
  - (i) all Listed Securities assigned to it by the Exchange for an initial term of three (3) years following the date of assignment; and
  - (ii) all Other Traded Securities assigned to it by the Exchange for an initial term of one (1) year following the date of assignment.

In each case, if the DMM has not given notice of its intention to terminate its status as a DMM for an Exchange Listed Security or Other Traded Security in accordance with section 6, the Exchange may reassign the Assigned Security to the current DMM for successive one year terms after the respective initial terms.

#### **4. Designated Market Maker Benefits**

- (a) Benefits. The DMM is entitled to the benefits set out in the Trading Policies and in Schedule B of this Designated Market Maker Agreement (which may be amended by the Exchange upon prior written notice to: (i) the DMM or (ii) all Members or all DMMs, including by posting such notice on the Exchange's website) in relation to the securities for which it is acting as the Designated Market Maker.
- (b) Invoicing. All cash benefits earned hereunder will be aggregated with fees payable under the Member Agreement in a single invoice payable monthly.

#### **5. Exchange Responsibilities**

- (a) Access to Information. The Exchange shall take reasonable steps to provide the DMM with access to information necessary to allow the DMM to evaluate the performance of its Obligations. The Exchange will provide monthly (or more frequently at the Exchange's discretion) detailed reports regarding the DMM's performance of its Obligations.

- (b) Changes to the Trading Policies. Where practical to do so, the Exchange shall take reasonable steps to notify the DMM of proposed changes to the Trading Policies not less than thirty (30) days prior to the implementation of such a change. Notwithstanding this obligation, the Exchange may implement any change in the Trading Policies without such notification where the Exchange, subject to regulatory requirements, deems the immediate implementation of such change is necessary or desirable, in its absolute discretion. Nothing in this section shall be construed to affect the DMM's responsibility to comply with its Obligations under section 3 herein.

## 6. Termination Of Responsibilities

- (a) Breach of Obligations. The Exchange shall be entitled to immediately revoke or suspend the DMM's appointment as a Designated Market Maker for any or all securities or attach such additional terms or conditions to this Designated Market Maker Agreement as the Exchange deems to be necessary, where:
- (i) the DMM fails to comply with any term of this Designated Market Maker Agreement, the Member Agreement or the Exchange Requirements or if the DMM fails to consistently perform its Obligations at an adequate level to the satisfaction of the Exchange (determined in the Exchange's sole discretion);
  - (ii) the Exchange determines, in its sole discretion, that the DMM or its officers, employees, directors or agents have violated any applicable Exchange Requirements;
  - (iii) the Exchange believes, in its sole discretion, that the DMM cannot or may not in the future carry out its obligations as a "Designated Market Maker" under this Designated Market Maker Agreement or the Trading Policies; or
  - (iv) the Exchange determines, in its sole discretion, that the DMM or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of the Exchange or the public.
- (b) Termination for Convenience. The DMM shall be entitled to terminate its responsibilities hereunder, in relation to some or all of its Assigned Securities, by providing not less than sixty (60) days' written notice of its intention to do so.
- (c) Changes to Assignments. Upon: (i) the decision by the Exchange, acting reasonably, that an Assigned Security should be removed from the DMM's list of Assigned Securities, (ii) a request by the DMM to remove a security from its list of Assigned Securities, or (iii) agreement among the Exchange and the DMM and other affected DMM(s) and the issuer(s) of the Assigned Securities, if applicable, to exchange such securities, the DMM's appointment with regards to the security or securities removed from its list will be terminated.
- (d) Transition. The DMM agrees to comply with all provisions of the Trading Policies relating to the transition responsibilities as a Designated Market Maker wherever its responsibilities have been terminated, suspended or exchanged hereunder.
- (e) Effect of Termination. Termination of this Designated Market Maker Agreement or the DMM's appointment as a Designated Market Maker for a security shall not terminate or negate any obligations of the DMM to complete or implement any transaction entered into prior to such

termination or arising from or accruing from authorized activities of the DMM up to the effective time of termination.

