

The Ontario Securities Commission

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The Ontario Securities Commission administers the *Securities Act* of Ontario (R.S.O. 1990, c. S.5) and the *Commodity Futures Act* of Ontario (R.S.O. 1990, c. C.20)

The Ontario Securities Commission

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Table of Contents

<p>Chapter 1 Notices / News Releases 1453</p> <p>1.1 Notices (nil)</p> <p>1.2 Notices of Hearing..... 1453</p> <p>1.2.1 Natural Bee Works Apiaries Inc. et al. – s. 127(8) 1453</p> <p>1.2.2 USI Tech Limited et al. – s. 127(8) 1454</p> <p>1.3 Notices of Hearing with Related Statements of Allegations (nil)</p> <p>1.4 News Releases (nil)</p> <p>1.5 Notices from the Office of the Secretary 1455</p> <p>1.5.1 Benedict Cheng et al. 1455</p> <p>1.5.2 Lance Sandford Cook and CBM Canada’s Best Mortgage Corp. 1455</p> <p>1.5.3 Benedict Cheng et al. 1456</p> <p>1.5.4 USI Tech Limited et al. 1456</p> <p>1.5.5 Natural Bee Works Apiaries Inc. et al. 1457</p> <p>1.5.6 USI Tech Limited et al. 1457</p> <p>1.5.7 Dennis Wing 1458</p> <p>1.6 Notices from the Office of the Secretary with Related Statements of Allegations (nil)</p> <p>Chapter 2 Decisions, Orders and Rulings 1459</p> <p>2.1 Decisions 1459</p> <p>2.1.1 Franklin Templeton Investments Corp. et al. 1459</p> <p>2.1.2 CMC Markets UK Plc and CMC Markets Canada Inc. 1461</p> <p>2.1.3 MD Financial Management Inc. 1468</p> <p>2.1.4 Bristol Gate Capital Partners Inc. et al. 1473</p> <p>2.2 Orders..... 1479</p> <p>2.2.1 Dominion Citrus Limited 1479</p> <p>2.2.2 West Fraser Timber Co. Ltd. and The Bank of Nova Scotia – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids 1480</p> <p>2.2.3 Benedict Cheng et al. 1486</p> <p>2.2.4 Canadian Pacific Railway Limited and National Bank of Canada – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids 1487</p> <p>2.2.5 Lance Sandford Cook and CBM Canada’s Best Mortgage Corp. – ss. 127(1), 127(10) 1493</p> <p>2.2.6 USI Tech Limited et al. – ss. 127(1), 127(5) 1494</p> <p>2.2.7 First Asset Resource Fund Inc. 1495</p> <p>2.2.8 Dennis Wing 1496</p> <p>2.3 Orders with Related Settlement Agreements..... (nil)</p> <p>2.4 Rulings (nil)</p>	<p>Chapter 3 Reasons: Decisions, Orders and Rulings 1497</p> <p>3.1 OSC Decisions 1497</p> <p>3.1.1 Lance Sandford Cook and CBM Canada’s Best Mortgage Corp. – ss. 127(1), 127(10) 1497</p> <p>3.1.2 Benedict Cheng et al. 1503</p> <p>3.2 Director’s Decisions (nil)</p> <p>3.3 Court Decisions (nil)</p> <p>Chapter 4 Cease Trading Orders 1505</p> <p>4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 1505</p> <p>4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 1505</p> <p>4.2.2 Outstanding Management & Insider Cease Trading Orders 1505</p> <p>Chapter 5 Rules and Policies (nil)</p> <p>Chapter 6 Request for Comments (nil)</p> <p>Chapter 7 Insider Reporting 1507</p> <p>Chapter 9 Legislation..... (nil)</p> <p>Chapter 11 IPOs, New Issues and Secondary Financings..... 1599</p> <p>Chapter 12 Registrations..... 1605</p> <p>12.1.1 Registrants..... 1605</p> <p>Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories 1607</p> <p>13.1 SROs (nil)</p> <p>13.2 Marketplaces 1607</p> <p>13.2.1 TSX Inc. – Introduction of Contra Mid-Point Only (CMO) Order Type – Notice of Approval..... 1607</p> <p>13.3 Clearing Agencies 1608</p> <p>13.3.1 CDCC – Amendments to the Rules of the Canadian Derivatives Clearing Corporation to Expand Share Futures Contracts to Exchange Traded Funds and Trust Units – OSC Staff Notice of Request for Comment.... 1608</p> <p>13.4 Trade Repositories (nil)</p> <p>Chapter 25 Other Information (nil)</p> <p>Index..... 1609</p>
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Chapter 1

Notices / News Releases

1.2 Notices of Hearing

1.2.1 Natural Bee Works Apiaries Inc. et al. – s. 127(8)

FILE NO.: 2018-7

IN THE MATTER OF
NATURAL BEE WORKS APIARIES INC.,
TAWLIA CHICKALO,
RINALDO LANDUCCI and
ELISE MAXHELEAU

NOTICE OF HEARING

Subsection 127(8) *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Application for Extension of Temporary Order

HEARING DATE AND TIME: February 21, 2018 at 10:00 a.m.

LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this proceeding is to consider whether the Commission should grant the Application filed by Staff of the Commission to extend the temporary order issued by the Commission on February 8, 2018.

REPRESENTATION

Any party to the proceeding may be represented by a representative at the hearing.

FAILURE TO ATTEND

IF A PARTY DOES NOT ATTEND, THE HEARING MAY PROCEED IN THE PARTY'S ABSENCE AND THE PARTY WILL NOT BE ENTITLED TO ANY FURTHER NOTICE IN THE PROCEEDING.

FRENCH HEARING

This Notice of Hearing is also available in French on request of a party. Participation may be in either French or English. Participants must notify the Secretary's Office in writing as soon as possible if the participant is requesting a proceeding be conducted wholly or partly in French.

AVIS EN FRANÇAIS

L'avis d'audience est disponible en français sur demande d'une partie, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 16th day of February, 2018.

"Grace Knakowski"
Secretary to the Commission

For more information

Please visit www.osc.gov.on.ca or contact the Registrar at registrar@osc.gov.on.ca.

1.2.2 USI Tech Limited et al. – s. 127(8)

FILE NO.: 2018-8

**IN THE MATTER OF
USI TECH LIMITED,
ELEANOR PARKER AND
CASEY COMDBEN**

NOTICE OF HEARING

Subsection 127(8) *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Application for Extension of Temporary Order

HEARING DATE AND TIME: February 26, 2018 at 10:30 a.m.

LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this proceeding is to consider whether the Commission should grant the Application filed by Staff of the Commission to extend the temporary order issued by the Commission on February 14, 2018.

REPRESENTATION

Any party to the proceeding may be represented by a representative at the hearing.

FAILURE TO ATTEND

IF A PARTY DOES NOT ATTEND, THE HEARING MAY PROCEED IN THE PARTY'S ABSENCE AND THE PARTY WILL NOT BE ENTITLED TO ANY FURTHER NOTICE IN THE PROCEEDING.

FRENCH HEARING

This Notice of Hearing is also available in French on request of a party. Participation may be in either French or English. Participants must notify the Secretary's Office in writing as soon as possible if the participant is requesting a proceeding be conducted wholly or partly in French.

AVIS EN FRANÇAIS

L'avis d'audience est disponible en français sur demande d'une partie, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 16th day of February, 2018.

"Grace Knakowski"
Secretary to the Commission

For more information

Please visit www.osc.gov.on.ca or contact the Registrar at registrar@osc.gov.on.ca.

1.5 Notices from the Office of the Secretary

1.5.1 Benedict Cheng et al.

FOR IMMEDIATE RELEASE
February 14, 2018

**BENEDICT CHENG,
FRANK SOAVE,
JOHN DAVID ROTHSTEIN and
ERIC TREMBLAY**

TORONTO – The Commission issued an Order in the above noted matter.

A copy of the Order dated February 14, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.5.2 Lance Sandford Cook and CBM Canada's Best Mortgage Corp.

FOR IMMEDIATE RELEASE
February 16, 2018

**LANCE SANDFORD COOK and
CBM CANADA'S BEST MORTGAGE CORP.**

TORONTO – The Commission issued its Decision and Reasons and an Order pursuant to Subsections 127(1) and 127(10) of the *Securities Act* in the above noted matter.

A copy of the Decision and Reasons and the Order dated February 14, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.5.3 Benedict Cheng et al.

FOR IMMEDIATE RELEASE
February 16, 2018

**BENEDICT CHENG,
FRANK SOAVE,
JOHN DAVID ROTHSTEIN and
ERIC TREMBLAY**

TORONTO – The Commission issued its Reasons For Decision On Motion Regarding Confidentiality in the above named matter.

A copy of the Reasons For Decision On Motion Regarding Confidentiality dated February 15, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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For investor inquiries:

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1-877-785-1555 (Toll Free)

1.5.4 USI Tech Limited et al.

FOR IMMEDIATE RELEASE
February 15, 2018

**USI TECH LIMITED,
ELEANOR PARKER AND
CASEY COMDBEN**

TORONTO – The Commission issued a Temporary Order pursuant to Subsections 127(1) and 127(5) in the above named matter.

A copy of the Temporary Order dated February 14, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.5.5 Natural Bee Works Apiaries Inc. et al.

**FOR IMMEDIATE RELEASE
February 16, 2018**

**NATURAL BEE WORKS APIARIES INC.,
TAWLIA CHICKALO,
RINALDO LANDUCCI and
ELISE MAXHELEAU,
File No. 2018-7**

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on February 21, 2018 at 10:00 a.m. to consider an Application for Extension of Temporary.

A copy of the Notice of Hearing dated February 16, 2018 and the Application for Extension of Temporary Order dated February 15, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.5.6 USI Tech Limited et al.

**FOR IMMEDIATE RELEASE
February 16, 2018**

**USI TECH LIMITED,
ELEANOR PARKER AND
CASEY COMDBEN,
File No. 2018-8**

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on February 26, 2018 at 10:30 a.m. to consider an Application for Extension of Temporary.

A copy of the Notice of Hearing dated February 16, 2018 and the Application for Extension of Temporary Order dated February 15, 2018 are available at www.osc.gov.on.ca.

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1-877-785-1555 (Toll Free)

1.5.7 Dennis Wing

FOR IMMEDIATE RELEASE
February 20, 2018

DENNIS WING

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated February 20, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

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For investor inquiries:

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1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Franklin Templeton Investments Corp. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds for extension of lapse date of their prospectus for 49 days – Filer will incorporate offering of the mutual funds under the same offering documents as related family of funds when they are renewed – Extension of lapse date will not affect the currency or accuracy of the information contained in the current prospectus.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

February 6, 2018

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
FRANKLIN TEMPLETON INVESTMENTS CORP.
(the Filer)

AND

IN THE MATTER OF
FT BALANCED GROWTH POOL,
FT BALANCED INCOME POOL AND
FT GROWTH POOL
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the simplified prospectus of the Funds dated April 18, 2017 be extended to those time limits that would apply if the lapse date was June 6, 2018 (the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- a) the Ontario Securities Commission is the principal regulator for this application; and
- b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System (MI 11-102)* is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation amalgamated under the laws of Ontario. The Filer's head office is located in Toronto, Ontario.
2. The Filer is registered as an investment fund manager in Ontario, Quebec, Alberta, British Columbia, Manitoba, Nova Scotia, and Newfoundland and Labrador, as a mutual fund dealer, portfolio manager and exempt market dealer in each province of Canada and the Yukon, and as a commodity trading manager in Ontario.
3. Each Fund is a mutual fund trust governed by the laws of the Province of Ontario and is a reporting issuer as defined in the securities legislation of each of the Jurisdictions.
4. Neither the Filer nor any of the Funds are in default of securities legislation in any of the Jurisdictions.
5. Each Fund currently distributes its securities in the Jurisdictions pursuant to a simplified prospectus dated April 18, 2017, as amended and restated on May 25, 2017 and as amended by amendment no. 1 dated October 4, 2017, and annual information form dated April 18, 2017, as amended and restated on May 25, 2017 and as amended by amendment no. 1 dated October 4, 2017 (collectively, the **Current Prospectus**).

6. The lapse date of the Current Prospectus under the Legislation is April 18, 2018 (the **Current Lapse Date**). Accordingly, under the Legislation, the distribution of securities of the Fund would have to cease on the Current Lapse Date unless: (i) the Fund files a *pro forma* simplified prospectus at least 30 days prior to the Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after the Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after the Current Lapse Date.
7. The Filer is the manager and trustee of the Funds. The Filer is also the manager of, amongst other funds, 73 funds which are offered in each of the provinces and territories of Canada under its largest simplified prospectus dated June 6, 2017, the lapse date of which is June 6, 2018 (the **Other Funds**).
8. The Filer wishes to combine the Current Prospectus of the Funds with the simplified prospectus of the Other Funds in order to reduce the cost of renewing the Current Prospectus of the Funds and on-going printing and related costs. Offering the Funds under the same prospectus as the Other Funds would facilitate the distribution of the Funds in the Jurisdictions under the same simplified prospectus.
9. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the renewal simplified prospectus, annual information form and Fund Facts of the Other Funds, and unreasonable to incur the costs and expenses associated therewith, so that the renewal simplified prospectus of the Other Funds can be filed earlier with the renewal simplified prospectus of the Funds. As the simplified prospectus of the Other Funds is a large document and there is an in-depth internal review process that the Filer undertakes when renewing that document, the Filer would not have sufficient time to finalize and file the *pro forma* simplified prospectus of the Other Funds by at least 30 days prior to the Current Lapse Date.
10. If the Exemption Sought is not granted, it will be necessary to renew the simplified prospectus and associated documents of the Funds twice within a short period of time in order to consolidate the simplified prospectus of the Funds with the simplified prospectus of the Other Funds.
11. There have been no material changes in the affairs of the Funds since the date of the Current Prospectus, other than those for which amendments have been filed. Accordingly, the Current Prospectus represents the current information of the Funds. In addition, the most recently filed Fund Facts of the Funds provides even more current information to investors regarding the Funds.
12. Given the disclosure obligation of the Funds, should any material changes occur, the Current Prospectus of the Funds will be amended as required under the Legislation.
13. New investors of the Funds will receive delivery of the most recently filed Fund Facts of the Funds. The Current Prospectus of the Funds will still be available upon request.
14. The Requested Relief will not affect the accuracy of the information contained in the Current Prospectus and therefore will not be prejudicial to the public interest.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Requested Relief is granted.

“Vera Nunes”
Manager, Investment Funds and Structured Products
Ontario Securities Commission

2.1.2 CMC Markets UK Plc and CMC Markets Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by UK-based filer (Filer) and Canadian dealer affiliate (Dealer) (collectively, Applicants) for relief from prospectus requirement in connection with distribution by Filer through Dealer of "contracts for difference" and foreign exchange contracts (collectively CFDs) to investors resident in Applicable Jurisdictions, subject to terms and conditions – Filer regulated by the United Kingdom Financial Conduct Authority (FCA) – Dealer is registered in Ontario as investment dealer and a member of the Investment Industry Regulatory Organization of Canada (IIROC) – Applicants seeking relief to permit Applicants to offer CFDs to investors in Applicable Jurisdictions on a similar basis as in Québec, including relief permitting Applicants to distribute CFDs on the basis of clear and plain language risk disclosure document rather than a prospectus – risk disclosure document contains disclosure substantially similar to risk disclosure document required for recognized options in OSC Rule 91-502 Trades in Recognized Options and the regime for OTC derivatives contemplated by former proposed OSC Rule 91-504 OTC Derivatives (which was not adopted), and the Quebec Derivatives Act – Relief consistent with relief contemplated by OSC Staff Notice 91-702 Offerings of contracts for difference and foreign exchange contracts to investors in Ontario (OSC SN 91-702) – Relief granted, subject to terms and conditions as described in OSC SN 91-702 including four-year sunset clause.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53,74(1).

OSC Rule 91-502 Trades in Recognized Options.

OSC Rule 91-503 Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario.

Proposed OSC Rule 91-504 OTC Derivatives (not adopted).

January 30, 2018

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
CMC MARKETS UK PLC AND
CMC MARKETS CANADA INC.
(the Filers)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from CMC Markets UK Plc (**CMC UK**) and CMC Markets Canada Inc. (**CMC Canada**) (CMC UK and CMC Canada, together the **Filers**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filers and their respective officers, directors and representatives be exempt from the prospectus requirement in respect of the distribution of contracts for difference and over-the-counter (**OTC**) foreign exchange contracts (collectively, **CFDs**) to investors resident in the Applicable Jurisdictions (as defined below) subject to the terms and conditions below (the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application (the **Principal Regulator**); and
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada, other than the

provinces of Québec and Alberta, (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

The Filers

1. CMC UK is a company organized under the laws of England and Wales with its principal office in London, United Kingdom. Founded in 1989, CMC UK is an established international on-line trading company which, with its affiliates, offers CFDs to a broad range of clients in many countries.
2. CMC UK is a privately held company, controlled indirectly by its principal founder, Mr. Peter Cruddas. CMC Markets Plc, the ultimate parent company of both CMC UK and CMC Canada, is a privately held company controlled directly by its principal founder, Mr. Peter Cruddas.
3. CMC UK is authorized and regulated by the United Kingdom Financial Conduct Authority (the **FCA**) in the United Kingdom. CMC UK is currently regulated as a full scope BIPRU investment firm by the FCA. CMC UK is licensed in the U.K., among other things, to act as principal to its clients in the products it offers and may deal with all categories of clients, including directly with retail clients. Furthermore, CMC UK is regulated on a consolidated basis in the UK by the FCA.
4. CMC UK is a "regulated entity" as defined in the rules and regulations (the **IIROC Rules**) of the Investment Industry Regulatory Organization of Canada (**IIROC**).
5. CMC UK has established a Canadian dealer affiliate, CMC Canada, to act as a dealer for CFDs offered by CMC UK to Canadian clients.
6. CMC Canada is a corporation amalgamated under the laws of Canada with its principal office in Toronto, Ontario. CMC Canada is an affiliate of CMC UK. CMC Markets plc is the ultimate parent company of both CMC UK and CMC Canada.
7. CMC Canada is registered as a dealer in the category of investment dealer in each of the provinces and territories of Canada, and is a member of IIROC.
8. Neither of the Filers has any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.
9. The Filers offer CFDs to investors in each of the provinces and territories of Canada, except Québec and Alberta, (each an **Applicable Jurisdiction**) in accordance with the representations, terms and conditions described in the Existing Relief and wants to continue to do so in accordance with the representations, terms and conditions set out in this Decision. During the Interim Period (as defined below), the Filers are seeking the Requested Relief in connection with the offering of CFDs to investors in Ontario and intend to rely on this Decision and the Passport System described in MI 11-102 to offer CFDs in the Non-Principal Jurisdictions.
10. Neither of the Filers is in default of any requirements of securities or derivatives legislation in Canada or the IIROC Rules or the IIROC Acceptable Practices (each, as defined below), except with respect to the fact that the Existing Relief has lapsed and was not renewed on a timely basis. The Filers have at all times since the Existing Relief lapsed acted in full compliance with the terms and conditions set out in such relief, except for the four-year sunset clause.
11. In Québec, CMC UK is qualified by the Autorité des marchés financiers (**AMF**) pursuant to section 82 of the *Derivatives Act* (Québec) (the **QDA**) and authorized to market certain forward contracts and CFDs offered to the public, subject to the terms and conditions of its qualification decision and related provisions of the QDA.
12. The Filers understand that staff of the Alberta Securities Commission have public interest concerns with CFD trading by retail clients and, accordingly, the Filers do not offer CFDs to retail investors in Alberta. The Filers undertake not to give notice that subsection 4.7(1) of MI 11-102 is intended to be relied upon in Alberta.

