

registered pursuant to Section 15A of the Act, the following guidelines apply:

Shares Publicly Held	100,000
Aggregate Market Value/ Price	\$2,000,000/\$10

For issuers of preferred stock not listed as noted above, the Exchange has established different guidelines to ensure adequate public interest as follows:

Preferred Shares Publicly Held	400,000
Public Round-Lot Holders	800
Aggregate Market Value/ Price	\$4,000,000/\$10

(iii) The [CSE]Exchange will not list convertible preferred issues containing a provision which gives the company the right, at its discretion, to reduce the conversion price for periods of time or from time to time unless the company establishes a minimum period of ten business days within which such price reduction will be in effect.

[(3)(a)](c) In the case of warrants[.]:
(1) at least 250,000 outstanding, exclusive of the holdings of officers and directors; and

[(b)2] have a class of common stock that would otherwise be eligible for listing on the Exchange or is already listed on the Exchange.

[(4)(a)](d) In [a]the case of bonds[.]:
(1) a principal amount outstanding of at least \$2,000,000;

[(b)2] have at least an aggregate market value of at least \$2,000,000;

[(c)3] have at least 250 recordholders and, in the case of convertible debt, a larger distribution may be required; and

[(d)4] have a class of common stock that would otherwise be eligible for listing on the Exchange or is already listed on the Exchange.

[(5)(a)](e) In the case of the listing of any security not otherwise covered by the criteria of the foregoing subsections or in the Exchange Rules, provided the issue is otherwise suited for trading, such issues will be evaluated for listing against the following criteria;

[(b)1] the issuer[s] ha[ve]s assets in excess of \$100 million and stockholders' equity of at least \$10 million. In the case of an issuer [which]that is unable to satisfy the earnings criteria set forth in [subsection]paragraph [(1)](a), the Exchange generally will require the issuer to have the following:

(i) assets in excess of \$200 million and stockholders' equity of at least \$10 million; or

(ii) assets in excess of \$100 million and stockholders' equity of at least \$20 million;

[(c)2] the issue have a minimum public distribution of one million

trading units including a minimum of 400 holders, or if traded in thousand dollar denominations, a minimum of 100 holders;

[(d)3] the issue have a principal amount/aggregate market value of not less than \$20 million;

[(e)4] where the instrument contains cash settlement provisions, settlement must be made in U.S. dollars; and
[(f)5] where the instrument contains redemption provisions, the redemption price may not be below \$3 per unit.

Prior to commencement of trading of securities admitted to listing under this subsection [5]e, the Exchange will evaluate the nature and complexity of the issue and, if appropriate, distribute a circular to the membership providing guidance regarding member [firm] compliance responsibilities when handling transactions in such securities.

[(6)f] Limited Partnerships—No security issued in a limited partnership rollup transaction (as defined by Section 14(h) of the [Exchange]Act), shall be eligible for listing unless:

[(i)1] the rollup transaction was conducted in accordance with procedures designed to protect the rights of limited partners as provided in Section 6(b)(9) of the [Exchange]Act, as it may from time to time be amended; and

[(ii)2] a broker-dealer which is a member of a national securities association subject to Section 15A(b)(12) of the [Exchange]Act participates in the rollup transaction.

The applicant shall further provide the Exchange with an opinion of counsel that the rollup transaction was conducted in accordance with the procedures established by such association.

1.4 Listing Standards Relating to Audit Committees

(a) In addition to the requirements contained in subsection 1.3, each issuer must have an audit committee. The Exchange shall not initially list or continue listing any securities of an issuer that is not in compliance with the requirements of this subsection 1.4 or any portion of paragraphs (b) or (c) of Rule 10A-3 of the Act pertaining to audit committees. In addition to the requirements of Rule 10A-3 of the Act:

(1) Each audit committee shall consist of at least three directors, each of whom shall be financially literate, as such qualification is interpreted by the issuer's board of directors in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the audit committee. At least one member of the audit committee must have

accounting or related financial management expertise, as the issuer's board of directors interprets such qualification in its business judgment.

(2) The board of directors of each issuer must adopt and approve a formal written charter for its audit committee. The audit committee must review and reassess the adequacy of the audit committee charter on an annual basis. The charter must specify:

(i) the scope of the audit committee's responsibilities and how it carries out those responsibilities, including structure, processes, and membership requirements; and

(ii) that the audit committee is responsible for ensuring that the outside auditor submits on a periodic basis to the audit committee a formal written statement delineating all relationships between the outside auditor and the issuer and that the audit committee is responsible for actively engaging in a dialogue with the outside auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the outside auditor and for recommending that the issuer's board of directors take appropriate action in response to the outside auditor's report to satisfy itself of the outside auditor's independence.

(b) As part of the initial listing process, and with respect to any subsequent changes to the composition of the audit committee, and otherwise approximately once each year, each issuer should provide the Exchange written confirmation regarding:

(1) any determination that the issuer has made regarding the independence of its audit committee members;

(2) the financial literacy of the audit committee members;

(3) the determination that at least one of the audit committee members has accounting or related financial management expertise; and

(4) the annual review and reassessment of the adequacy of the audit committee charter.

(c) If a member of an issuer's audit committee ceases to be independent in accordance with the requirements of Rule 10A-3 for reasons outside the committee member's reasonable control, that person, with notice by the issuer to the Exchange, may remain an audit committee member of the issuer until the earlier of the next annual shareholders meeting of the issuer or one year from the occurrence of the event that caused the committee member to be no longer independent.

(d) For securities listed on the Exchange prior to [insert approval date], an issuer shall have until the earlier of its first annual shareholders meeting