## 7. LIMITATION ON LIABILITIES

- (a) **LIMITATIONS.** IN THE ABSENCE OF FRAUD, GROSS NEGLIGENCE OR DELIBERATE MISCONDUCT OR A CLAIM ARISING OUT OF THE EXCHANGE'S INDEMNIFICATION OBLIGATIONS HEREUNDER, NONE OF THE EXCHANGE, ITS AFFILIATES, SUBSIDIARIES, RELATED ENTITIES OR LICENSORS, NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, SHAREHOLDERS, PARTNERS, EMPLOYEES, CONTRACTORS, AGENTS, REPRESENTATIVES OR RELATED ENTITIES, WILL BE LIABLE FOR ANY LOSS OR CLAIM, INCLUDING WITHOUT LIMITATION, LOST PROFITS, LOSS OF OPPORTUNITY, LOSS OF USE, TRADING LOSSES, LOSS OF OTHER COSTS OR SAVINGS, NOR FOR ANY DAMAGES SUFFERED, OR COST OR EXPENSES INCURRED BY THE DMM OR ANY OTHER PERSON, OF ANY NATURE OR FROM ANY CAUSE WHATSOEVER, WHETHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL, ARISING OUT OF THE FURNISHING, PERFORMANCE, MAINTENANCE OR USE OF THE SERVICES, THE EXCHANGE SYSTEMS, EQUIPMENT, COMMUNICATION LINES, SOFTWARE, DATABASES, MANUALS OR ANY OTHER MATERIAL FURNISHED BY OR ON BEHALF OF THE EXCHANGE, OR CAUSED OR BASED UPON ANY INACCURACY, ERROR OR DELAY IN, OR OMISSION OF THE TRANSMISSION OR DELIVERY OF THE SERVICES, WHETHER TO DELIVER, DISPLAY, TRANSMIT, EXECUTE, COMPARE, SUBMIT FOR CLEARANCE AND SETTLEMENT, OR OTHERWISE PROCESS AN ORDER, MESSAGE OR OTHER DATA ENTERED INTO OR CREATED BY THE EXCHANGE SYSTEMS, NOTWITHSTANDING THAT THE EXCHANGE MAY HAVE BEEN ADVISED OF THE POSSIBILITY THAT DAMAGES MAY OR WILL ARISE IN ANY GIVEN SITUATION.
- (b) **MONETARY DAMAGES.** ABSENT A CLAIM ARISING OUT OF THE EXCHANGE'S INDEMNIFICATION OBLIGATIONS HEREUNDER, THE EXCHANGE'S ENTIRE AGGREGATE LIABILITY ARISING FROM OR RELATED TO THIS DESIGNATED MARKET MAKER AGREEMENT AND ITS OBLIGATIONS HEREUNDER SHALL NOT EXCEED THE FEES CHARGED TO THE DMM AND COLLECTED BY THE EXCHANGE IN THE TWO MONTHS PRECEDING THE DATE THAT THE FIRST CAUSE OF ACTION AROSE, INCLUDING A CAUSE OF ACTION THAT IS CONTINUING.

**8. Indemnification by Designated Market Maker.** The DMM agrees to indemnify, defend and hold harmless the Exchange, its affiliates, subsidiaries and related entities, and their respective directors, officers, shareholders, employees, agents and other representatives, from and against all liabilities, obligations, losses, damages, penalties, costs and expenses (including reasonable legal fees and expenses), whether direct, consequential or incidental in nature, claims, demands, proceedings, suits, actions, settlements and judgments (collectively, "**Losses and Claims**") arising from, arising out of, or in respect of, the use, misuse or abuse of the Services or the Exchange Systems by the DMM or any of its officers, employees or Approved Traders, or the DMM's failure to comply with its obligations under this Designated Market Maker Agreement and the Exchange Requirements and for any Losses and Claims which may arise from a claim that any order, trade or other transaction in securities on the Exchange Systems by the DMM or any of its officers, employees or Approved Traders was in violation of applicable securities or other laws or the Exchange Requirements.