IIROC Rules and Acceptable Practices

13. As a member of IIROC, CMC Canada is only permitted to enter into CFDs pursuant to the rules and regulations of IIROC (the **IIROC Rules**).
14. In addition, IIROC has communicated to its members certain additional expectations as to acceptable business practices (**IIROC Acceptable Practices**) as articulated in IIROC's paper "Regulatory Analysis of Contracts for Differences (CFDs)" published by IIROC on June 6, 2007, as amended on September 12, 2007, for any IIROC member proposing to offer CFDs to investors. Each of the Filers is in compliance with IIROC Acceptable Practices in offering CFDs. The Filers will continue to offer CFDs in accordance with IIROC Acceptable Practices as may be established from time to time, and will not offer CFDs linked to bitcoin, cryptocurrencies or other novel or emerging asset classes to investors in the Applicable Jurisdictions without the prior written consent of IIROC.
15. CMC Canada is required by IIROC to maintain a certain level of capital to address the business risks associated with its activities. The capital reporting required by IIROC (as per the calculation in the Form 1 *Joint Regulatory Financial Questionnaire and Report (Form 1)* and in the Monthly Financial Reports to IIROC) is based predominantly on the generation of financial statements and calculations so as to ensure capital adequacy. CMC Canada, as an IIROC member, is required to have a specified minimum capital which includes having any additional capital required with regards to margin requirements and other risks. This risk calculation is summarized as a risk adjusted capital calculation which is submitted in CMC Canada's Form 1 and required to be kept positive at all times.

Oversight of CMC UK

16. CMC UK is authorized and regulated by the FCA in the United Kingdom. CMC UK is currently regulated as a full scope BIPRU firm with the FCA. CMC UK is licensed, among other things, to act as principal to its clients in the products offered and may deal with all categories of clients, including directly with retail investors.
17. In order for a firm to be authorized and regulated by the FCA, the FCA must be satisfied that the firm meets certain threshold conditions prescribed by the *Financial Services and Markets Act 2000* and under the FCA's Handbook of Rules and Guidance. In similar fashion to reviews conducted by IIROC and the Principal Regulator, the FCA reviews, among other things, the firm's legal status, location of offices, adequacy of resources and suitability. In order to remain authorized, a registered firm must demonstrate its continuing compliance with these conditions.
18. As an FCA-regulated firm, CMC UK is required to comply with certain rules of the FCA (the **FCA Rules**). The FCA Rules seek to ensure, among other things, that regulated firms satisfy certain minimum standards. These minimum standards include the requirement that CMC UK maintain adequate financial resources at all times, so that CMC UK is able to meet its liabilities as they fall due. The FCA requires CMC UK to maintain capital resources equal to or in excess of its base capital requirement plus a firm specific variable capital requirement to address market, capital and operational risks. CMC UK monitors its regulatory capital on a daily basis (or more frequently depending on market conditions).
19. The FCA also requires CMC UK to:
 - (a) file financial reports on a monthly basis with the FCA;
 - (b) immediately notify the FCA of any breach of the capital adequacy requirement; and
 - (c) submit its audited financial statements within three months of the financial year end together with an annual return and reconciliation of the annual return to the audited financial statements.

Online Trading Platform

20. The Filers' NextGeneration[®] platform (the **Trading Platform**) is a proprietary and fully automated internet-based trading platform which allows clients to trade CFDs on an execution-only basis.
21. The Trading Platform is a key component in a comprehensive risk management strategy which helps the Filers' clients and the Filers to manage the risks associated with leveraged products. This risk management system has evolved over many years with the objective of meeting the mutual interests of all relevant parties (including, in particular, clients). These attributes and services are described in more detail below:
 - (a) *Real-time account status and client reporting.* Clients are provided with a real-time view of their account status. This includes how tick-by-tick price movements affect their account balances and required margins. Clients can view this information at any time by logging into their account.

- (b) *Fully automated risk management system.* Clients are instructed that they must maintain the required margin against their position(s). The risk management functionality of the Trading Platform ensures that client positions are closed out when the client no longer maintains sufficient margin in their account to support the position, thereby preventing the client from being placed in a margin call situation or losing more than their stated risk capital or cumulative loss limit. This functionality also ensures that the Filers will not incur any credit risk vis-à-vis its customers in respect of CFD transactions.
 - (c) *Wide range of order types.* The Trading Platform also provides risk management tools such as stop loss orders, limit orders, contingent orders and upper and lower bounds on market orders. These tools are designed to help clients reduce the risk of loss.
- 22. The Trading Platform is similar to those developed for on-line brokerages in that the client trades without other communication with, or advice from, the dealer. The Trading Platform is not a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* since a marketplace is any facility that brings together multiple buyers and sellers by matching orders in fungible contracts in a nondiscretionary manner.
 - 23. CMC UK is the counterparty to its clients' CFD trades; it will not act as an intermediary, broker or trustee in respect of the CFD transactions. Neither of the Filers manage any discretionary accounts, nor do they provide any trading advice or recommendations regarding CFD transactions.
 - 24. The CFDs are OTC contracts and are not transferable.
 - 25. The ability to lever an investment is one of the principal features of CFDs. Leverage allows clients to magnify investment returns (or losses) by reducing the initial capital outlay required to achieve the same market exposure that would be obtained by investing directly in the underlying instrument, asset or sector.
 - 26. The IIROC Rules and the IIROC Acceptable Practices set out detailed requirements and expectations relating to leverage and margin for offerings of CFDs. The degree of leverage may be amended in accordance with the IIROC Rules and the IIROC Acceptable Practices as may be established from time to time.
 - 27. Pursuant to section 13.12 *Restriction on lending to clients* of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, only those firms that are registered as investment dealers (a condition of which is to be a member of IIROC) may lend money, extend credit or provide margin to a client.

Structure of CFDs

- 28. A CFD is a derivative product that allows clients to obtain economic exposure to the price movement of an underlying instrument, asset or sector, such as a share, index, market sector, currency pair, treasury or commodity, without the need for ownership and physical settlement of the underlying instrument or asset. Unlike certain OTC derivatives, such as forward contracts, CFDs do not require or oblige either the principal counterparty (being CMC UK for the purposes of the Requested Relief) nor any agent (being CMC Canada for the purposes of the Requested Relief) to deliver the underlying instrument or asset.
- 29. CFDs to be offered by the Filers will not confer the right or obligation to acquire or deliver the underlying security, instrument or asset itself, and will not confer any other rights of shareholders of the underlying security, instrument or asset, such as voting rights. Rather, a CFD is a derivative instrument which is represented by an agreement between a counterparty and a client to exchange the difference between the opening price of a CFD position and the price of the CFD at the closing of the position. The value of the CFD is generally reflective of the movement in prices at which the underlying instrument or asset is traded at the time of opening and closing the position in the CFD.
- 30. CFDs allow clients to take a long or short position on an underlying instrument, asset or sector, but unlike futures contracts they have no fixed expiry date or standard contract size or an obligation for physical delivery of the underlying instrument or asset.
- 31. CFDs allow clients to obtain exposure to markets, instruments and assets that may not be available directly, or may not be available in a cost-effective manner.

CFDs Distributed in the Applicable Jurisdictions

- 32. Certain types of CFDs, such as CFDs where the underlying instrument is a security, may be considered to be "securities" under the securities legislation of the Applicable Jurisdictions.

33. Investors wishing to purchase CFDs must open an account with CMC Canada and complete a principal contract with CMC UK.
34. Prior to a client's first CFD transaction and as part of the account opening process, the Filers will provide the client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (the **Risk Disclosure Document**). The risk disclosure document includes the required risk disclosure set forth in Schedule A to the Regulations to the QDA and leverage risk disclosure required under the IIROC Rules. The Risk Disclosure Document contains disclosure that is substantially similar to the risk disclosure statement required for recognized options in OSC Rule 91-502 *Trades in Recognized Options* (which provides both registration and prospectus exemptions) (**OSC Rule 91-502**) and the regime for OTC derivatives contemplated by OSC SN 91-702 (as defined below) and proposed OSC Rule 91-504 *OTC Derivatives* (which was not adopted) (**Proposed Rule 91-504**). The Filers will ensure that, prior to a client's first trade in a CFD transaction, a complete copy of the Risk Disclosure Document provided to that client has been delivered, or has previously been delivered, to the Principal Regulator.
35. Prior to a client's first CFD transaction and as part of the account opening process, CMC Canada will obtain a written or electronic acknowledgement from the client confirming that the client has received, read and understood the Risk Disclosure Document. Such acknowledgement is separate and prominent from other acknowledgements provided by the client as part of the account opening process.
36. As is customary in the industry, and due to the fact that this information is subject to factors beyond the control of the Filers (such as changes in the IIROC Rules), information such as the underlying instrument listing and associated margin rates would not be disclosed in the Risk Disclosure Document but will be available to the client at the time of account opening on both CMC Canada's website and the Trading Platform.

Satisfaction of the Registration Requirement

37. The role of CMC Canada as it relates to the CFD offering is limited to acting as an execution-only dealer. In this role, CMC Canada, among other things, is responsible for approving all marketing, for holding of clients funds, and for client approval (including the review of know-your-client (**KYC**) due diligence and account opening suitability assessments).
38. IIROC Rules exempt member firms that provide execution-only services such as discount brokerages from the obligation to determine whether each trade is suitable for a client. However, IIROC has exercised its discretion to impose additional requirements on members proposing to trade in CFDs (namely the IIROC Acceptable Practices described in paragraph 14) which requires, among other things, that:
 - (a) applicable risk disclosure documents and client suitability waivers provided be in a form acceptable to IIROC;
 - (b) the firm's policies and procedures, amongst other things, require CMC Canada to assess whether CFD trading is appropriate for a client before an account is approved to be opened. This account opening suitability process includes an assessment of the client's investment knowledge and trading experience, client identification, screening applicants and customers against lists of prohibited/blocked persons, and detecting and reporting suspicious trading and potential terrorist financing and money laundering activities to applicable enforcement authorities;
 - (c) CMC Canada's registered dealing representatives, as well as their registered supervisors who oversee the KYC and initial product suitability analysis will meet, or be exempt from, the proficiency requirements for futures trading and will be registered with IIROC as Investment Representative for retail customers in the product category of Futures Contracts and Futures Contract Options (**IR**). In addition, CMC Canada must have a fully qualified Supervisor for such products; and
 - (d) cumulative loss limits for each client's account be established (this is a measure normally used by IIROC in connection with futures trading accounts).
39. The CFDs offered in Canada are offered in compliance with applicable IIROC Rules and other IIROC Acceptable Practices.
40. IIROC limits the underlying instruments in respect of which a member firm may offer CFDs since only certain securities are eligible for reduced margin rates. For example, underlying equity securities must be listed or quoted on certain "recognized exchanges" (as that term is defined in the IIROC Rules) such as the Toronto Stock Exchange or the New York Stock Exchange. The purpose of these limits is to ensure that CFDs offered in Canada will only be available in respect of underlying instruments that are traded in well-regulated markets, in significant enough volumes and with

adequate publicly available information, so that clients can form a sufficient understanding of the exposure represented by a given CFD.

41. The IIROC Rules prohibit the margining of CFDs where the underlying instrument is a synthetic product (single U.S. sector or "mini-indices"). For example, Sector CFDs (i.e., basket of equities for the financial institutions industry) may be offered to non-Canadian clients; however, this is not permissible under the IIROC Rules.
42. IIROC members seeking to trade CFDs are generally precluded, by virtue of the nature of the contracts, from distributing CFDs that confer the right or obligation to acquire or deliver the underlying security, instrument or asset itself (convertible CFDs), or that confer any other rights of shareholders of the underlying security, instrument or asset, such as voting rights.
43. The Requested Relief, if granted, would (and the Existing Relief does) substantially harmonize the position of the regulators in the Applicable Jurisdictions on the offering of CFDs to investors in the Applicable Jurisdictions with how those products are offered to investors in Québec under the QDA. The QDA provides a legislative framework to govern derivatives activities within that province. Among other things, the QDA requires such products to be offered to investors through an IIROC member and the distribution of a standardized risk disclosure document rather than a prospectus in order to distribute such contracts to investors resident in Québec.
44. The Requested Relief, if granted, would be (and the Existing Relief is) consistent with the guidelines articulated by Staff of the Principal Regulator in OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors (OSC SN 91-702)*. OSC SN 91-702 provides guidance with regards to the distributions of CFDs, foreign exchange contracts and similar OTC derivative products to investors in the Jurisdiction.
45. The Principal Regulator has previously recognized that the prospectus requirement may not be well suited for the distribution of certain derivative products to investors in the Jurisdiction, and that alternative requirements, including requirements based on clear and plain language risk disclosure, may be better suited for certain derivatives.
46. In Ontario, both OSC Rule 91-502 and OSC Rule 91-503 *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario (OSC Rule 91-503)* provide for a prospectus exemption for the trading of derivative products to clients. The Requested Relief is consistent with the principles and requirements of OSC Rule 91-502, OSC Rule 91-503 and Proposed Rule 91-504.
47. The Filers submit that the Requested Relief, if granted, would (and the Existing Relief does) harmonize the Principal Regulator's position on the offering of CFDs with certain other foreign jurisdictions that have concluded that a clear, plain language risk disclosure document is appropriate for retail clients seeking to trade in foreign exchange contracts.
48. The Filers are of the view that requiring compliance with the prospectus requirement in order to enter into CFDs with retail clients would not be appropriate since the disclosure of a great deal of the information required under a prospectus and under the reporting issuer regime is not material to a client seeking to enter into a CFD transaction. The information to be given to such a client should principally focus on enhancing the client's appreciation of product risk including counterparty risk. In addition, most CFD transactions are of short duration (positions are generally opened and closed on the same day) and are settled when positions are closed. Profit and loss for each position is accumulated for the duration of the period the position is held.
49. CMC UK is regulated by the FCA which has a robust compliance regime including specific requirements to address market, capital and operational risks. CMC Canada is regulated by IIROC, which has a robust compliance regime including specific requirements to address market, capital and operational risks.
50. The Filers submit that the regulatory regimes developed by the FCA, AMF and IIROC for CFDs adequately address issues relating to the potential risk to the clients of CMC UK acting as counterparty. In view of these regulatory regimes, investors would receive little or no additional benefit from requiring the Filers to also comply with the prospectus requirement.
51. The Requested Relief in respect of each Applicable Jurisdiction is conditional on the CMC Canada being registered as an investment dealer with the securities regulator in such Applicable Jurisdiction and maintaining its membership with IIROC and that all CFD transactions be conducted pursuant to the IIROC Rules and in accordance with the IIROC Acceptable Practices.

Decision

The Principal Regulator is satisfied that the test set out in the Legislation to make the Decision is met.

The Decision of the Principal Regulator is that the Requested Relief is granted provided that:

- (a) all CFDs traded with residents in the Applicable Jurisdictions shall be executed through CMC Canada;
- (b) CMC UK remains registered with the FCA and in compliance with FCA Rules;
- (c) with respect to residents of an Applicable Jurisdiction, CMC Canada remains registered as a dealer in the category of investment dealer with the Principal Regulator and the Commission in such Applicable Jurisdiction and a member of IIROC;
- (d) all CFD transactions with clients resident in the Applicable Jurisdictions shall be conducted pursuant to the IIROC Rules imposed on members seeking to trade in CFDs and in accordance with the IIROC Acceptable Practices, as amended from time to time;
- (e) if the Filers continue to offer CFDs to residents of Québec, all CFD transactions with clients resident in the Applicable Jurisdictions be conducted pursuant to the rules and regulations of the QDA and the AMF, as amended from time to time, unless and to the extent there is a conflict between i) the rules and regulations of the QDA and the AMF, and ii) the requirements of the securities laws of the Applicable Jurisdictions, the IIROC Rules and the IIROC Acceptable Practices, in which case the latter shall prevail;
- (f) prior to a client first entering into a CFD transaction, the Filers have provided to the client the Risk Disclosure Document described in paragraph 34 and have delivered, or have previously delivered, a copy of the Risk Disclosure Document provided to that client to the Principal Regulator;
- (g) prior to a client's first CFD transaction and as part of the account opening process, the Filers have obtained a written or electronic acknowledgement from the client, as described in paragraph 35, confirming that the client has received, read and understood the Risk Disclosure Document;
- (h) the Filers have furnished to the Principal Regulator the name and principal occupation of its officers and directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 *General Prospectus Requirements* or the registration information form for an individual provided for in Form 33-109F4 of National Instrument 33-109 *Registration Information Requirements* completed by any officer or director;
- (i) the Filers shall promptly inform the Principal Regulator in writing of any material change affecting the Filers, being any change in the business, activities, operations or financial results or condition of the Filers that may reasonably be perceived by a counterparty to a derivative to be material;
- (j) the Filers shall promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to disciplinary matters against the Filers concerning the conduct of activities with respect to CFDs;
- (k) within 90 days following the end of its financial year, CMC UK shall submit to the Principal Regulator the audited annual financial statements of CMC UK; and
- (l) the Requested Relief shall immediately expire upon the earliest of:
 - (i) four years from the date that this Decision is issued;
 - (ii) in respect of a subject Applicable Jurisdiction or Québec, the issuance of an order or decision by a court, the Commission in such Applicable Jurisdiction, the AMF (in respect of Québec) or other similar regulatory body that suspends or terminates the ability of the Filers to offer CFDs to clients in such Applicable Jurisdiction or Québec; and
 - (iii) with respect to an Applicable Jurisdiction, the coming into force of legislation or a rule by its Commission regarding the distribution of OTC derivatives to investors in such Applicable Jurisdiction

(the **Interim Period**).

“Deborah Leckman”
Commissioner
Ontario Securities Commission

“Robert Hutchison”
Commissioner
Ontario Securities Commission

2.1.3 MD Financial Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – fund family relief from the requirement to send a printed information circular to registered holders of the securities of an investment fund – relief subject to conditions, including sending an explanatory document in lieu of the printed information circular and giving securityholders the option to request and obtain at no charge a printed information circular – notice-and-access for investment funds – National Instrument 81-106 Investment Fund Continuous Disclosure.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 12.2(2)(a).