## 9. Indemnification By The Exchange

- (a) **Indemnity.** Subject to section 0(c), the Exchange agrees to indemnify, defend and hold harmless the DMM from and against all Losses and Claims arising from, in connection with or arising out of, any threatened or actual third party claim that the Services or the Exchange Systems, or the DMM's use thereof, infringes or misappropriates any copyright, patent, trademark, trade secret or other intellectual property right of a third party; provided that: (i) the DMM notifies the Exchange in writing of any claim, action, proceeding or allegation; (ii) the Exchange shall have sole control of the defence and settlement of any such claim, action, proceeding or allegation; and (iii) the DMM co-operates with the Exchange to facilitate the defence or settlement of such claim, action, proceeding or allegation. Failure by the DMM to promptly notify the Exchange of any claim, action, proceeding or allegation shall not relieve the Exchange of its indemnification obligations hereunder except to the extent that such failure prejudices the rights of the Exchange or results in additional liabilities, obligations, expenses or costs to the Exchange.
- (b) **Process.** Upon request by the DMM, the Exchange shall inform the DMM of the status of any claim, action, proceeding, settlement or negotiations. The Exchange, in defending any such claim, action, proceeding or allegation, shall not, without the written consent of the DMM, consent to the entry of any judgment or enter into any settlement which: (i) does not include, as an unconditional term, the grant by the claimant to the DMM of a release of all liabilities in respect of such claim, action, proceeding or allegation; and (ii) subjects the DMM to any obligation in addition to those set forth herein.
- (c) **Exclusions.** The Exchange shall have no obligation to indemnify, defend or hold the DMM harmless for any and all Losses and Claims imposed on, incurred by or asserted against the DMM as a result of any allegation of infringement or misappropriation: (i) if the Services or the Exchange Systems have not been accessed or used in accordance with this Designated Market Maker Agreement or the Member Agreement which resulted in such infringement or misappropriation; (ii) if the DMM does not cease to use the Services or the Exchange Systems as soon as possible after the Exchange notifies the DMM of a potential or actual infringement claim; (iii) if the infringement or misappropriation claim, action, proceeding or allegation is the result of the combination, operation or use of the Services or the Exchange Systems as furnished by the Exchange with hardware, software or materials other than those provided by the Exchange; or (iv) in relation to the Member Originating Data.
- (d) **Remedies.** In the event of a claim, action, proceeding or allegation of infringement or misappropriation or if, in the Exchange's reasonable opinion, such claim, action, proceeding or allegation is likely to occur or the use of Services or access to or use of the Exchange Systems is enjoined because of infringement or misappropriation, the Exchange may, at its sole option and expense: (i) procure for the DMM the right to continue using the Services and the Exchange Systems without infringement or misappropriation; (ii) replace or modify that portion of the Services or the Exchange Systems, as the case may be, to be non-infringing and require the return of the potentially infringing or misappropriating items, if applicable, without liability to the DMM or any other person; or (iii) terminate this Designated Market Maker Agreement immediately without liability to the DMM (other than indemnification by the Exchange in accordance with this section) or any other person.

- (e) Exclusivity. Notwithstanding section 7(b), this section 0 sets forth the entire liability of the Exchange and the exclusive remedy of the DMM in respect of any infringement or misappropriation of any intellectual property right of a third party by the Exchange.

## 10. General

- (a) Assignment of Rights. The DMM may not transfer or assign its rights and obligations hereunder, including the performance and benefits of its market making and odd lot responsibilities, to any party without the prior written approval of the Exchange.
- (b) Severability. Each provision of this Designated Market Maker Agreement is intended to be severable. If any provision of this Designated Market Maker Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect: (i) the legality, validity or enforceability of the remaining provisions of this Designated Market Maker Agreement; or (ii) the legality, validity or enforceability of that provision in any other jurisdiction.
- (c) Amendments in Writing. The Exchange may, subject to receipt of all required approvals including those of the applicable securities regulatory authorities, amend any term or condition of this Designated Market Maker Agreement and the Trading Policies on thirty (30) days' notice to DMM (which notice may be provided by way of a notice to all Members or DMMs and posted to the Exchange's website). Any use of the Services or access or use of the Exchange Systems by the DMM after the expiration of the notice period shall be deemed acceptance by the DMM of the amendment. The DMM may not alter any terms or conditions of this Designated Market Maker Agreement, and no modification to this Designated Market Maker Agreement proposed by the DMM will be effective or binding on the Exchange, unless in writing and signed by an authorized representative of the Exchange.
- (d) Waiver. The Exchange may, in its discretion, waive in writing any requirement of this Designated Market Maker Agreement or the Trading Policies.
- (e) Governing law. This Designated Market Maker Agreement shall be governed by the laws of the Province of Ontario and both parties unconditionally attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
- (f) Counterparts, etc. This Designated Market Maker Agreement may be executed in counterparts, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument and may be delivered by facsimile or e-mail transmission of a PDF file.