February 9, 2018

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
MD FINANCIAL MANAGEMENT INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, in respect of existing and future investment funds that are or will be managed from time to time by the Filer or by a successor of the Filer (collectively, the **Funds**, and each a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting an exemption from the requirement contained in paragraph 12.2(2)(a) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) that a person or company that solicits proxies, by or on behalf of management of a Fund, send an information circular to each registered holder of securities of a Fund whose proxy is solicited, and instead allow the Funds to send a Notice-and-Access Document (as defined in condition 1 of this decision) using the Notice-and-Access Procedure (as defined in condition 2 of this decision) (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, Yukon and Northwest Territories (collectively, with the Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**NI 54-101**) have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

The Filer and the Funds

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Ottawa, Ontario. The Filer is registered as a portfolio manager in each of the provinces and territories of Canada and is registered in Ontario in the category of exempt market dealer, commodity trading manager and investment fund manager. The Filer is also registered as an investment fund manager in the provinces of Quebec and Newfoundland and Labrador.
2. The Funds are, or will be, managed by the Filer or by an affiliate or successor of the Filer.
3. The Funds are, or will be, investment funds that are, or will be, reporting issuers in one or more of the Jurisdictions.
4. Neither the Filer nor any of the existing Funds, are in default of any of the requirements of securities legislation of the Jurisdictions.

Meetings of Securityholders of the Funds

5. Pursuant to applicable legislation, the Filer must call a meeting of securityholders of one or more Funds from time to time to consider and vote on matters requiring securityholder approval.
6. In connection with a meeting of securityholders, a Fund is required to comply with the requirements in NI 81-106 regarding the sending of proxies and information circulars to registered holders of its securities, which include a requirement that each person or company that solicits proxies by or on behalf of management of a Fund send, with the notice of meeting, to each registered holder of securities of a Fund whose proxy is solicited, an information circular, prepared in compliance with the requirements of Form 51-102F5 *Information Circular* of NI 51-102, to securityholders of record who are entitled to receive notice of the meeting.
7. A Fund is also required to comply with NI 51-102 for communicating with registered holders of its securities, and to comply with NI 54-101 for communicating with beneficial owners of its securities.

Notice-and-Access Procedure – Corporate Finance Issuers

8. Section 9.1.1 of NI 51-102 permits, if certain conditions are met, a reporting issuer that is not an investment fund to use the notice-and-access procedure and send, instead of an information circular, a notice to each registered holder of its securities that contains certain specific information regarding the meeting and an explanation of the notice-and-access procedure.
9. Section 2.7.1 of NI 54-101 permits a reporting issuer that is not an investment fund to use a similar procedure to communicate with each beneficial owner of its securities.

Reasons supporting the Exemption Sought

10. A meeting of investment fund securityholders is substantively no different than a meeting of corporate finance securityholders. As a result, if the notice-and access procedure set forth in NI 51-102 and in NI 54-101 can be used by a corporate finance issuer for a meeting of its securityholders in order to send a notice-and-access document instead of an information circular, it would not be detrimental to the protection of investors to allow an investment fund to also use the Notice-and-Access Procedure to send a Notice-and-Access Document, instead of the information circular.
11. With the Exemption Sought, securityholders will maintain the same access to the same quality of disclosure material currently available. Without limiting the generality of the foregoing:
 - (a) all securityholders of record entitled to receive an information circular will receive instructions on how to access the information circular and will be able to receive a printed copy, without charge, if they so desire; and
 - (b) the conditions to the Exemption Sought mandate that the Notice-and-Access Document will be sent to securityholders sufficiently in advance of a meeting so that if a securityholder wishes to receive a printed copy of the information circular, there will be sufficient time for the Filer, directly or through the Filer's agent, to send the information circular.

Decisions, Orders and Rulings

12. With the Notice-and-Access Procedure, no securityholder will be deprived of their ability to access the information circular in his/her preferred manner of communication.
13. In accordance with the Filer's standard of care owed to the relevant Fund pursuant to applicable legislation, the Filer will only use the Notice-and-Access Procedure for a particular meeting where it has concluded it is appropriate and consistent with the purposes of notice-and-access (as described in the Companion Policy to NI 54-101) to do so, also taking into account the purpose of the meeting and whether the Fund(s) would obtain a better participation rate by sending the information circular with the other proxy-related materials.
14. There are significant costs involved in the printing and delivery of the proxy-related materials, including information circulars, to securityholders in the Funds and in certain cases, the Filer.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that, in respect of each Fund or the Filer soliciting proxies by or on behalf of management of a Fund:

1. The registered holders or beneficial owners, as applicable, of securities of the Fund are sent a document that contains the following information and no other information (the **Notice-and-Access Document**):
 - (a) the date, time and location of the meeting for which the proxy-related materials are being sent;
 - (b) a description of each matter or group of related matters identified in the form of proxy to be voted on unless that information is already included in a Form 54-101F6 *Request for Voting Instructions Made by Reporting Issuer (Form 54-101F6)* or Form 54-101F7 *Request for Voting Instructions Made by Intermediary (Form 54-101F7)* as applicable, that is being sent to the beneficial owner of securities of the Fund under condition (2)(c) of this decision;
 - (c) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;
 - (d) a reminder to review the information circular before voting;
 - (e) an explanation of how to obtain a paper copy of the information circular and, if applicable, the financial statements of the Fund;
 - (f) a plain-language explanation of the Notice-and-Access Procedure that includes the following information:
 - (i) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is to be received in order for the registered holder or beneficial owner, as applicable, to receive the paper copy in advance of any deadline for the submission of voting instructions for the meeting;
 - (ii) an explanation of how the registered holders or the beneficial owners, as applicable, of securities of the Fund are to return voting instructions, including any deadline for return of those instructions;
 - (iii) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the Notice-and-Access Document can be found; and
 - (iv) a toll-free telephone number the registered holders or the beneficial owners, as applicable, of securities of the Fund can call to get information about the Notice-and-Access Procedure.
2. The Filer, on behalf of the Fund, sends the Notice-and-Access Document in compliance with the following procedure (the **Notice-and-Access Procedure**), in addition to any and all other applicable requirements:
 - (a) the proxy-related materials are sent a minimum of 30 days before a meeting and a maximum of 50 days before a meeting;
 - (b) if the Fund sends proxy-related materials:

- (i) directly to a Non Objecting Beneficial Owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements, at least 30 days before the date of the meeting; and
 - (ii) indirectly to a beneficial owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements to the proximate intermediary (A) at least 3 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary by first class mail, courier or the equivalent, or (B) at least 4 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent using any other type of prepaid mail;
- (c) using the procedures referred to in section 2.9 or 2.12 of NI 54-101, as applicable, the beneficial owner of securities of the Fund is sent, by prepaid mail, courier or the equivalent, the Notice-and-Access Document and a Form 54-101F6 or Form 54-101F7, as applicable;
- (d) the Filer, on behalf of the Fund, files on SEDAR the notification of meeting and record dates on the same date that it sends the notification of meeting date and record date pursuant to subsection 2.2(1) of NI 54-101 (as such time may be abridged);
- (e) public electronic access to the information circular and the Notice-and-Access Document is provided on or before the date that the Notice-and-Access Document is sent to registered holders or to beneficial owners, as applicable, of securities of the Fund in the following manner:
 - (i) the information circular and the Notice-and-Access Document are filed on SEDAR; and
 - (ii) the information circular and the Notice-and-Access Document are posted until the date that is one year from the date that the documents are posted, on a website of the Filer or the Fund;
- (f) a toll-free telephone number is provided for use by the registered holders or beneficial owners, as applicable, of securities of the Fund to request a paper copy of the information circular and, if applicable, the financial statements of the Fund, at any time from the date that the Notice-and-Access Document is sent to the registered holders or the beneficial owners, as applicable, up to and including the date of the meeting, including any adjournment or postponement;
- (g) if a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is received at the toll-free telephone number provided in the Notice-and-Access Document or by any other means, a paper copy of any such document requested is sent free of charge to the registered holder or beneficial owner, as applicable, at the address specified in the request in the following manner:
 - (i) in the case of a request received prior to the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent; and
 - (ii) in the case of a request received on or after the date of the meeting, and within one year of the date the information circular is filed on SEDAR, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent;
- (h) a Notice-and-Access Document is only accompanied by:
 - (i) a form of proxy;
 - (ii) if applicable, the financial statements of the Fund to be presented at the meeting; and
 - (iii) if the meeting is to approve a reorganization of the Fund with another investment fund, as contemplated by paragraph 5.1(1)(f) of National Instrument 81-102 *Investment Funds*, the Fund Facts document, ETF summary document or ETF Facts, as applicable, for the continuing investment fund;
- (i) a Notice-and-Access Document may only be combined in a single document with a form of proxy;
- (j) if the Filer, directly or through the Filer's agent, receives a request for a copy of the information circular and if applicable, the financial statements of the Fund, using the toll-free telephone number referred to in the Notice-and-Access Document or by any other means, it must not do any of the following:

- (i) ask for any information about the registered holder or beneficial owner, other than the name and address to which the information circular and, if applicable, the financial statements of the Fund are to be sent; and
 - (ii) disclose or use the name or address of the registered holder or beneficial owner for any purpose other than sending the information circular and, if applicable, the financial statements of the Fund;
- (k) the Filer, directly or through the Filer's agent, must not collect information that can be used to identify a person or company who has accessed the website address to which it posts the proxy-related materials pursuant to condition (2)(e)(ii) of this decision.
- (l) in addition to the proxy-related materials posted on a website in the manner referred to in condition (2)(e)(ii) of this decision, the Filer must also post on the website the following documents:
 - (i) any disclosure document regarding the meeting that the Filer, on behalf of the Fund, has sent to registered holders or beneficial owners of securities of the Fund; and
 - (ii) any written communications the Filer, on behalf of the Fund, has made available to the public regarding each matter or group of matters to be voted on at the meeting, whether or not they were sent to registered holders or beneficial owners of securities of the Fund;
- (m) materials that are posted on a website pursuant to condition (2)(e)(ii) of this decision must be posted in a manner and be in a format that permit an individual with a reasonable level of computer skill and knowledge to do all of the following easily:
 - (i) access, read and search the documents on the website; and
 - (ii) download and print the documents;
- (n) despite subsection 2.1(b) of NI 54-101, if the Fund relies upon this decision, it must set a record date for notice that is no fewer than 40 days before the date of the meeting;
- (o) in addition to section 2.20 of NI 54-101, the Fund may only abridge the time prescribed in subsections 2.1(b), 2.2(1) or 2.5(1) of NI 54-101 if the Fund fixes the record date for notice to be at least 40 days before the date of the meeting and sends the notification of meeting and record dates at least 3 business days before the record date for notice;
- (p) the notification of meeting date and record date sent pursuant to subsection 2.2(1)(b) of NI 54-101 shall specify that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this decision;
- (q) the Filer, on behalf of the Fund, provides disclosure in the information circular to the effect that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this decision; and
- (r) the Filer pays for delivery of the information circular and, if applicable, the financial statements of the Fund, to registered holders or to beneficial owners, as applicable, of securities of the Fund if a copy of such material is requested following receipt of the Notice-and-Access Document.

The Exemption Sought terminates on the coming into force of any legislation or regulation allowing an investment fund to use a notice-and-access procedure.

"Vera Nunes"
Manager
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.4 Bristol Gate Capital Partners Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions –relief to permit exchange-traded mutual fund prospectus to omit an underwriter’s certificate – relief from take-over bid requirements for normal course purchases of securities on the TSX –relief granted to facilitate the offering of exchange-traded mutual funds.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 59(1) and 147.
National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

February 2, 2018

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
BRISTOL GATE CAPITAL PARTNERS INC.
(the Filer)**

AND

**IN THE MATTER OF
BRISTOL GATE CONCENTRATED CANADIAN EQUITY ETF,
BRISTOL GATE CONCENTRATED U.S. EQUITY ETF
(the Proposed ETFs)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Proposed ETFs and any additional exchange-traded mutual funds (the **Future ETFs**, and, together with the Proposed ETFs, the **ETFs** and individually, an **ETF**) established in the future for which the Filer is the manager, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that:

- (a) exempts the Filer and each ETF from the requirement to include a certificate of an underwriter in an ETF’s prospectus (the **Underwriter’s Certificate Requirement**); and
- (c) exempts a person or company purchasing Listed Securities (as defined below) in the normal course through the facilities of the TSX (as defined below) or another Marketplace (as defined below) from the Take-over Bid Requirements (as defined below)

(collectively, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland,

Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Affiliate Dealer means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined below) from time to time.

Authorized Dealer means a registered dealer that has entered, or intends to enter, into an agreement with the manager of an ETF authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more ETFs on a continuous basis from time to time.

Designated Broker means a registered dealer that has entered, or intends to enter, into an agreement with the manager of an ETF to perform certain duties in relation to the ETF, including the posting of a liquid two-way market for the trading of the ETF's Listed Securities on the TSX or another Marketplace.

ETF Facts means a prescribed summary disclosure document required in respect of one or more classes or series of Listed Securities being distributed under a prospectus.

Marketplace means a "marketplace" as defined in National Instrument 21-101 *Marketplace Operations* that is located in Canada.

NI 81-102 means National Instrument 81-102 *Investment Funds*.

Other Dealer means a registered dealer that acts as authorized dealer or designated broker to exchange-traded funds that are not managed by the Filer and that has received relief under a Prospectus Delivery Decision.

Prescribed Number of Listed Securities means the number of Listed Securities of an ETF determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Prospectus Delivery Decision means a decision granting relief from the Prospectus Delivery Requirement to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer dated August 24, 2015 and any subsequent decision granted to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer that grants similar relief.

Prospectus Delivery Requirement means the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the Legislation applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement.

Securityholders means beneficial or registered holders of Listed Securities or Unlisted Securities (as defined below), as applicable.

Take-over Bid Requirements means the requirements of National Instrument 62-104 *Take-Over Bids and Issuer Bids* relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each Jurisdiction.

TSX means the Toronto Stock Exchange.

Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer is a corporation incorporated under the laws of the Province of Ontario, with its head office located at 45 St. Clair Avenue West, Suite 601, Toronto, Ontario.
2. The Filer is registered as an investment fund manager in Ontario and Québec and as a portfolio manager and an exempt market dealer in Alberta, British Columbia, Manitoba, Ontario and Québec.

3. The Filer will be the investment fund manager, trustee and portfolio manager of the Proposed ETFs. The Filer will be the investment fund manager or trustee of the Future ETFs and may be the portfolio manager of the Future ETFs.
4. The Filer is not in default of securities legislation in any of the Jurisdictions.

The ETFs

5. Each Proposed ETF will be a mutual fund structured as a trust that is governed by the laws of the Province of Ontario. The Future ETFs will be either trusts or corporations or classes thereof governed by the laws of a Jurisdiction. Each ETF will be a reporting issuer in the Jurisdiction(s) in which its securities are distributed.
6. Subject to any exemptions that have been, or may be, granted by the applicable securities regulatory authorities, each ETF will be an open-ended mutual fund subject to NI 81-102 and Securityholders of each ETF will have the right to vote at a meeting of Securityholders in respect of matters prescribed by NI 81-102.
7. Each ETF may issue more than one series of securities, including, but not limited to:
 - (a) a series of securities distributed pursuant to a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements (NI 41-101)* and Form 41-101F2 *Information Required in an Investment Fund Prospectus* that is listed on the TSX or another Marketplace (**Listed Securities**); and
 - (b) a series of securities offered only on a private placement basis pursuant to available prospectus exemptions, including the accredited investor exemption, under securities laws (**Unlisted Securities**).
8. The Listed Securities will be listed on the TSX or another Marketplace.
9. The Filer has filed, or will file, a long form prospectus prepared in accordance with NI 41-101 in respect of the Listed Securities of the ETFs, subject to any exemptions that may be granted by the applicable securities regulatory authorities.
10. Listed Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus. Listed Securities may generally only be subscribed for or purchased directly from the ETFs (**Creation Units**) by Authorized Dealers or Designated Brokers. Generally, subscriptions or purchases may only be placed for a Prescribed Number of Listed Securities (or a multiple thereof) on any day when there is a trading session on the TSX or other Marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of Listed Securities on the TSX or another Marketplace.
11. In addition to subscribing for and re-selling Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling Listed Securities of the same class or series as the Creation Units in the secondary market. Other Dealers may also be engaged in purchasing and selling Listed Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer.
12. Each ETF will appoint, at any given time, a Designated Broker to perform certain other functions, which include standing in the market with a bid and ask price for Listed Securities for the purpose of maintaining liquidity for the Listed Securities.
13. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, Listed Securities generally will not be able to be purchased directly from an ETF. Investors are generally expected to purchase and sell Listed Securities, directly or indirectly, through dealers executing trades through the facilities of the TSX or another Marketplace. Listed Securities may also be issued directly to Securityholders upon a reinvestment of distributions of income or capital gains.
14. Securityholders that are not Designated Brokers or Authorized Dealers that wish to dispose of their Listed Securities may generally do so by selling their Listed Securities on the TSX or other Marketplace, through a registered dealer, subject only to customary brokerage commissions. A Securityholder that holds a Prescribed Number of Listed Securities or multiple thereof may exchange such Listed Securities for Baskets of Securities and/or cash in the discretion of the Filer. Securityholders may also redeem Listed Securities for cash at a redemption price equal to 95% of the closing price of the Listed Securities on the TSX or other Marketplace on the date of redemption, subject to a maximum redemption price of the applicable net asset value per Listed Security.

Underwriter's Certificate Requirement

15. Authorized Dealers and Designated Brokers will not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting.
16. The Filer will generally conduct its own marketing, advertising and promotion of the ETFs.
17. Authorized Dealers and Designated Brokers will not be involved in the preparation of an ETF's prospectus, will not perform any review or any independent due diligence as to the content of an ETF's prospectus, and will not incur any marketing costs or receive any underwriting fees or commissions from the ETFs or the Filer in connection with the distribution of Listed Securities. The Authorized Dealers and Designated Brokers generally seek to profit from their ability to create and redeem Listed Securities by engaging in arbitrage trading to capture spreads between the trading prices of Listed Securities and their underlying securities and by making markets for their clients to facilitate client trading in Listed Securities.

Dealer Delivery

18. Securities regulatory authorities have advised that they take the view that the first re-sale of a Creation Unit on the TSX or another Marketplace will generally constitute a distribution of Creation Units under the Legislation and that the Authorized Dealers, Designated Brokers and Affiliate Dealers are subject to the Prospectus Delivery Requirement in connection with such re-sales. Re-sales of Listed Securities in the secondary market that are not Creation Units would not ordinarily constitute a distribution of such Listed Securities.
19. According to Authorized Dealers and Designated Brokers, Creation Units will generally be commingled with other Listed Securities purchased by the Authorized Dealers, Designated Brokers and Affiliate Dealers in the secondary market. As such, it is not practicable for the Authorized Dealers, Designated Brokers or Affiliate Dealers to determine whether a particular re-sale of Listed Securities involves Creation Units or Listed Securities purchased in the secondary market.
20. Under the applicable Prospectus Delivery Decision, Authorized Dealers, Designated Brokers and Affiliate Dealers are exempt from the Prospectus Delivery Requirement in connection with the re-sale of Creation Units to investors on the TSX or another Marketplace. Under a Prospectus Delivery Decision, Other Dealers are also exempt from the Prospectus Delivery Requirement in connection with the re-sale of creation units of other exchange-traded funds that are not managed by the Filer.
21. Each Prospectus Delivery Decision includes a condition that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer undertakes that it will, unless it has previously done so, send or deliver to each purchaser of a Listed Security who is a customer of the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer and to whom a trade confirmation is required under the Legislation to be sent or delivered by the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer in connection with the purchase, the latest ETF Facts filed in respect of the Listed Security not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after the purchase of the Listed Security.
22. The Filer will prepare and file with the applicable Jurisdictions on the System for Electronic Document Analysis and Retrieval (**SEDAR**) an ETF Facts for each class or series of Listed Securities and will make available to the applicable Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers the requisite number of copies of the ETF Facts for the purpose of facilitating their compliance with the Prospectus Delivery Decision within the timeframe necessary to allow Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers to effect delivery of the ETF Facts as contemplated in the Prospectus Delivery Decision.

Take-over Bid Requirements

23. As equity securities that will trade on the TSX or another Marketplace, it is possible for a person or company to acquire such number of Listed Securities so as to trigger the application of the Take-over Bid Requirements. However:
 - (a) it will not be possible for one or more Securityholders to exercise control or direction over an ETF, as the constating documents of each ETF will provide that only the Filer may call a meeting of the Securityholders;
 - (b) it will be difficult for the purchasers of Listed Securities to monitor compliance with the Take-over Bid Requirements because the number of outstanding Listed Securities will always be in flux as a result of the ongoing issuance and redemption of Listed Securities by each ETF; and

- (c) the way in which the Listed Securities will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium for outstanding Listed Securities because pricing for each Listed Security will generally reflect the net asset value of the Listed Securities.
24. The application of the Take-over Bid Requirements to the ETFs would have an adverse impact on the liquidity of the Listed Securities because they could cause the Designated Brokers and other large Securityholders to cease trading Listed Securities once the Securityholder has reached the prescribed threshold at which the Take-over Bid Requirements would apply. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the ETFs.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

1. The decision of the principal regulator is that the Exemption Sought from the Underwriter's Certificate Requirement is granted, provided that the Filer will be in compliance with the following conditions:
 - (a) the Filer provides or makes available to each Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, the number of copies of the ETF Facts of each Listed Security that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer reasonably requests in support of compliance with its respective Prospectus Delivery Decision;
 - (b) each ETF's prospectus, as the same may be amended from time to time, will disclose the relief granted pursuant to the Exemption Sought under Item 34.1 of Form 41-101F2 – Information Required in an Investment Fund Prospectus, as applicable;
 - (c) the Filer obtains an executed acknowledgement from each Authorized Dealer, Designated Broker and Affiliate Dealer, and uses its best efforts to obtain an acknowledgment from each Other Dealer:
 - (i) indicating each dealer's election, in connection with the re-sale of Creation Units on the TSX or another Marketplace, to send or deliver the ETF Facts in accordance with a Prospectus Delivery Decision or, alternatively, to comply with the Prospectus Delivery Requirement; and
 - (ii) if the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer agrees to deliver the ETF Facts in accordance with a Prospectus Delivery Decision:
 - (1) an undertaking that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer will attach or bind one ETF's ETF Facts with another ETF's ETF Facts only if the documents are being sent or delivered under the Prospectus Delivery Decision at the same time to an investor purchasing Listed Securities of each such ETF; and
 - (2) confirming that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer has in place written policies and procedures to ensure that it is in compliance with the conditions of the Prospectus Delivery Decision;
 - (d) the Filer will keep records of which Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers have provided it with an acknowledgement under a Prospectus Delivery Decision, and which intend to rely on and comply with the Prospectus Delivery Decision or intend to comply with the Prospectus Delivery Requirement;
 - (e) the Filer files with its principal regulator, to the attention of the Director, Investment Funds and Structured Products Branch, on or before January 31st in each calendar year, a certificate signed by its ultimate designated person certifying that, to the best of the knowledge of such person, after making due inquiry, the Filer has complied with the terms and conditions of this decision during the previous calendar year; and
 - (f) conditions (a), (b), (c), (d) and (e) above do not apply to the Exemption Sought after any new legislation or rule dealing with the Prospectus Delivery Decision takes effect and any applicable transition period has expired.
2. The decision of the principal regulator is that the Exemption Sought from the Take-over Bid Requirements is granted.

As to the Exemption Sought from the Underwriter's Certificate Requirement:

"Mark Sandler"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Take-over Bid Requirements:

"Darren McKall"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.2 Orders

2.2.1 Dominion Citrus Limited

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceases to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

February 13, 2018

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
DOMINION CITRUS LIMITED
(the Filer)

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions in Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

- a) the Ontario Securities Commission is the principal regulator for this application, and
- b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in Newfoundland and Labrador, Nova Scotia, Quebec and Saskatchewan.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the Principal Regulator to make the order.

The decision of the principal regulator under the Legislation that the Order Sought is granted.

“Michael Balter”
Manager, Corporate Finance
Ontario Securities Commission

2.2.2 West Fraser Timber Co. Ltd. and The Bank of Nova Scotia – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – issuer proposes to purchase, pursuant to a repurchase program and at a discounted purchase price, up to a specified number of its common shares under its normal course issuer bid from a third party – the third party will abide by the requirements governing normal course issuer bids as though it was the issuer, subject to certain modifications, including that the third party will not make any purchases under the program pursuant to a pre-arranged trade – common shares delivered to the issuer for cancellation will be common shares from the third party's existing inventory – due to the discounted purchase price, the common shares cannot be acquired through the TSX trading system – but for the fact that the common shares cannot be acquired through the TSX trading system, the Issuer could otherwise acquire such shares in accordance with TSX rules and in reliance upon the issuer bid exemption available under section 4.8 of NI 62-104 – the third party will purchase common shares under the program on the same basis as if the issuer had conducted the bid in reliance on the normal course issuer bid exemptions set out in securities legislation – no adverse economic impact on, or prejudice to the issuer or its security holders – acquisition of securities exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the number of common shares transferred by the third party from its existing inventory to the issuer for purchase under the program be equivalent to the number of common shares that the third party has purchased, or had purchased on its behalf, on Canadian markets.

Statutes Cited

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
WEST FRASER TIMBER CO. LTD. AND
THE BANK OF NOVA SCOTIA**

**ORDER
(Section 6.1 of National Instrument 62-104)**

UPON the application (the “**Application**”) of West Fraser Timber Co. Ltd. (the “**Issuer**”) and The Bank of Nova Scotia (“**BNS**”, and together with the Issuer, the “**Filers**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (“**NI 62-104**”) exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the “**Issuer Bid Requirements**”) in respect of the proposed purchases by the Issuer of up to 1,000,000 (the “**Program Maximum**”) of its common shares (the “**Common Shares**”) from BNS pursuant to a share repurchase program (the “**Program**”);

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Issuer having represented to the Commission the matters set out in paragraphs 1 to 4, inclusive, 8, 10 to 18, inclusive, 20 to 27, inclusive, 31, 33, 35 to 37, inclusive, 39 and 40, as they relate to the Issuer;

AND UPON BNS and Scotia Capital Inc. (“**SCI**”, and together with BNS, the “**Scotia Entities**”) having represented to the Commission the matters set out in paragraphs 5 to 9, inclusive, 18 to 21, inclusive, 25, 27 to 32, inclusive, 34, 38, 40 and 41, as they relate to the Scotia Entities;

1. The Issuer is a corporation governed under the *Business Corporations Act* (British Columbia).
2. The Issuer's registered office is located at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, V6E 4N7 and its head office is located at 858 Beatty Street, Suite 501, Vancouver, British Columbia, V6B 1C1.
3. The Issuer is a reporting issuer in each of the provinces of Canada and in the Yukon (collectively, the “**Jurisdictions**”) and the Common Shares are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “WFT”. The Issuer is not in default of any requirement of the securities legislation of the Jurisdictions.

4. The authorized share capital of the Issuer consists of: (a) 400,000,000 Common Shares; (b) 20,000,000 Class B common shares; and (c) 10,000,000 preferred shares issuable in series. As at February 8, 2018, the Issuer had 75,631,226 Common Shares and 2,281,478 Class B common shares issued and outstanding.
5. BNS is a Schedule I bank governed by the *Bank Act* (Canada). The executive office of BNS is located in the Province of Ontario.
6. SCI is registered as an investment dealer under the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador, New Brunswick, Prince Edward Island, the Yukon, the Northwest Territories and Nunavut. SCI is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund, a participating organization or member of the TSX, TSX Venture Exchange and Canadian Securities Exchange, and an approved participant of the Bourse de Montréal. The head office of SCI is located in Toronto, Ontario.
7. BNS does not own, directly or indirectly, more than 5% of the issued and outstanding Common Shares.
8. BNS is the beneficial owner of at least 1,000,000 Common Shares, none of which were acquired by, or on behalf of, BNS in anticipation or contemplation of resale to the Issuer (such Common Shares over which BNS has beneficial ownership, the “**Inventory Shares**”). All of the Inventory Shares are held by BNS in the Province of Ontario, and all purchases of Inventory Shares by the Issuer from BNS will be executed and settled in the Province of Ontario. No Common Shares were purchased by, or on behalf of, BNS on or after November 14, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by BNS to the Issuer.
9. BNS is at arm’s length to the Issuer and is not an “insider” of the Issuer, an “associate” of an “insider” of the Issuer, or an “associate” or “affiliate” of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the “Act”). BNS is an “accredited investor” within the meaning of National Instrument 45-106 *Prospectus Exemptions*.
10. Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid (the “**Original Notice**”) which was accepted by the TSX effective September 12, 2017, the Issuer is permitted to make a normal course issuer bid (the “**NCIB**”) to purchase for cancellation, during the 12-month period beginning on September 19, 2017 and ending on September 18, 2018, up to 3,794,375 Common Shares, representing approximately 5% of the issued and outstanding Common Shares as of the date specified in the Original Notice. The Original Notice specifies that purchases under the NCIB are to be conducted through the facilities of the TSX or through other Canadian marketplaces. On December 14, 2017, the TSX accepted an amendment (the “**First Notice Amendment**”) to the Original Notice to specify that purchases may also be made by such other means as may be permitted by the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the “**TSX NCIB Rules**”) or by a securities regulatory authority, including under automatic trading plans, and by private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities. On December 22, 2017, the TSX accepted a second amendment (the “**Second Notice Amendment**”) and, together with the Original Notice and the First Notice Amendment, the “**Notice**”) to the Original Notice, as amended by the First Notice Amendment, to reflect the intention of the Issuer to (a) enter into an automatic share purchase plan with Raymond James Ltd. for the Blackout Period (as defined below) in effect from January 1, 2018 until February 15, 2018, inclusive (such purchase plan, the “**Raymond James ASPP**”, and such Blackout Period, the “**Current Blackout Period**”), and (b) enter into the Program.
11. The NCIB is being conducted in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(2) of NI 62-104 (the “**Designated Exchange Exemption**”).
12. The NCIB is also being conducted in the normal course on other permitted published markets in Canada (collectively, the “**Canadian Other Published Markets**”) in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(3) of NI 62-104 (the “**Other Published Markets Exemption**”, and together with the Designated Exchange Exemption, the “**Exemptions**”).
13. Pursuant to the TSX NCIB Rules, the Issuer has appointed Raymond James Ltd. as its designated broker in respect of the NCIB (the “**Responsible Broker**”).
14. The Issuer may, from time to time, appoint a non-independent purchasing agent (a “**Plan Trustee**”) to purchase Common Shares on the open market to fulfill requirements for the delivery of Common Shares under the Issuer’s employee share purchase plan and security-based compensation plans (the “**Plan Trustee Purchases**”). A Plan Trustee has not been appointed by the Issuer, no Plan Trustee will be appointed by the Issuer during the Program Term (as defined below) and no Plan Trustee Purchases will be required or made during the Program Term.

15. The Notice provides that the Issuer may implement an automatic trading plan (“**ASPP**”) to permit the Issuer to make purchases under the NCIB at such times when the Issuer would not be permitted to trade in its securities, including regularly scheduled quarterly blackout periods and other internal blackout periods (each such time, a “**Blackout Period**”). The Issuer entered into the Raymond James ASPP on December 22, 2017, which (a) was approved by the TSX and is in compliance with rules of the TSX and applicable securities law, and (b) will terminate prior to the beginning of the Program. No ASPP (other than the Program during a Blackout Period) will be implemented or operative during the Program Term.
16. As at February 8, 2018, the Issuer had purchased a total of 119,094 Common Shares pursuant to the NCIB, none of which were purchased pursuant to issuer bid exemption orders issued by securities regulatory authorities.
17. To the best of the Issuer’s knowledge, the “public float” (calculated in accordance with the TSX NCIB Rules) for the Common Shares as at February 8, 2018 consisted of 60,146,787 Common Shares, representing approximately 79.5% of the Issuer’s issued and outstanding Common Shares as of such date. The Common Shares are “highly-liquid securities” as that term is defined in section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* (“**OSC Rule 48-501**”) and section 1.1 of the *Universal Market Integrity Rules* (“**UMIR**”).
18. The Filers wish to participate in the Program during, and as part of, the NCIB to enable the Issuer to purchase from BNS, and for BNS to sell to the Issuer, that number of Common Shares equal to the Program Maximum.
19. Pursuant to the terms of the Program Agreement (as defined below), SCI will be retained by BNS to acquire Common Shares through the facilities of the TSX and on Canadian Other Published Markets (collectively with the TSX, the “**Canadian Markets**”) under the Program. No Common Shares will be acquired under the Program on a market that is not a Canadian Market.
20. The Program will be governed by, and conducted in accordance with, the terms and conditions of a Share Repurchase Program Agreement (the “**Program Agreement**”) that will be entered into among the Filers and SCI prior to the commencement of the Program, a copy of which will be delivered by the Filers to the Commission and the TSX promptly thereafter. The Program Agreement will not be entered into during the Current Blackout Period.
21. The Program will not commence until the passage of two clear trading days from the date of the dissemination to the public of the Issuer’s financial results and/or any and all “material changes” or any “material facts” (each as defined in the Act) in respect of the Issuer or the Common Shares relating to the Current Blackout Period, and will terminate on the earlier of: (a) September 18, 2018; (b) the date on which the Issuer will have purchased the Program Maximum under the Program; and (c) the date on which the Program is terminated in accordance with its terms (the “**Program Term**”). Neither the Issuer nor any of the Scotia Entities may unilaterally terminate the Program Agreement during the Program Term, except in the case of an event of default by a party thereunder or a change in law or announced change in law that would have adverse consequences to the transactions contemplated thereunder or to the Issuer or either of the Scotia Entities.
22. At least two clear Trading Days prior to the commencement of the Program, the Issuer will issue and file a press release that has been pre-cleared by the TSX that: (a) describes the material features of the Program, including the Program Term; (b) discloses the Issuer’s intention to participate in the Program during the NCIB; (c) states that it is the Issuer’s current intention to purchase the Program Maximum, but that the number of Common Shares purchased pursuant to the Program may be less than the Program Maximum; (d) provides an explanation as to why less than the Program Maximum may be purchased; and (e) states that, immediately following the completion of the Program, the Issuer will issue and file the Completion Press Release (as defined below) (the “**Commencement Press Release**”).
23. The Program Maximum will not exceed the number of Common Shares remaining that the Issuer is entitled to acquire under the NCIB, calculated as at the date of the Program Agreement.
24. The TSX has (a) been advised of the Issuer’s intention to enter into the Program, (b) been provided with drafts of the Program Agreement and the Commencement Press Release, and (c) confirmed it has no objection to the Issuer conducting the Program as part of the NCIB.
25. The Program Term may include one or more Blackout Periods. During a Blackout Period, the Program will:
 - (a) be an “automatic securities purchase plan” as defined in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (as applied, *mutatis mutandis*, to purchases made by an issuer) and SCI will conduct the Program in its sole discretion, in accordance with either the instructions established by the Issuer and set out in the Program Agreement, or the instructions conveyed by the Issuer to SCI in writing at a time when the Issuer is not in a Blackout Period (the “**Irrevocable Instructions**”); and

- (b) comply with applicable securities regulatory requirements and guidance, including, *inter alia*, clause 175(2) of Regulation 1015 of the Act, OSC Staff Notice 55-701 *Automatic Securities Disposition Plans and Automatic Securities Purchase Plans* and similar rules and regulations regarding automatic acquisitions of securities under Canadian securities laws.
26. The Issuer will not give purchase instructions in respect of the Program to SCI at any time that the Issuer is aware of Undisclosed Information (as defined below).
27. At such times during the Program Term when the Issuer is not in a Blackout Period, SCI will purchase Common Shares on the applicable Trading Day (as defined below) in accordance with instructions received by SCI from the Issuer prior to the opening of trading on such Trading Day. These instructions and the Irrevocable Instructions will be of the same nature as the instructions that the Issuer would have given to the Responsible Broker if the Issuer was conducting the NCIB in reliance on the Exemptions.
28. All Common Shares acquired for the purposes of the Program by SCI on a day during the Program Term on which Canadian Markets are open for trading (each, a "**Trading Day**") must be acquired on Canadian Markets in accordance with the TSX NCIB Rules and the by-laws, rules, regulations or policies of any Canadian Markets upon which purchases are carried out (collectively, the "**NCIB Rules**") that would be applicable to the Issuer in connection with the NCIB, provided that:
- (a) the aggregate number of Common Shares to be acquired on Canadian Markets by SCI on each Trading Day shall not exceed the maximum daily limit that is imposed upon the NCIB pursuant to the TSX NCIB Rules, determined with reference to an average daily trading volume that is based on the trading volume of the Common Shares on all Canadian Markets rather than being limited to the trading volume on the TSX only (the "**Modified Maximum Daily Limit**"), it being understood that the aggregate number of Common Shares to be acquired on the TSX by SCI on each Trading Day will not exceed the maximum daily limit that is imposed on the NCIB pursuant to the TSX NCIB Rules; and
- (b) notwithstanding the block purchase exception provided for in the TSX NCIB Rules, no purchases will be made by SCI on any Canadian Markets pursuant to a pre-arranged trade.
29. The aggregate number of Common Shares that will be acquired by SCI in connection with the Program:
- (a) shall not exceed the Program Maximum; and
- (b) on Canadian Other Published Markets, shall not exceed that number of Common Shares remaining eligible for purchase by the Issuer pursuant to the Other Published Markets Exemption, calculated as at the date of the Program Agreement.
30. On every Trading Day, SCI will purchase the Number of Common Shares. The "**Number of Common Shares**" will be no greater than the least of:
- (a) the maximum number of Common Shares that can be purchased: (i) as established in the instructions received by SCI from the Issuer prior to the opening of trading on such day at such times when the Issuer is not in a Blackout Period; or (ii) pursuant to the Irrevocable Instructions at such times when the Issuer is in a Blackout Period;
- (b) the Program Maximum less the aggregate number of Common Shares previously purchased by SCI under the Program;
- (c) on a Trading Day where trading ceases on the TSX or some other event that would impair SCI's ability to acquire Common Shares on Canadian Markets occurs (a "**Market Disruption Event**"), the number of Common Shares acquired by SCI on such Trading Day up until the time of the Market Disruption Event; and
- (d) the Modified Maximum Daily Limit.
31. BNS will deliver to the Issuer that number of Inventory Shares equal to the Number of Common Shares purchased by SCI on a Trading Day under the Program on the Trading Day immediately thereafter (or such other Trading Day as agreed to between the parties to the Program Agreement), and the Issuer will pay BNS a purchase price equal to the Discounted Price for each such Inventory Share on such date. Each Inventory Share purchased by the Issuer under the Program will be cancelled by the Issuer upon delivery to the Issuer or its transfer agent.