**AEQUITAS NEO EXCHANGE INC.**  
**DESIGNATED MARKET MAKER AGREEMENT**

IN WITNESS WHEREOF, the parties have caused this Designated Market Maker Agreement to be executed by their authorized officers.

\_\_\_\_\_  
(Name of Member / DMM - please print)

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Name of Signatory – please print)

\_\_\_\_\_  
(Title – please print)

**AEQUITAS NEO EXCHANGE INC.**

By: \_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Name of Signatory – please print)

\_\_\_\_\_  
(Title – please print)

Date: \_\_\_\_\_

**SCHEDULE A**  
**OBLIGATIONS**

**Assigned Securities:**

A list of all DMMs and their Assigned Securities are published on the Exchange website. Any changes to that list will be done by notice as stipulated in this agreement.

**Security Tiers:**

All traded securities are assigned to a specific Tier, and for each Tier there is a set of obligations. All tiers of securities and their associated DMM obligations are posted on the Exchange website. Any changes to obligations will be made by notice as stipulated in the Designated Market Maker Agreement.

**Obligations:**

The DMM will have obligations as set out in the table below for all its Assigned Securities

<b>Obligation</b>	<b>Description</b>
<b>Quoting</b>	The DMM has to maintain a two-sided market in both the Lit Book and Neo Book™ for a certain percentage of time between 9:30am and 4pm
<b>Size &amp; Spread Percentage</b>	The DMM has to have a minimum displayed volume within a certain percentage of the last sale price in both the Lit Book and Neo Book™ independently
<b>Presence</b>	The DMM has to be present at the national best bid and the national best offer for a certain percentage of the time between 9:30am and 4pm in both the Lit Book and Neo Book™ independently
<b>Quote Range</b>	The DMM has is required to ensure their best bid (offer) does not deviate more than a certain percentage from the national best bid (offer)
<b>Odd lot execution</b>	The DMM will execute all odd lot orders in all its assigned securities that has an odd lot facility

Example of obligations for TSX and TSXV listed securities\*:

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
<b>Quoting</b>	Two-sided quote obligation 99.5% of the time between 9:30AM-4:00PM		
<b>Size &amp; Spread Percentage</b>	5 Board Lots within 3% of NLSP	3 Board Lots within 5% of NLSP	2 Board Lots within 7% of NLSP
<b>Presence</b>	10% of the time @ NBB and NBO	20% of the time @ NBB and NBO	30% of the time @ NBB and NBO
<b>Quote Range</b>	<b>Range</b> 3% with <b>Defined Limit</b> of 5% from NBB/O	<b>Range</b> of 5% with <b>Defined Limit</b> of 7.5% from NBB/O	<b>Range</b> of 7% with <b>Defined Limit</b> of 9% from NBB/O

\* The obligations for Listed Securities will meet or exceed those for Other Traded Securities.

## **SCHEDULE B**

### **BENEFITS**

*As of October 29, 2014*

#### **Market Maker Volume Allocation (MMVA):**

A DMM will, for its Assigned Securities, be subject to the MMVA as described in the Trading Policies whereby the DMM will get execution priority on its visible resting orders up to a certain percentage of the cumulative daily traded volume.

The DMM will have to meet or exceed its Obligations in order to retain the MMVA benefit. Failure to meet the Obligations in a specific security will lead to a loss of the MMVA benefit, for that specific security, as of the subsequent trading day and it will only be reinstated after the DMM has met or exceeded its Obligations for a full trading day.

#### **Performance Bonus:**

The Exchange may contribute an amount monthly to a performance bonus pool, to be divided proportionally between all eligible DMMs. For a particular month, the Exchange will confirm the amount to be contributed to the performance bonus pool by written notice to DMMs at least 30 days in advance.

To be eligible for a performance bonus, DMMs must meet or exceed their Obligations in all securities of responsibility (Listed Securities and Other Traded Securities) for the month; failure to meet an obligation in respect of a single security disqualifies the DMM from the performance bonus for that particular month.

#### **Issuer Performance Program:**

The Exchange's listed issuers ("Issuers") may make payments to reward their DMM for meeting the Obligations. The Exchange will confirm by written notice to DMMs the amount which may be contributed by Issuers, and the timing of contributions and distributions.

The payments under the Issuer Performance Program will be made to the Exchange, which will be responsible for monitoring and confirming that the DMM has met or exceeded its Obligations prior to award