The “**Discounted Price**” per Common Share will be equal to (a) the volume weighted average price of the Common Shares on the Canadian Markets on the Trading Day on which purchases were made less an agreed upon discount, or (b) upon the occurrence of a Market Disruption Event, the volume weighted average price of the Common Shares on the Canadian Markets at the time of the Market Disruption Event less an agreed upon discount.

32. BNS will not sell any Inventory Shares to the Issuer unless SCI has purchased the equivalent Number of Common Shares on Canadian Markets under the Program. The number of Common Shares that are purchased by SCI on Canadian Markets under the Program on a Trading Day will be equal to the Number of Common Shares for such Trading Day. SCI will provide the Issuer with a daily written report of SCI's purchases under the Program, which report will indicate, *inter alia*, the aggregate number of Common Shares acquired, the Canadian Market on which such Common Shares were acquired, and the Modified Maximum Daily Limit.
33. During the Program Term, the Issuer will: (a) not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program); (b) prohibit the Responsible Broker from acquiring any Common Shares on its behalf; (c) not appoint a Plan Trustee or make any Plan Trustee Purchases; and (d) not implement an ASPP (other than the Program during a Blackout Period).
34. All purchases of Common Shares under the Program will be made by SCI and neither of the Scotia Entities will engage in any hedging activity in connection with the conduct of the Program.
35. The Issuer will report its purchases of Common Shares under the Program to the TSX in accordance with the TSX NCIB Rules. In addition, immediately following the completion of the Program, the Issuer will: (a) report the total number of Common Shares acquired under the Program to the TSX and the Commission; and (b) issue and file a press release that announces the completion of the Program and sets out the number of Common Shares acquired under the Program and the aggregate dollar amount paid for such Common Shares (the “**Completion Press Release**”).
36. The Issuer is of the view that: (a) it will be able to purchase Common Shares from BNS at a lower price than the price at which it would be able to purchase an equivalent quantity of Common Shares under the NCIB in reliance on the Exemptions; and (b) the purchase of Common Shares pursuant to the Program is in the best interests of the Issuer and constitutes a desirable use of the Issuer's funds.
37. The entering into of the Program Agreement, the purchase of Common Shares by SCI in connection with the Program, and the sale of Inventory Shares by BNS to the Issuer will not adversely affect the Issuer or the rights of any of the Issuer's security holders and will not materially affect control of the Issuer.
38. The sale of Inventory Shares to the Issuer by BNS will not be a “distribution” (as defined in the Act).
39. The Issuer will be able to acquire the Inventory Shares from BNS without the Issuer being subject to the dealer registration requirements of the Act.
40. At the time that the Issuer and the Scotia Entities enter into the Program Agreement, neither the Issuer, nor any member of the Global Equity Derivatives group of BNS, nor any personnel of either of the Scotia Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Common Shares, will be aware of any “material change” or “material fact” (each as defined in the Act) with respect to the Issuer or the Common Shares that has not been generally disclosed (the “**Undisclosed Information**”).
41. Each of the Scotia Entities:
 - (a) has policies and procedures in place to ensure that the Program will be conducted in accordance with, among other things, the Program Agreement and this Order, and to preclude those persons responsible for administering the Program from acquiring any Undisclosed Information during the conduct of the Program; and
 - (b) will, prior to entering into the Program Agreement: (i) ensure that its systems are capable of adhering to, and performing in accordance with, the requirements of the Program, the Program Agreement and this Order; and (ii) provide all necessary training and take all necessary actions to ensure that the persons administering and executing the purchases under the Program are aware of, and understand the terms of, the Program Agreement and this Order.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in respect of the purchase of Inventory Shares from BNS pursuant to the Program, provided that:

- (a) at least two clear Trading Days prior to the commencement of the Program, the Issuer issues and files the Commencement Press Release;
- (b) all purchases of Common Shares under the Program are made on Canadian Markets by SCI, and are:
 - (i) made in accordance with the NCIB Rules applicable to the NCIB, as modified by paragraph 28 of this Order;
 - (ii) taken into account by the Issuer when calculating the maximum annual aggregate limits that are imposed upon the NCIB in accordance with the TSX NCIB Rules, with those Common Shares purchased on Canadian Other Published Markets being taken into account by the Issuer when calculating the maximum aggregate limits that are imposed upon the Issuer in accordance with the Other Published Markets Exemption;
 - (iii) marked with such designation as would be required by the applicable marketplace and UMIR for trades made by an agent of the Issuer; and
 - (iv) monitored by the Scotia Entities on a continual basis for the purposes of ensuring compliance with the terms of this Order, the NCIB Rules, and applicable securities law;
- (c) during the Program Term: (i) the Issuer does not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program); (ii) no Common Shares are purchased on behalf of the Issuer by the Responsible Broker; (iii) no Plan Trustee is appointed and no Plan Trustee Purchases are conducted; and (iv) no ASPP (other than the Program during a Blackout Period) is implemented or operative;
- (d) the number of Inventory Shares transferred by BNS to the Issuer for purchase under the Program in respect of a particular Trading Day is equal to the number of Common Shares purchased by SCI on Canadian Markets under the Program in respect of the Trading Day;
- (e) no hedging activity is engaged in by the Scotia Entities in connection with the conduct of the Program;
- (f) at the time that the Program Agreement is entered into by the Filers and SCI:
 - (i) the Common Shares are “highly liquid securities”, as that term is defined in section 1.1 of OSC Rule 48-501 and section 1.1 of UMIR; and
 - (ii) none of the Issuer, any member of the Global Equity Derivatives group of BNS, or any personnel of either of the Scotia Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Common Shares, was aware of any Undisclosed Information;
- (g) no purchase instructions in respect of the Program are given by the Issuer to SCI at any time that the Issuer is aware of Undisclosed Information;
- (h) the Scotia Entities maintain records of all purchases of Common Shares that are made by SCI pursuant to the Program, which will be available to the Commission and IIROC upon request; and
- (i) In addition to reporting its purchases of Common Shares under the Program to the TSX in accordance with the TSX NCIB Rules, immediately following the completion of the Program, the Issuer will: (i) report the total number of Common Shares acquired under the Program to the TSX and the Commission; and (ii) issue and file the Completion Press Release.

DATED at Toronto, Ontario this 14th day of February, 2018.

“Naizam Kanji”
Director, Office of Mergers & Acquisitions
Ontario Securities Commission

2.2.3 Benedict Cheng et al.

FILE NO.: 2017-13

**IN THE MATTER OF
BENEDICT CHENG,
FRANK SOAVE,
JOHN DAVID ROTHSTEIN AND
ERIC TREMBLAY**

Philip Anisman, Commissioner and Chair of the Panel
Deborah Leckman, Commissioner
Robert P. Hutchison, Commissioner

February 14, 2018

ORDER

WHEREAS counsel for each of Benedict Cheng, Frank Soave, Eric Tremblay, and Staff of the Commission have confirmed their availability to attend a final interlocutory attendance on March 15, 2018 at 2:00 p.m.;

IT IS ORDERED THAT the final interlocutory attendance is scheduled for March 15, 2018 at 2:00 p.m.

“Philip Anisman”

“Deborah Leckman”

“Robert P. Hutchison”

2.2.4 Canadian Pacific Railway Limited and National Bank of Canada – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – issuer proposes to purchase, pursuant to a repurchase program and at a discounted purchase price, up to a specified number of its common shares under its normal course issuer bid from a third party – the third party will abide by the requirements governing normal course issuer bids as though it was the issuer, subject to certain modifications, including that the third party will not make any purchases under the program pursuant to a pre-arranged trade – common shares delivered to the issuer for cancellation will be common shares from the third party's existing inventory – due to the discounted purchase price, the common shares cannot be acquired through the TSX trading system – but for the fact that the common shares cannot be acquired through the TSX trading system, the Issuer could otherwise acquire such shares in accordance with TSX rules and in reliance upon the issuer bid exemption available under section 4.8 of NI 62-104 – the third party will purchase common shares under the program on the same basis as if the issuer had conducted the bid in reliance on the normal course issuer bid exemptions set out in securities legislation – no adverse economic impact on, or prejudice to the issuer or its security holders – acquisition of securities exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the number of common shares transferred by the third party from its existing inventory to the issuer for purchase under the program be equivalent to the number of common shares that the third party has purchased, or had purchased on its behalf, on Canadian markets.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
CANADIAN PACIFIC RAILWAY LIMITED AND
NATIONAL BANK OF CANADA**

**ORDER
(Section 6.1 of National Instrument 62-104)**

UPON the application (the **Application**) of Canadian Pacific Railway Limited (the **Issuer**) and National Bank of Canada (**NBC**, and together with the Issuer, the **Filers**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (**NI 62-104**) exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the **Issuer Bid Requirements**) in respect of the proposed purchases by the Issuer of up to 325,000 (the **Program Maximum**) of its common shares (the **Common Shares**) from NBC pursuant to a share repurchase program (the **Program**);

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Issuer having represented to the Commission the matters set out in paragraphs 1 to 4, inclusive, 10 to 37, inclusive, 39, and 40, as they relate to the Issuer;

AND UPON NBC and National Bank Financial Inc. (**NBF**, and together with NBC, the **NBC Entities**) having represented to the Commission the matters set out in paragraphs 5, 6, 7, 8, 9, 18 to 21, inclusive, 24, 26, 28 to 32, inclusive, 34, 38, 40, and 41, as they relate to the NBC Entities, as applicable:

- 1 The Issuer is a corporation governed by the *Canada Business Corporations Act*.
- 2 The registered, executive and head office of the Issuer is located at 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.
- 3 The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Common Shares are listed for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**) under the symbol "CP". The Issuer is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.

- 4 The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, of which 144,303,430 Common Shares, no First Preferred Shares, and no Second Preferred Shares were issued and outstanding as of February 8, 2018.
- 5 NBC is a Schedule I bank governed by the *Bank Act* (Canada). The head office of NBC is located in Montreal, Quebec.
- 6 NBF is registered as an investment dealer under the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland and Labrador, New Brunswick, Prince Edward Island, Yukon, the Northwest Territories and Nunavut. NBF is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Canadian Investor Protection Fund, a participating organization or member of the TSX, the TSX Venture Exchange, a dealer with the Canadian Securities Exchange, and an approved participant of the Bourse de Montreal. The head office of NBF is located in Montreal, Quebec.
- 7 NBC does not own, directly or indirectly, more than 5% of the issued and outstanding Common Shares.
- 8 NBC is the beneficial owner of at least 325,000 Common Shares, none of which were acquired by, or on behalf of, NBC in anticipation or contemplation of resale to the Issuer (such Common Shares over which NBC has beneficial ownership, the **Inventory Shares**). All of the Inventory Shares are held by NBC in the Province of Ontario, and all purchases of Inventory Shares by the Issuer from NBC will be executed and settled in the Province of Ontario. No Common Shares were purchased by, or on behalf of, NBC on or after December 31, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by NBC to the Issuer.
- 9 NBC is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the **Act**). NBC is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.
- 10 On May 10, 2017, the Issuer announced a normal course issuer bid (the **NCIB**) to purchase for cancellation, during the 12 month period beginning on May 15, 2017 and ending on May 14, 2018, up to 4,384,062 Common Shares, representing approximately 3% of the Issuer's "public float" as of the date specified in the "Notice of Intention to Make a Normal Course Issuer Bid" submitted to, and accepted by, the TSX (the **Initial Notice**). On November 30, 2017, the TSX accepted an amendment to the Initial Notice (the Initial Notice, as amended, the **Notice**) to specify that purchases under the NCIB may be conducted through the facilities of the TSX, the NYSE and alternative trading systems or by such other means as may be permitted by the TSX, the NYSE or a securities regulatory authority, including under automatic purchase programs and by private agreements or share repurchase programs under issuer bid exemption orders issued by applicable securities regulatory authorities.
- 11 The NCIB is being conducted in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(2) of NI 62-104 (the **Designated Exchange Exemption**).
- 12 The NCIB is also being conducted in the normal course on the NYSE and other permitted published markets (collectively with the NYSE, the **Other Published Markets**) in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(3) of NI 62-104 (the **Other Published Markets Exemption**, and together with the Designated Exchange Exemption, the **Exemptions**).
- 13 Pursuant to the rules in respect of normal course issuer bids set out in sections 628 to 629.3 of Part VI of the TSX Company Manual (the **TSX Rules**), the Issuer has appointed RBC Dominion Securities Inc. as its designated broker in respect of the NCIB (the **Responsible Broker**).
- 14 On May 10, 2017, the Issuer also announced the implementation of an automatic share repurchase plan (the **ASPP**) to permit the Issuer to make purchases under the NCIB at such times when the Issuer would not be permitted to trade in its securities, including during regularly scheduled quarterly blackout periods and other internal blackout periods (each such time, a **Blackout Period**). The ASPP was approved by the TSX and is in compliance with the TSX Rules and applicable securities laws. The ASPP will not be in effect during the Program Term (as defined below).
- 15 To the best of the Issuer's knowledge, the "public float" (calculated in accordance with the TSX Rules) for the Common Shares as at February 8, 2018 consisted of approximately 144.3 million Common Shares, representing approximately 100% of the Issuer's issued and outstanding Common Shares as of such date. The Common Shares are "highly-liquid securities" as that term is defined in section 1.1 of OSC Rule 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions* (**OSC Rule 48-501**) and section 1.1 of the *Universal Market Integrity Rules* (**UMIR**).

- 16 On December 8, 2017, the Commission granted:
- (a) the Issuer and NBC an order pursuant to section 6.1 of NI 62-104 exempting the Issuer from the Issuer Bid Requirements in connection with the proposed purchase by the Issuer of up to 134,000 Common Shares (the **First NBC Program Maximum**) from NBC pursuant to a share repurchase program (the **First NBC Program**); and
 - (b) the Issuer and Canadian Imperial Bank of Commerce (**CIBC**) an order pursuant to section 6.1 of NI 62-104 exempting the Issuer from the Issuer Bid Requirements in connection with the proposed purchase by the Issuer of up to 621,000 Common Shares (the **CIBC Program Maximum**) from CIBC pursuant to a share repurchase program (the **CIBC Program**).
- 17 The First NBC Program terminated on January 23, 2018, being the date that the Issuer had purchased the First NBC Program Maximum. The CIBC Program terminated on February 8, 2018, being the date that the Issuer had purchased the CIBC Program Maximum. As of (and including purchases made on) February 8, 2018, the Issuer has purchased 2,643,100 Common Shares under the NCIB. This includes 134,000 Common Shares purchased under the First NBC Program and 621,000 Common Shares purchased under the CIBC Program.
- 18 The Filers wish to participate in the Program during, and as part of, the NCIB to enable the Issuer to purchase from NBC, and for NBC to sell to the Issuer, a number of Common Shares up to the Program Maximum.
- 19 Pursuant to the terms of the Program Agreement (as defined below), NBF has been retained by NBC to acquire Common Shares through the facilities of the TSX and on Other Published Markets in Canada (each, a **Canadian Other Published Market** and collectively with the TSX, the **Canadian Markets**) under the Program. No Common Shares will be acquired under the Program on a market that is not a Canadian Market.
- 20 The Program will be governed by, and conducted in accordance with, the terms and conditions of a Share Repurchase Program Agreement (the **Program Agreement**) that will be entered into among the Filers and NBF prior to the commencement of the Program and a copy of which will be delivered by the Filers to the Commission promptly thereafter.
- 21 The Program will terminate on the earlier of the date on which the Program is terminated in accordance with its terms, May 14, 2018 and the date on which the Issuer will have purchased the Program Maximum under the Program (the **Program Term**). Neither the Issuer nor any of the NBC Entities may unilaterally terminate the Program Agreement during the Program Term, except in the case of an event of default by a party thereunder or a change in law or announced change in law that would have adverse consequences to the transactions contemplated thereunder or to the Issuer or either of the NBC Entities.
- 22 At least two clear Trading Days prior to the commencement of the Program, the Issuer will issue and file a press release (the **Commencement Press Release**) that has been pre-cleared by the TSX that (a) describes the material features of the Program, including the Program Term; (b) discloses the Issuer's intention to participate in the Program during the NCIB; (c) states that it is the Issuer's current intention to purchase the Program Maximum, but that the number of Common Shares purchased pursuant to the Program may be less than the Program Maximum; (d) provides an explanation as to why less than the Program Maximum may be purchased; and (e) states that, immediately following the completion of the Program, the Issuer will issue and file the Completion Press Release (as defined below).
- 23 The Program Maximum will not exceed the number of Common Shares remaining that the Issuer is entitled to acquire under the NCIB, calculated as at the date of the Program Agreement.
- 24 The Program Term may include a Blackout Period. During a Blackout Period, the Program will:
- (a) be an "automatic securities purchase plan" as defined in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (as applied, *mutatis mutandis*, to purchases made by an issuer), and NBF will conduct the Program in its sole discretion, in accordance with the irrevocable instructions established by the Issuer, and conveyed by the Issuer to NBF, at a time when the Issuer was not in a Blackout Period (the Irrevocable Instructions); and
 - (b) comply with applicable securities regulatory requirements and guidance, including, *inter alia*, clause 175(2) of Regulation 1015 of the Act, OSC Staff Notice 55-701 *Automatic Securities Disposition Plans and Automatic Securities Purchase Plans* and similar rules and regulations regarding automatic acquisitions of securities under Canadian securities laws.

- 25 The TSX has (a) been advised of the Issuer's intention to enter into the Program; (b) been provided with a draft of the Program Agreement; and (c) confirmed that it has no objection to the Issuer conducting the Program as part of the NCIB.
- 26 At such times during the Program Term when the Issuer is not in a Blackout Period, NBF will purchase Common Shares on the applicable Trading Day in accordance with instructions received by NBF from the Issuer prior to the opening of trading on such day, which instructions will be the same instructions that the Issuer would give to the Responsible Broker if the Issuer had been conducting the NCIB in the absence of the ASPP in reliance on the Exemptions.
- 27 The Issuer will not give purchase instructions in respect of the Program to NBF at any time that the Issuer is aware of Undisclosed Information (as defined below).
- 28 All Common Shares acquired for the purposes of the Program by NBF on a day during the Program Term on which Canadian Markets are open for trading (each, a **Trading Day**) must be acquired on Canadian Markets in accordance with the TSX Rules and any by-laws, rules, regulations or policies of the Canadian Markets upon which purchases are carried out (collectively, the **NCIB Rules**) that would be applicable to the Issuer in connection with the NCIB, provided that:
- (a) the aggregate number of Common Shares to be acquired on Canadian Markets by NBF on each Trading Day shall not exceed the maximum daily limit that is imposed upon the NCIB pursuant to the TSX Rules, determined with reference to an average daily trading volume that is based on the trading volume of the Common Shares on all Canadian Markets rather than being limited to the trading volume on the TSX only (the **Modified Maximum Daily Limit**), it being understood that the aggregate number of Common Shares to be acquired on the TSX by NBF on each Trading Day will not exceed the maximum daily limit that is imposed on the NCIB pursuant to the TSX Rules; and
 - (b) notwithstanding the block purchase exception provided for in the TSX Rules, no purchases will be made by NBF on any Canadian Markets pursuant to a pre-arranged trade.
- 29 The aggregate number of Common Shares acquired by NBF in connection with the Program:
- (a) shall not exceed the Program Maximum; and
 - (b) on Canadian Other Published Markets, shall not exceed that number of Common Shares remaining eligible for purchase by the Issuer pursuant to the Other Published Markets Exemption, calculated as at the date of the Program Agreement.
- 30 On every Trading Day, NBF will purchase the **Number of Common Shares**. The Number of Common Shares will be no greater than the least of:
- (a) the maximum number of Common Shares that can be purchased: (i) as established in the instructions received by NBF from the Issuer prior to the opening of trading on such day at such times when the Issuer is not in a Blackout Period; or (ii) pursuant to the Irrevocable Instructions at such times when the Issuer is in a Blackout Period;
 - (b) the Program Maximum less the aggregate number of Common Shares previously purchased by NBF under the Program;
 - (c) on a Trading Day where trading ceases on the TSX or some other event that would impair NBF's ability to acquire Common Shares on Canadian Markets occurs (a **Market Disruption Event**), the number of Common Shares acquired by NBF on such Trading Day up until the time of the Market Disruption Event; and
 - (d) the Modified Maximum Daily Limit.
- The **Discounted Price** per Common Share will be equal to: (a) the volume weighted average price of the Common Shares on the Canadian Markets on the Trading Day on which purchases were made less an agreed upon discount; or (b) upon the occurrence of a Market Disruption Event, the volume weighted average price of the Common Shares on the Canadian Markets at the time of the Market Disruption Event less an agreed upon discount.
- 31 NBC will deliver to the Issuer that number of Inventory Shares equal to the Number of Common Shares purchased by NBF on a Trading Day under the Program on the Trading Day immediately thereafter (or such other Trading Day as agreed to between the parties to the Program Agreement), and the Issuer will pay NBC a purchase price equal to the

Discounted Price for each such Inventory Share. Each Inventory Share purchased by the Issuer under the Program will be cancelled upon delivery to the Issuer.

- 32 NBC will not sell any Inventory Shares to the Issuer unless NBF has purchased the equivalent number of Common Shares on Canadian Markets under the Program. The number of Common Shares that are purchased by NBF on Canadian Markets under the Program on a Trading Day will be equal to the Number of Common Shares for such Trading Day. NBF will provide the Issuer with a daily written report of NBF's purchases, which report will indicate, *inter alia*, the aggregate number of Common Shares acquired under the Program, the Canadian Market on which such Common Shares were acquired, and the Modified Maximum Daily Limit.
- 33 During the Program Term, the Issuer will: (a) not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program); (b) prohibit the Responsible Broker from acquiring any Common Shares on its behalf; and (c) prohibit the designated broker under the ASPP from acquiring any Common Shares on its behalf.
- 34 All purchases of Common Shares under the Program will be made by NBF and neither of the NBC Entities will engage in any hedging activity in connection with the conduct of the Program.
- 35 The Issuer will report its purchases of Common Shares under the Program to the TSX in accordance with the TSX Rules. In addition, immediately following the completion of the Program, the Issuer will: (a) report the total number of Common Shares acquired under the Program to the TSX and the Commission; and (b) issue and file a press release that announces the completion of the Program and sets out the number of Common Shares acquired under the Program and the aggregate dollar amount paid for such Common Shares (the **Completion Press Release**).
- 36 The Issuer is of the view that: (a) it will be able to purchase Common Shares from NBC at a lower price than the price at which it would be able to purchase an equivalent quantity of Common Shares under the NCIB in reliance on the Exemptions; and (b) the purchase of Common Shares pursuant to the Program is in the best interests of the Issuer and constitutes a desirable use of the Issuer's funds.
- 37 The entering into of the Program Agreement, the purchase of Common Shares by NBF in connection with the Program, and the sale of Inventory Shares by NBC to the Issuer will not adversely affect the Issuer or the rights of any of the Issuer's security holders and such actions will not materially affect control of the Issuer.
- 38 The sale of Inventory Shares to the Issuer by NBC will not be a "distribution" (as defined in the Act).
- 39 The Issuer will be able to acquire the Inventory Shares from NBC without the Issuer being subject to the dealer registration requirements of the Act.
- 40 At the time that the Issuer and the NBC Entities enter into the Program Agreement, neither the Issuer, nor any member of the trading products group of NBC, nor any personnel of either of the NBC Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Inventory Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) with respect to the Issuer or the Common Shares that has not been generally disclosed (the Undisclosed Information).
- 41 Each of the NBC Entities:
- (a) has policies and procedures in place to ensure that the Program will be conducted in accordance with, among other things, the Program Agreement and this Order, and to preclude those persons responsible for administering the Program from acquiring any Undisclosed Information during the conduct of the Program; and
 - (b) will, prior to entering into the Program Agreement: (i) ensure that its systems are capable of adhering to, and performing in accordance with, the requirements of the Program, the Program Agreement and this Order; and (ii) provide all necessary training and take all necessary actions to ensure that the persons administering and executing the purchases under the Program are aware of, and understand the terms of, the Program Agreement and this Order.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in respect of the purchase of Inventory Shares from NBC pursuant to the Program, provided that:

Decisions, Orders and Rulings

- (a) at least two clear Trading Days prior to the commencement of the Program the Issuer issues and files the Commencement Press Release;
- (b) all purchases of Common Shares under the Program are made on Canadian Markets by NBF, and are:
 - (i) made in accordance with the NCIB Rules applicable to the NCIB, as modified by paragraph 28 hereof;
 - (ii) taken into account by the Issuer when calculating the maximum annual aggregate limits that are imposed upon the NCIB in accordance with the TSX Rules, with those Common Shares purchased on Canadian Other Published Markets being taken into account by the Issuer when calculating the maximum aggregate limits that are imposed upon the Issuer in accordance with the Other Published Markets Exemption;
 - (iii) marked with such designation as would be required by the applicable marketplace and UMIR for trades made by an agent of the Issuer; and
 - (iv) monitored by the NBC Entities on a continual basis for the purposes of ensuring compliance with the terms of this Order, the NCIB Rules, and applicable securities law;
- (c) during the Program Term: (i) the Issuer does not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program); (ii) no Common Shares are purchased on behalf of the Issuer by the Responsible Broker; and (iii) no Common Shares are acquired on behalf of the Issuer by the designated broker under the ASPP;
- (d) the number of Inventory Shares transferred by NBC to the Issuer for purchase under the Program in respect of a particular Trading Day is equal to the number of Common Shares purchased by NBF on Canadian Markets under the Program in respect of the Trading Day;
- (e) no hedging activity is engaged in by the NBC Entities in connection with the conduct of the Program;
- (f) at the time that the Program Agreement is entered into by the Filers and NBF:
 - (i) the Common Shares are “highly liquid securities”, as that term is defined in section 1.1 of OSC Rule 48-501 and section 1.1 of UMIR; and
 - (ii) none of the Issuer, any member of the trading products group of NBC, or any personnel of either of the NBC Entities that negotiated the Program Agreement, or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Inventory Shares, were aware of any Undisclosed Information;
- (g) no purchase instructions in respect of the Program are given by the Issuer to NBF at any time that the Issuer is aware of Undisclosed Information;
- (h) the NBC Entities maintain records of all purchases of Common Shares that are made by NBF pursuant to the Program, which will be available to the Commission and IROC upon request; and
- (i) in addition to reporting its purchases of Common Shares under the Program to the TSX in accordance with the TSX Rules, immediately following the completion of the Program, the Issuer will: (i) report the total number of Common Shares acquired under the Program to the TSX and the Commission; and (ii) issue and file the Completion Press Release.

DATED at Toronto, Ontario this 14th day of February, 2018.

“Naizam Kanji”
Director, Office of Mergers & Acquisitions
Ontario Securities Commission

2.2.5 Lance Sandford Cook and CBM Canada's Best Mortgage Corp. – ss. 127(1), 127(10)

**IN THE MATTER OF
LANCE SANDFORD COOK and
CBM CANADA'S BEST MORTGAGE CORP.**

- (b) shall not acquire securities; and
- (c) shall not become or act as a registrant, investment fund manager or promoter.

"Philip Anisman"

Philip Anisman, Chair of the Panel

February 14, 2018

ORDER

(Subsections 127(1) and (10) of the
Securities Act, RSO 1990, c S.5)

WHEREAS the Ontario Securities Commission held a hearing in writing on the application of Staff of the Commission ("Staff") for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

ON READING the findings of the British Columbia Securities Commission (the "BCSC") dated April 19, 2017 and the decision of the BCSC dated August 8, 2017 (the "BCSC Order") *In the Matter of Lance Sandford Cook ("Cook") and CBM Canada's Best Mortgage Corp. ("CBM")* and on reading the materials filed by Staff, the respondents Cook and CBM not having appeared and not having filed any materials, although properly served;

IT IS ORDERED pursuant to paragraphs 127(1)2, 2.1, 7, 8, 8.1, 8.2 and 8.5 that:

1. Cook shall resign any position that he holds as an officer or director of an issuer or registrant;
2. until the later of August 8, 2022 and the date on which the payments ordered against Cook in paragraphs 61(c) and 61(d) of the BCSC Order have been paid, Cook:
 - (a) shall not trade in securities or derivatives, except for his own account through a registrant who has been given a copy of the BCSC Order and a copy of this Order;
 - (b) shall not acquire securities (including any derivative that is a security), except for his own account through a registrant who has been given a copy of the BCSC Order and a copy of this Order;
 - (c) shall not become or act as a director or officer of any issuer, investment fund manager or registrant; and
 - (d) shall not become or act as a registrant, investment fund manager or promoter;
3. until August 8, 2022, CBM:
 - (a) shall not trade in securities;

2.2.6 USI Tech Limited et al. – ss. 127(1), 127(5)

**IN THE MATTER OF
USI TECH LIMITED,
ELEANOR PARKER AND
CASEY COMBDEN**

**TEMPORARY ORDER
(Subsections 127(1) & 127(5))**

WHEREAS:

1. it appears to the Ontario Securities Commission (the “Commission”) that:
 - (a) USI Tech Limited (“USI Tech”) operates a multi-level marketing operation which is headquartered in Dubai. There is no evidence, however, to confirm where it is based or to identify its directing mind or management.
 - (b) USI Tech carries on business as www.usitech-int.com
 - (c) Eleanor Parker and Casey Combden appear to be promoting and soliciting Ontario residents to purchase packages of mining bitcoin offered through USI Tech.
 - (d) Eleanor Parker and Casey Combden may have traded securities without registration and without an exemption to the registration requirement contrary to section 25 of the *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”);
 - (e) USI Tech, Eleanor Parker and Casey Combden may have distributed securities without a prospectus having been filed and receipted by the Director contrary to section 53 of the Act;
2. the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;
3. the Commission is of the opinion that it is in the public interest to make this order;
4. by Authorization Order made on August 11, 2017, pursuant to subsection 3.5(3) of the Act, the Commission authorized each of Maureen Jensen, D. Grant Vingoe, Philip Anisman, Robert P. Hutchison, Janet Leiper, Timothy Moseley and Mark J. Sandler acting alone, to exercise the powers of the Commission to make orders under section 127 of the Act;

IT IS ORDERED pursuant to section 127 of the Act that:

1. pursuant to clause 2 of subsection 127(1) of the Act, all trading in any securities by USI Tech, Eleanor Parker and Casey Combden shall cease;
2. pursuant to clause 3 of subsection 127(1) of the Act, that the exemptions contained in Ontario securities law do not apply to USI Tech, Eleanor Parker and Casey Combden; and
3. pursuant to subsection 127(6) of the Act, this order shall take effect immediately and shall expire on the 15th day after its making unless extended by order of the Commission.

DATED at Toronto this 14th day of February, 2018.

“Maureen Jensen”

2.2.7 First Asset Resource Fund Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceased to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

February 15, 2018

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)**
AND
**IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS**
AND
**IN THE MATTER OF
FIRST ASSET RESOURCE FUND INC.
(the Filer)**
ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia and Alberta.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publically reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

“Vera Nunes”
Manager
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.2.8 Dennis Wing

**IN THE MATTER OF
DENNIS WING**

Janet Leiper, Commissioner and Chair of the Panel

February 20, 2018

ORDER

WHEREAS on February 20, 2018, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, for the Third Attendance in this proceeding;

ON HEARING the submissions of the representative for Staff of the Commission, no one appearing for Dennis Wing, although properly served;

IT IS ORDERED THAT the hearing of the Third Attendance is adjourned until March 7, 2018 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary.

“Janet Leiper”

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Lance Sanford Cook and CBM Canada's Best Mortgage Corp. – ss. 127(1), 127(10)

**IN THE MATTER OF
LANCE SANFORD COOK and
CBM CANADA'S BEST MORTGAGE CORP.**

DECISION AND REASONS

(Subsections 127(1) and (10) of the *Securities Act*, RSO 1990, c S.5)

Citation: *Cook (Re)*, 2018 ONSEC 6

Date: 2018-02-14

Hearing: In Writing

Decision: February 14, 2018

Panel: Philip Anisman Commissioner

Submissions by: Keir D. Wilmut For Staff of the Commission
Kai S. Olson (Student-at-law)

No submission was made by or on behalf of Lance Sanford Cook or CBM Canada's Best Mortgage Corp.

TABLE OF CONTENTS

- I. INTRODUCTION
 - II. FACTS
 - III. RECIPROCAL ORDER
 - A. Generally
 - B. Cook
 - C. CBM
 - IV. ORDER
- SCHEDULE "A"

DECISION AND REASONS

I. INTRODUCTION

- [1] Reciprocal orders have become a common means of overcoming the limits inherent in provincial regulation of Canada's capital markets. In light of the fact that these markets extend beyond provincial boundaries, five provinces, including Ontario, and three territories have authorized their securities regulatory authorities to order that sanctions imposed by another Canadian securities regulatory authority on a person's participation in the market apply in their jurisdiction, as well.¹ Such sanctions apply automatically in the remaining five provinces.²

¹ *Securities Act*, RSO 1990, c S.5, s 127(10) (the "Act"); *Securities Act*, RSBC 1996, c. 418, s 161(6) (the "BCSA"); *Securities Act*, RSNL 1990, c S-13, s 127(1.1); *Securities Act*, SNWT 2008, c. 10, s 60(3); *Securities Act*, SNU 2008, c 12, s 60(3); *Securities Act*, RSPEI 1988, c S-3.1, s 60(3); *Securities Act, 1988*, S.S.1988-89, c.S-42.2 s 134(1.1); *Securities Act*, SY 2007, c 16, s 60(3).

² See *Securities Act*, RSA 2000, c S-4, ss 198(3)-(10); *Securities Act*, RSM 1988, c S50, ss 148.4(3)-(4); *Securities Act*, SNB 2004, c S-5.5, s 184.1; *Securities Act*, RSNS 1989, c 418, s 134B; *Securities Act*, Stats Que 1982, c 48; Cons Stats, c V-1.1, ss 308.2.1.2-308.2.1.6. This approach is more efficient and effective; at a minimum, it removes unnecessary delays when orders are made in Canada; see also *Re Dhanani* (2017), 40 OSCB 4457, para 11.

- [2] Subsection 127(10) of the Act authorizes the Commission to make a reciprocal order under subsection 127(1) based on the order of another securities regulatory authority. Although such orders generally mirror the initial orders of securities regulatory authorities in Canada to the extent possible under the Act, the Commission retains a discretion to modify an order to reflect the facts found and sanctions imposed by the other regulatory authority, if it concludes that the public interest so requires.³
- [3] This proceeding raises issues concerning the terms of the reciprocal orders to be made with respect to Lance Sanford Cook (“Cook”), the individual respondent, and CBM Canada’s Best Mortgage Corp. (“CBM”), a dissolved corporation that Cook controlled and directed.

II. FACTS

- [4] This application is based on a decision of the British Columbia Securities Commission (“BCSC”) in which the BCSC found that Cook and CBM distributed securities without filing a prospectus, contrary to the BCSA, and imposed sanctions on them.⁴ The securities were promissory notes paying interest of fifteen per cent per annum, three of which were issued by Cook himself and three by CBM under his control and direction. Between 2008 and 2010, he and CBM issued, renewed and reissued six promissory notes totalling \$380,000 to four investors, several of whom were retired or close to retirement.⁵ Although each investor received a renewed promissory note annually, the later notes represented the initial investment, which Cook persuaded the investors to roll over as the notes matured. The issuance of each note was a distribution of a security, for which a prospectus was required. Cook and CBM paid interest on these promissory notes until approximately May 2011, after which payments ceased. Ultimately, the investors lost their investments.
- [5] At the relevant times, Cook was registered as a mortgage broker in British Columbia and had dealt with the investors in this capacity. In one case, he induced his client to borrow funds to make the investment with him.⁶ In another, he persuaded the investor to invest “equity from her home” with him rather than in the real estate property about which she initially consulted him.⁷ The BCSC concluded that Cook’s conduct constituted a serious risk to the capital markets.⁸
- [6] CBM was also registered as a mortgage broker. It was incorporated under the *Canada Business Corporations Act* (“CBCA”) in 2000,⁹ was dissolved in September 2006 and revived in January 2007.¹⁰ Cook was its president, sole director and controlling mind and used it for three of the six distributions. The BCSC found that it was his alter ego, as “there was no real separation of financial affairs between Cook and CBM.”¹¹ CBM appears to have ceased to carry on business around the time that interest on the promissory notes ended; its last annual filing was in 2011. On June 28, 2014, it was again dissolved and so remains to date.¹²
- [7] The BCSC required Cook to disgorge \$218,500, which amount was the \$380,000 he and CBM obtained from the four purchasers less interest of \$161,500 that he and CBM paid them, and required him to pay an administrative penalty of \$25,000. It also ordered him to resign any position he held as a director or officer of an issuer or registrant and prohibited him from trading or purchasing securities or exchange contracts, except for his own account through a registrant, from acting as a director or officer of an issuer or registrant, as a registrant or promoter or in a management or consultative capacity in connection with securities market activities, and from engaging in investor relations activities. These market prohibitions remain in effect until the later of 5 years from the date of the order or the time when the monetary sanctions have been paid.¹³
- [8] Because their misconduct was identical, the BCSC concluded that market prohibitions like those imposed on Cook should apply to CBM. It prohibited CBM from trading and purchasing securities, from acting as a promoter or in a management or consultative capacity in connection with securities market activities and from engaging in investor relations activities for 5 years.¹⁴

³ *McLean v. British Columbia (Securities Commission)*, [2013] 3 SCR 895, para 54; *Re Dhanani*, para 9.

⁴ BCSA, s 61; *Re Cook*, 2017 BCSECCOM 136 (“Merits Decision”); 2017 BCSECCOM 260 (“Sanctions Decision”).

⁵ *Re Cook*, Merits Decision, paras 11-91; Sanctions Decision, para 18.

⁶ Merits Decision, para 12.

⁷ Merits Decision, para 32.

⁸ Sanctions Decision, para 29.

⁹ RSC 1985, c C-44, as amended.

¹⁰ Federal Corporation Information – 376013-8, Exhibit 1 to Affidavit of Service of Lee Crann, sworn November 2, 2017 (“First Crann Affidavit”).

¹¹ Sanctions Decision, para 53.

¹² Merits Decision, para 8; Sanctions Decision, para 31; Federal Corporation Information – 376013-8, Exhibit 1 to First Crann Affidavit.

¹³ Sanctions Decision, paras 61(a)-(d).

¹⁴ Sanctions Decision, paras 33 and 61(e).

III. RECIPROCAL ORDER

A. Generally

- [9] The BCSC's order satisfies subsection 127(10); it is an order of another securities regulatory authority imposing sanctions, conditions, restrictions and requirements on Cook and CBM. The BCSC's order and findings warrant an order under subsection 127(1) to ensure that Cook cannot engage in similar activities with Ontario investors.¹⁵ As the respondent did not appear in this proceeding,¹⁶ there is no evidence to suggest otherwise.¹⁷ In view of the ease with which individuals may trade in securities in provinces other than their own, conduct relating to Ontario is not required for a reciprocal order.¹⁸ Indeed, one of the purposes of subsection 127(10) is to ensure that a wrongdoer cannot avoid sanctions imposed in one province simply by moving its activities to another province.¹⁹
- [10] Subsection 127(10) thus enhances the deterrent effect of the Commission's enforcement efforts. A reciprocal order will prohibit Cook from pursuing similar activities in Ontario and will also deter others who might be inclined to engage in similar conduct in Ontario and elsewhere. By removing the potential for province-hopping, the availability of national implementation of enforcement orders increases general deterrence throughout Canada.²⁰

B. Cook

- [11] For these reasons, as well as reasons of efficiency, the order reciprocating the BCSC's order against Cook will mirror the terms of the BCSC's order to the extent possible under the Act, but it cannot be identical because of differences between the Act and the BCSA.
- [12] The BCSC order prohibits Cook from trading and purchasing securities and exchange contracts. The BCSA defines an "exchange contract" as a futures contract or an option that is traded on an exchange under standardized terms and conditions set out in the exchange's rules at a price agreed on when the futures contract or option is entered into on the exchange and the performance of which is guaranteed by a clearing agency.²¹ In Ontario, such exchange contracts would be traded as commodity futures contracts or commodity futures options subject to the *Commodity Futures Act*, and are expressly excluded from the definitions of "security" and "derivative" in the Act.²²
- [13] As some futures contracts may be derivatives, the order will prohibit trading in both securities and derivatives, as requested by Staff. It will, however, prohibit only the acquisition of securities, as the Act does not authorize an order prohibiting the acquisition of derivatives, but will expressly include derivatives that are securities.²³
- [14] Subsection 127(1) of the Act does not refer to investor relations activities or acting in a management or consultative capacity. Many, but not all of these activities are covered by prohibitions against acting as a director or officer of an

¹⁵ It is not necessary to repeat here the general factors that are relevant to reciprocal orders; for a recent summary, see *Re Global 8 Environmental Technologies Inc.* (2017), 40 OSCB 7127, para 12 ("*Re Global 8*"); and see generally *Re Dhanani*, paras 5-10.

¹⁶ The Notice of Hearing, Statement of Allegations and Staff's disclosure were served on Cook and CBM by email pursuant to the Commission's former *Rules of Procedure* on October 25, 2017, see *Ontario Securities Commission Rules of Procedure* (2014), 37 OSCB 4168, Rule 1.5.1, and their receipt was acknowledged by Cook in a voicemail message the following day; First Crann Affidavit, paras 2-3 and 12. At a hearing on November 6, 2017, I ordered that this proceeding be conducted in writing; *Re Cook*, Order (2017), 40 OSCB 8977. My order was served by email on November 7, 2017 and Staff's hearing brief, written submissions and authorities were served in the same manner on November 15, 2017 in accordance with the current rules; Affidavit of Lee Crann, sworn November 15, 2017, paras 2-4; *Ontario Securities Commission Rules of Procedure and Forms* (2017), 40 OSCB 8988, Rule 6 ("*OSC Rules*"). (The *OSC Rules* became effective on November 1, 2017.)

In the voicemail message of October 25, 2017, Cook informed Staff that he would not appear on November 6, First Crann Affidavit, para 12, and he did not file a written submission. As a result, the hearing proceeded without his participation under the authority granted by the *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 7(2) and the *OSC Rules*, Rule 21(3).

¹⁷ The BCSC's order and findings provide the basis for a reciprocal order and have the effect of imposing an evidentiary burden on the respondent; see *Re Dhanani*, para 9. This does not affect the burden of proof, which remains on Staff; see *Re Global 8*, para 13.

¹⁸ All of Cook's conduct occurred in British Columbia. See also *Re Dhanani*, paras 5-6.

¹⁹ *Re Black* (2014), 37 OSCB 5847, para 25, quoting *Re Anderson*, 2007 ABASC 912, para 16.

²⁰ See also *Re Global 8*, para 43.

²¹ BCSA, s 1(1) "exchange contract" and "futures contract".

²² *Commodity Futures Act*, RSO 1990, c C.20 (the "CFA"), s 1(1) "commodity futures contract" and "commodity futures option"; Act, s 1(1) "derivative" and "security" (p). As the CFA also authorizes reciprocal orders, Staff might consider bringing future applications relating to a BCSC order that addresses exchange contracts under both the Act and the CFA; see CFA, s 60.

²³ Act, s 127(1)2; see *Re McClure* (2017), 40 OSCB 8135, para 6 ("*Re McClure*").

issuer or as a registrant or promoter.²⁴ To mirror the BCSC's order to the extent possible under the Act, the order will contain these prohibitions and will also prohibit Cook from acting as an investment fund manager.²⁵

- [15] The market prohibitions in the BCSC's order run for 5 years from its date or until Cook pays the disgorgement and administrative monetary sanctions, whichever is later. Staff requests that the order mirror these terms, and that the market prohibitions run until August 8, 2022, which is 5 years after the date of the BCSC's order, or until Cook pays the BCSC the amounts owed under this order, whichever is later. The requested order would thus not be identical to the BCSC's order, but would be coextensive in time.²⁶
- [16] Staff relies on two Commission decisions, in which such orders were made.²⁷ In *Re Global 8*, a proceeding to reciprocate an order of the Alberta Securities Commission ("ASC"), one respondent, René Joseph Branconnier, argued that such an order would constitute an indirect monetary penalty and that because he had contravened Alberta, but not Ontario, securities law, the Commission lacked authority to make the order. The Commission concluded that the length of the prohibition did not impose an additional monetary penalty, as the amount owed to the ASC remained the same, and made a reciprocal order that was coextensive with the ASC's.
- [17] On November 16, 2017, the day following Staff's written submission, the BCSC reciprocated the same ASC order, but limited the time of its order to the twenty years imposed in the ASC order. It said it agreed with Branconnier that "in the circumstances, the termination of our orders should not be tied to the payment to the ASC of its monetary orders."²⁸ This difference of view and the fact that the order being reciprocated in this case was made by the BCSC require a fuller consideration of this issue.
- [18] In pursuing its mandate to protect investors and foster fair and efficient capital markets, the Commission must have regard to the principle that "integration of capital markets is supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes."²⁹ Subsection 127(10) implements this principle by authorizing reciprocal orders to further "interjurisdictional cooperation and consistency in securities regulation and enforcement across the country."³⁰ As stated above, this type of consistency enhances deterrence by making the same prohibitions apply to the respondent in multiple jurisdictions and increases general deterrence because prohibitions that follow improper conduct may apply nationwide.³¹ For these reasons, it is in the public interest to reciprocate all temporal aspects of the BCSC's order in this case.

C. CBM

- [19] Staff requests that an order mirroring the BCSC's order be made against CBM and that the market prohibitions run to August 8, 2022. The terms of the requested reciprocating order would parallel the market prohibitions against Cook, modified to reflect the fact that CBM was Cook's corporate alter ego. The BCSC's order, however, prohibits CBM only from trading and purchasing securities; it does not include exchange contracts.³² ³² Although Staff requested an order prohibiting trading in securities and derivatives, there is no reason to so diverge from the BCSC order in this case.
- [20] It is also necessary to address the fact that CBM has been dissolved. At the initial hearing on November 6, 2017, I asked whether service had been made on CBM in view of the fact that it had been dissolved, and requested Staff to address this issue in its written submissions.³³
- [21] Staff's written submissions refer to three prior Commission proceedings. Only one need be discussed here. In *Re Soleja*, the Commission reciprocated an ASC settlement agreement, but the reasons for granting the reciprocal order did not refer to the fact that the corporate respondent had been dissolved.³⁴ Nor did the settlement agreement that was

²⁴ See *Re McClure*, paras 8-10.

²⁵ Staff did not request an order denying Cook the exemptions under the Act, presumably because the BCSC's order does not include this prohibition. It is necessary, therefore, to expressly prohibit him from acting as an investment fund manager, even though investment fund managers are required to register under the Act; see *Re Dancho* (2017), 40 OSCB 9167, paras 9 and 10.

²⁶ This is common with reciprocal orders; see, e.g., *Re Elliott* (2009), 32 OSCB 6931, paras 4,13 and 42. An identical order would run for five years from the date of the Commission's order.

²⁷ *Re Zarr* (2015), 38 OSCB 9887; *Re Global 8*.

²⁸ *Re Branconnier*, 2017 BCSECCOM 347, para 11.

²⁹ Act, ss 1.1 and 2.1.5.

³⁰ *McLean v. British Columbia (Securities Commission)*, [2013] 3 SCR 895, para 77 (*per* Karakatsanis J.).

³¹ *Re Global 8*, para 43; *Re Dhanani*, para 11, n 27.

³² Sanctions Decision, para 61(e).

³³ As a result, the Order of November 7, 2017 converting this proceeding to a written hearing did not mention service; see *Re Cook*, Order (2017), 40 OSCB 8977.

³⁴ *Re Soleja* (2017), 40 OSCB 4869. This was also the case with the reasons in the two other proceedings referenced in Staff's submissions; see *Re Optam Holdings Inc.* (2017), 40 OSCB 2167; *Re Williams* (2017), 40 OSCB 3077.

reciprocated or the ASC's notice of hearing relating to it.³⁵ The only reference to a dissolution was in the Commission order that continued the proceeding as a written hearing, which contained recitals stating that a search of Alberta's Corporate Registration System listed the corporation's "legal entity status as struck as of August 2, 2015, though Soleja, as the former sole director of [the corporation] ... continues to represent the company" and that the respondents had been properly served.³⁶ Thus, although prior reciprocal orders of the Commission have applied to dissolved corporations, the basis on which they did so has not been expressly addressed.

[22] In this matter, the BCSC addressed CMB's status and, relying on a previous decision, concluded that an order should be made against CBM because of the possibility that it might be revived.³⁷

[23] Because corporations are artificial entities, activities that affect them may occur when they do not exist. For example, corporate legislation specifies circumstances in which contracts made prior to incorporation will be binding on a corporation after it has been created.³⁸ Similarly, a corporation that is dissolved can be revived, as CBM was in 2007,³⁹ and upon revival the corporation will continue and will have all rights and obligations that arose between its dissolution and its revival as if it had not been dissolved.⁴⁰ In addition, the CBCA provides that any legal action respecting the corporation's affairs that is taken during the period following its dissolution is valid and effective, once it is revived.⁴¹ Thus, an order made by the Commission against CBM will apply to it in the event that it is revived.

[24] Although the market prohibitions against trading in securities and acting as a director or officer of an issuer would preclude Cook from transferring ownership of or using CBM during the prohibited period, in view of the potential for revival, reciprocating the order against CBM may serve a deterrent function with respect to others who may seek to utilize the corporate form in a manner that is unfair to investors or harmful to the capital markets.

[25] For these reasons, and in view of Cook's control and direction of CBM, the service on Cook of all materials in this proceeding constituted service on CBM. An order reciprocating the BCSC's order against CBM is in the public interest.

IV. ORDER

[26] I shall therefore sign an order in the form attached to these reasons as Schedule "A".

Dated at Toronto this 14th day of February, 2018.

"Philip Anisman"

³⁵ See *Re Soleja*, 2015 ABASC 988 (notice of hearing); *Re Soleja*, 2016 ABASC 261 (settlement agreement).

³⁶ *Re Soleja*, Order (2017), 40 OSCB 955. Soleja had signed the Alberta settlement agreement on the corporations' behalf. Presumably the information concerning the corporation's dissolution was in a report of a corporate search included in Staff's affidavit of service, as occurred in this proceeding with respect to CBM; see note 10, above.

³⁷ Sanctions Decision, paras 31-33; *Re Williams*, 2016 BCSECCOM 283, para 75. The order in the latter decision was reciprocated by the Commission; see note 34, above.

³⁸ See, e.g., CBCA, s 14 (pre-incorporation contracts); *Business Corporations Act*, RSO 1990, c B.16, s 21, as amended ("OBCA").

³⁹ See, e.g., CBCA, s 209.

⁴⁰ See, e.g., CBCA, s 209(4); OBCA, s 241(9).

⁴¹ CBCA, s 209(5). See also OBCA, s 242(1)(b), which provides that a corporation that has been dissolved may be subject to an administrative proceeding "as if it had not been dissolved".

SCHEDULE "A"

**IN THE MATTER OF
LANCE SANDFORD COOK and
CBM CANADA'S BEST MORTGAGE CORP.**

Philip Anisman, Chair of the Panel

February 14, 2018

ORDER

(Subsections 127(1) and (10) of the
Securities Act, RSO 1990, c S.5)

WHEREAS the Ontario Securities Commission held a hearing in writing on the application of Staff of the Commission ("Staff") for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

ON READING the findings of the British Columbia Securities Commission (the "BCSC") dated April 19, 2017 and the decision of the BCSC dated August 8, 2017 (the "BCSC Order") *In the Matter of Lance Sanford Cook ("Cook") and CBM Canada's Best Mortgage Corp. ("CBM")* and on reading the materials filed by Staff, the respondents Cook and CBM not having appeared and not having filed any materials, although properly served;

IT IS ORDERED pursuant to paragraphs 127(1)2, 2.1, 7, 8, 8.1, 8.2 and 8.5 that:

1. Cook shall resign any position that he holds as an officer or director of an issuer or registrant;
2. until the later of August 8, 2022 and the date on which the payments ordered against Cook in paragraphs 61(c) and 61(d) of the BCSC Order have been paid, Cook:
 - (a) shall not trade in securities or derivatives, except for his own account through a registrant who has been given a copy of the BCSC Order and a copy of this Order;
 - (b) shall not acquire securities (including any derivative that is a security), except for his own account through a registrant who has been given a copy of the BCSC Order and a copy of this Order;
 - (c) shall not become or act as a director or officer of any issuer, investment fund manager or registrant; and
 - (d) shall not become or act as a registrant, investment fund manager or promoter;
3. until August 8, 2022, CBM:
 - (a) shall not trade in securities;
 - (b) shall not acquire securities; and
 - (c) shall not become or act as a registrant, investment fund manager or promoter.

Philip Anisman

3.1.2 Benedict Cheng et al.

IN THE MATTER OF
BENEDICT CHENG,
FRANK SOAVE,
JOHN DAVID ROTHSTEIN and
ERIC TREMBLAY

REASONS FOR DECISION ON MOTION REGARDING CONFIDENTIALITY

Citation: *Cheng (Re)*, 2018 ONSEC 7

Date: 2018-02-15

Hearing: In writing

Decision: February 15, 2018

Panel: Janet A. Leiper Chair of the Panel

Submissions: Shara N. Roy For Benedict Cheng
Brian Kolenda

Yvonne Chisholm For Staff of the Ontario Securities Commission
Jennifer Lynch
Christina Galbraith

REASONS AND DECISION

- [1] On December 18-22, 2017, the Commission heard motions on questions of solicitor client privilege, prematurity of the motion and jurisdiction. These motions were heard in advance of the hearing on the merits, which is scheduled to proceed on April 16, 2018.
- [2] Mr. Cheng requested that the entire motion regarding privilege be heard in the absence of the public. After receiving written submissions and hearing oral argument on the issue, I dismissed Mr. Cheng's request to have the public excluded for the entire motion, although at the further request of counsel, I allowed the public to be excluded for portions of the hearing, in the event that solicitor client privilege over the evidence in issue was established. The balance of the motions and the submissions on the solicitor client privilege portion of the motion were heard in public.
- [3] By reasons dated January 10, 2018, the Commission dismissed Staff's motion on the question of prematurity and jurisdiction. These reasons have been published.
- [4] In separate reasons dated January 10, 2018, the Commission dismissed Mr. Cheng's motion on solicitor client privilege (the **Privilege Reasons**). The Commission's practice is to deliver reasons to parties 24 hours in advance of publication. After receiving the Privilege Reasons, Counsel for the Mr. Cheng, wrote to the Registrar to request that the Privilege Reasons be kept confidential from the public.
- [5] The Commission sought and received written submission on the question of the public release of the Privilege Reasons. After considering these submissions, and authorities filed by Staff, an order was made publishing the Privilege Reasons. These are the reasons for that decision.
- [6] Mr. Cheng submits that portions of the Privilege Reasons refer to the evidence over which privilege is claimed. Mr. Cheng submits that he may appeal the Commission's decision and that publication of the Privilege Reasons would render the privilege claimed moot.
- [7] Mr. Cheng submits that the same balancing that was conducted by this Panel in determining that some of the evidence in the motion was to be heard in the absence of the public should be applied to the publication of the Privilege Reasons, in order to protect his claim of privilege. Mr. Cheng relies on his counsel's submissions that were made at the hearing, though he did provide any authorities specific to the issue of keeping a decision confidential on the basis that it may be appealed by a party.
- [8] Staff submits that the open court principle has been applied by the Commission in the context of other requests for delaying publication. The Commission has recognized that part of its responsibilities as a statutory tribunal is to ensure that investors, those who are regulated and the public know what decisions are made by the Commission and the

reasons behind those decisions. This is a fundamental principle of justice in Canada. It is not to be departed from lightly.

[9] Staff also submits that the Privilege Reasons do not make specific reference to or disclose any alleged legal advice. Documents are referred to generically and full names of individuals (other than the Respondents) are not used. Any concerns about confidentiality were met by holding portions of the hearing dealing with specifics in the absence of the public.

[10] Mr. Cheng has not established any prejudice that would warrant departing from the open court principle. Non-publication of the ultimate reasons was not argued at the time of the hearing of the motions and the reasons dealing with similar subject matter in dismissing Staff's motion with respect to prematurity and jurisdiction were published without objection. The Privilege Reasons themselves do not describe evidence which could fairly be considered legal advice, even in the event that a reviewing court determines that a solicitor-client relationship was established.

[11] The Respondent's request to refrain from publishing the Privilege Reasons is dismissed.

Dated at Toronto this 15th day of February, 2018.

"Janet A. Leiper"

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Biosenta Inc.	02 February 2018	14 February 2018

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
THERE IS NOTHING TO REPORT THIS WEEK.		

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Katanga Mining Limited	15 August 2017	

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:

BetaPro S&P 500 VIX Short-Term Futures™ 2x Daily Bull
ETF

BetaPro S&P 500 VIX Short-Term Futures™ Daily Inverse
ETF

Principal Regulator – Ontario

Type and Date:

Amendment #1 to Final Long Form Prospectus dated
February 15, 2018

Received on February 16, 2018

Offering Price and Description:

–

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2697878

Issuer Name:

Excel Emerging Markets Balanced Fund

Excel India Balanced Fund

Excel High Income Fund

Excel Money Market Fund

Excel India Fund

Excel New India Leaders Fund

Excel China Fund

Excel Chindia Fund

Excel Emerging Markets Fund

Principal Regulator – Ontario

Type and Date:

Amendment #1 to Final Simplified Prospectus dated
February 16, 2018

Received on February 16, 2018

Offering Price and Description:

–

Underwriter(s) or Distributor(s):

Excel Funds Management Inc.

Promoter(s):

Excel Funds Management Inc.

Project #2671952

Issuer Name:

Fidelity American Disciplined Equity Class

Fidelity American Disciplined Equity Currency Neutral
Class

Fidelity American Equity Class

Fidelity American Equity Currency Neutral Class

Fidelity AsiaStar Class

Fidelity Asset Allocation Currency Neutral Private Pool

Fidelity Asset Allocation Private Pool

Fidelity Balanced Class Portfolio

Fidelity Balanced Currency Neutral Private Pool

Fidelity Balanced Income Currency Neutral Private Pool

Fidelity Balanced Income Private Pool

Fidelity Balanced Private Pool

Fidelity Canadian Asset Allocation Class

Fidelity Canadian Balanced Class

Fidelity Canadian Disciplined Equity Class

Fidelity Canadian Equity Private Pool

Fidelity Canadian Growth Company Class

Fidelity Canadian Large Cap Class

Fidelity Canadian Opportunities Class

Fidelity Canadian Short Term Income Class

Fidelity China Class

Fidelity Concentrated Canadian Equity Private Pool

Fidelity Concentrated Value Private Pool

Fidelity Corporate Bond Class

Fidelity Dividend Class

Fidelity Dividend Plus Class

Fidelity Emerging Markets Class

Fidelity Europe Class

Fidelity Event Driven Opportunities Class

Fidelity Event Driven Opportunities Currency Neutral Class

Fidelity Far East Class

Fidelity Global Balanced Class Portfolio

Fidelity Global Class

Fidelity Global Concentrated Equity Class

Fidelity Global Consumer Industries Class

Fidelity Global Disciplined Equity Class

Fidelity Global Disciplined Equity Currency Neutral Class

Fidelity Global Dividend Class

Fidelity Global Equity Currency Neutral Private Pool

Fidelity Global Equity Private Pool

Fidelity Global Financial Services Class

Fidelity Global Growth Class Portfolio

Fidelity Global Health Care Class

Fidelity Global Income Class Portfolio

Fidelity Global Innovators Class

Fidelity Global Innovators Currency Neutral Class

Fidelity Global Intrinsic Value Class

Fidelity Global Intrinsic Value Currency Neutral Class

Fidelity Global Large Cap Class

Fidelity Global Large Cap Currency Neutral Class

Fidelity Global Natural Resources Class

Fidelity Global Real Estate Class

Fidelity Global Small Cap Class
Fidelity Global Telecommunications Class
Fidelity Greater Canada Class
Fidelity Growth Class Portfolio
Fidelity Income Class Portfolio
Fidelity Insights Class
Fidelity Insights Currency Neutral Class
Fidelity International Disciplined Equity Class
Fidelity International Disciplined Equity Currency Neutral Class
Fidelity International Equity Currency Neutral Private Pool
Fidelity International Equity Private Pool
Fidelity International Growth Class
Fidelity Japan Class
Fidelity Monthly Income Class
Fidelity North American Equity Class
Fidelity NorthStar Class
Fidelity NorthStar Currency Neutral Class
Fidelity Premium Fixed Income Private Pool Class
Fidelity Small Cap America Class
Fidelity Small Cap America Currency Neutral Class
Fidelity Special Situations Class
Fidelity Technology Innovators Class (formerly, Fidelity Global Technology Class)
Fidelity True North Class
Fidelity U.S. All Cap Class
Fidelity U.S. All Cap Currency Neutral Class
Fidelity U.S. Equity Currency Neutral Private Pool
Fidelity U.S. Equity Private Pool
Fidelity U.S. Focused Stock Class (formerly Fidelity Growth America Class)
Fidelity U.S. Focused Stock Currency Neutral Class
Principal Regulator – Ontario

Type and Date:

Combined Preliminary and Pro Forma Simplified Prospectus dated February 15, 2018
NP 11-202 Preliminary Receipt dated February 16, 2018

Offering Price and Description:

Series P2T5, P3T5, P4T5, P5T5, P3, P4, P5, E1T5, E2T5, E3, E3T5 E4, E5

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Fidelity Investments Canada ULC

Project #2729743

Issuer Name:

Bank of Nova Scotia, The
Principal Regulator – Ontario

Type and Date:

Final Shelf Prospectus (NI 44-102) dated February 13, 2018

NP 11-202 Receipt dated February 13, 2018

Offering Price and Description:

\$6,000,000,000.00 – Senior Notes (Principal at Risk Notes)

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Manulife Securities Incorporated

Promoter(s):

N/A

Project #2724982

Issuer Name:

Vanguard Canadian Aggregate Bond Index ETF
Principal Regulator – Ontario

Type and Date:

Amendment #1 to Final Long Form Prospectus dated February 13, 2018

Received on February 13, 2018

Offering Price and Description:

–

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Vanguard Investments Canada Inc.

Project #2550162

Issuer Name:

PowerShares 1-10 Year Laddered Investment Grade Corporate Bond Index ETF
PowerShares 1-3 Year Laddered Floating Rate Note Index ETF
PowerShares 1-5 Year Laddered All Government Bond Index ETF
PowerShares 1-5 Year Laddered Investment Grade Corporate Bond Index ETF
PowerShares Canadian Dividend Index ETF
PowerShares Canadian Preferred Share Index ETF
PowerShares DWA Global Momentum Index ETF
PowerShares FTSE RAFI Canadian Fundamental Index ETF
PowerShares FTSE RAFI Canadian Small-Mid Fundamental Index ETF
PowerShares FTSE RAFI Global+ Fundamental Index ETF
PowerShares FTSE RAFI U.S. Fundamental Index ETF
PowerShares FTSE RAFI U.S. Fundamental Index ETF II
PowerShares Fundamental High Yield Corporate Bond Index ETF
PowerShares LadderRite U.S. 0-5 Year Corporate Bond Index ETF
PowerShares QQQ Index ETF
PowerShares S&P 500 High Dividend Low Volatility Index ETF
PowerShares S&P 500 Low Volatility Index ETF
PowerShares S&P Emerging Markets Low Volatility Index ETF
PowerShares S&P Global ex. Canada High Dividend Low Volatility Index ETF
PowerShares S&P International Developed Low Volatility Index ETF
PowerShares S&P/TSX Composite Low Volatility Index ETF
PowerShares S&P/TSX REIT Income Index ETF
PowerShares Senior Loan Index ETF
PowerShares Ultra Liquid Long Term Government Bond Index ETF
Principal Regulator – Ontario

Type and Date:

Final Long Form Prospectus dated February 16, 2018
NP 11-202 Receipt dated February 16, 2018

Offering Price and Description:

USD Units, CAD Units and CAD Hedged Units @ Net Asset Value

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Invesco Canada Ltd.

Project #2703193

Issuer Name:

PowerShares FTSE RAFI Global Small-Mid Fundamental ETF
PowerShares Global Shareholder Yield ETF
PowerShares Low Volatility Portfolio ETF
PowerShares Tactical Bond ETF
Principal Regulator – Ontario

Type and Date:

Final Long Form Prospectus dated February 16, 2018
NP 11-202 Receipt dated February 16, 2018

Offering Price and Description:

CAD Units, USD Units and CAD Hedged Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Invesco Canada Ltd.

Project #2703174

Issuer Name:

Vanguard Canadian Aggregate Bond Index ETF
Principal Regulator – Ontario

Type and Date:

Amendment #1 to Final Long Form Prospectus dated February 13, 2018
NP 11-202 Receipt dated February 15, 2018

Offering Price and Description:

–

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Vanguard Investments Canada Inc.

Project #2550162

NON-INVESTMENT FUNDS

Issuer Name:

Alopex Gold Inc.
Principal Regulator – Ontario

Type and Date:

Preliminary Short Form Prospectus dated February 14, 2018

NP 11-202 Preliminary Receipt dated February 14, 2018

Offering Price and Description:

Minimum Offering: \$4,000,000.00
Maximum Offering: \$7,000,000.00
Up to [*]Common Shares

Underwriter(s) or Distributor(s):

Paradigm Capital Inc.
Canaccord Genuity Corp.
Haywood Securities Inc.

Promoter(s):

Arctic Resources Capital S.a.r.l.
Lux Business Management S.a.r.l.
FBC Mining (NALUNAQ) Limited

Project #2728938

Issuer Name:

Apolo III Acquisition Corp.
Principal Regulator – Ontario

Type and Date:

Preliminary CPC Prospectus (TSX-V) dated February 14, 2018

NP 11-202 Preliminary Receipt dated February 15, 2018

Offering Price and Description:

Offering: \$500,000.00 (5,000,000 Common Shares)
Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

–

Project #2728925

Issuer Name:

George Weston Limited
Principal Regulator – Ontario

Type and Date:

Preliminary Shelf Prospectus dated February 12, 2018

NP 11-202 Preliminary Receipt dated February 13, 2018

Offering Price and Description:

\$1,000,000,000.00 – Senior Unsecured Debt Securities,
Subordinated Unsecured Debt Securities, Preferred Shares

Underwriter(s) or Distributor(s):

–

Promoter(s):

–

Project #2728177

Issuer Name:

Pine Trail Capital Trust
Principal Regulator – Alberta (ASC)

Type and Date:

Preliminary CPC Prospectus (TSX-V) dated February 14, 2018

NP 11-202 Preliminary Receipt dated February 15, 2018

Offering Price and Description:

\$400,000.00 – 4,000,000 Trust Units
Price: \$0.10 per Trust Unit

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

Andrew Shapack
Sean Nakamoto

Project #2729150

Issuer Name:

Tempus Capital Inc.
Principal Regulator – Ontario

Type and Date:

Preliminary Long Form Prospectus dated February 14, 2018

NP 11-202 Preliminary Receipt dated February 15, 2018

Offering Price and Description:

–

Underwriter(s) or Distributor(s):

–

Promoter(s):

Russell Tanz

Project #2729058

Issuer Name:

Tetra Bio-Pharma Inc.
Principal Regulator – Ontario

Type and Date:

Preliminary Short Form Prospectus dated February 14, 2018

NP 11-202 Preliminary Receipt dated February 14, 2018

Offering Price and Description:

\$10,000,000.00
10,000,000 Units
Price: \$1.00 per Unit

Underwriter(s) or Distributor(s):

Echelon Wealth Partners Inc.

Promoter(s):

–

Project #2728947

Issuer Name:

Valeura Energy Inc.
Principal Regulator – Alberta (ASC)

Type and Date:

Preliminary Short Form Prospectus dated February 14, 2018
NP 11-202 Preliminary Receipt dated February 14, 2018

Offering Price and Description:

\$60,003,900.00 – 10,527,000 Common Shares
\$5.70 per Common Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Cormark Securities Inc.

Promoter(s):

–

Project #2728999

Issuer Name:

Bank of Nova Scotia, The
Principal Regulator – Ontario

Type and Date:

Final Shelf Prospectus dated February 13, 2018
NP 11-202 Receipt dated February 13, 2018

Offering Price and Description:

\$6,000,000,000.00 – Senior Notes (Principal at Risk Notes)

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Manulife Securities Incorporated

Promoter(s):

–

Project #2724982

Issuer Name:

Canadian National Railway Company
Principal Regulator – Quebec

Type and Date:

Final Shelf Prospectus dated February 13, 2018
NP 11-202 Receipt dated February 14, 2018

Offering Price and Description:

\$6,000,000,000.00 – Debt Securities

Underwriter(s) or Distributor(s):

–

Promoter(s):

–

Project #2721081

Issuer Name:

Newstrike Resources Ltd.
Principal Regulator – Ontario

Type and Date:

Final Short Form Prospectus dated February 12, 2018
NP 11-202 Receipt dated February 13, 2018

Offering Price and Description:

\$80,005,200.00 – 60,610,000 Offered Units; Price: \$1.32 per Offered Unit

Underwriter(s) or Distributor(s):

Infor financial Inc.
Cormark Securities Inc.
Eight Capital
Haywood Securities Inc.

Promoter(s):

–

Project #2723486

Issuer Name:

Plaza Retail REIT
Principal Regulator – New Brunswick

Type and Date:

Final Short Form Prospectus dated February 13, 2018
NP 11-202 Receipt dated February 13, 2018

Offering Price and Description:

\$45,000,000.00 – 5.10% Convertible Unsecured Subordinated Debentures due March 31, 2023

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
Canaccord Genuity Corp.
Raymond James Ltd.
Industrial Alliance Securities Inc.

Promoter(s):

–

Project #2725013

Issuer Name:

RMR Science Technologies Inc.
Principal Regulator – British Columbia

Type and Date:

Final CPC Prospectus (TSX-V) dated February 9, 2018
NP 11-202 Receipt dated February 15, 2018

Offering Price and Description:

OFFERING: \$500,000.00 (5,000,000 CLASS “A” COMMON SHARES)

Price: \$0.10 per Class “A” Common Share

Underwriter(s) or Distributor(s):

PI Financial Corp.

Promoter(s):

Robin Hutchison

Project #2715797

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	J. Priest Investment Management Inc.	From: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager To: Exempt Market Dealer and Portfolio Manager	February 13, 2018
Name Change	From: Fidelity (Canada) Investment Management ULC To: Fidelity Management & Research (Canada) ULC	Portfolio Manager	January 30, 2018
New Registration	Terra Cotta Investment Counsel Inc.	Portfolio Manager and Exempt Market Dealer	February 16, 2018
Name Change	From: Mellon Capital Management Corporation To: BNY Mellon Asset Management North America Corporation	Portfolio Manager and Commodity Trading Manager	January 31, 2018
Name Change	From: Pareto Investment Management Limited To: Insight Investment International Limited	Portfolio Manager	February 1, 2018

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 TSX Inc. – Introduction of Contra Mid-Point Only (CMO) Order Type – Notice of Approval

TSX INC.

NOTICE OF APPROVAL

CONTRA MID-POINT ONLY ORDER (CMO)

In accordance with the *Process for the Review and Approval of the Information Contained in Form 21-101F1 and the Exhibits Thereto (Protocol)*, on February 16, 2018, the Commission approved significant changes to Form 21-101F1 for TSX Inc. reflecting the introduction of the Contra Mid-Point Only (CMO) order type.

A Staff notice and TSX's Request for Comment on the proposed change was published on the Commission's website and in the Commission Bulletin on November 23, 2017, at (2017), 40 OSCB 9459. No comment letters were received.

As CMO orders only execute against other CMO orders at the mid-point, a public post-trade marker will be added to all CMO executions to ensure transparency of executions of CMO orders. This marker will be implemented with the introduction of the order.

TSX will communicate the date of implementation.

13.3 Clearing Agencies

13.3.1 CDCC – Amendments to the Rules of the Canadian Derivatives Clearing Corporation to Expand Share Futures Contracts to Exchange Traded Funds and Trust Units – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

**AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION
TO EXPAND SHARE FUTURES CONTRACTS TO EXCHANGE TRADED FUNDS AND TRUST UNITS**

The Ontario Securities Commission is publishing for 30 day public comment the proposed amendments to Rule C-15 of CDCC's Rules. The purpose of the proposed rule amendments is to allow a broader range of securities to constitute underlying interests of share futures under Rule C-15, namely exchange traded funds and trust units.

The comment period ends on March 26, 2018.

A copy of the CDCC Notice is published on our website at <http://www.osc.gov.on.ca>.

[Editor's Note: The CDCC Notice is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the Notice.]



NOTICE TO MEMBERS

No. 2018 – 016

February 12, 2018

REQUEST FOR COMMENTS

AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO EXPAND SHARE FUTURES CONTRACTS TO EXCHANGE TRADED FUNDS AND TRUST UNITS

Summary

On February 6th, 2018, the Board of Directors of Canadian Derivatives Clearing Corporation (“CDCC”) approved certain amendments to Rule C-15 of CDCC’s Rules. Current Rule C-15 pertains to the approval and eligibility of share futures, and delivery of related underlying interests, which underlying interests are limited to individual stocks. The purpose of the proposed amendments is to allow a broader range of securities to constitute underlying interests of share futures under Rule C-15, namely exchange traded funds and trust units.

Please find enclosed an analysis document as well as the proposed amendments.

Process for Changes to the Rules

CDCC is recognized as a clearing house under section 12 of the *Derivatives Act* (Québec) by the Autorité des marchés financiers (“AMF”) and is a recognized clearing agency under section 21.2 of the *Securities Act* (Ontario) by the Ontario Securities Commission (“OSC”).

The Board of Directors of CDCC has the power to approve the adoption or amendment of the Rules and the Operations Manual of CDCC. Amendments are submitted to the AMF in accordance with the self-certification process and to the OSC in accordance with the process provided in its Recognition Order.



Comments on the proposed amendments must be submitted before March 16th, 2018. Please submit your comments to:

*Mr. Alexandre Normandeau
Legal Counsel, Montreal Exchange & CDCC
Canadian Derivatives Clearing Corporation
Tour de la Bourse
P.O. Box 61, 800 Victoria Square
Montréal, Québec H4Z 1A9
E-mail: legal@tmx.com*

A copy of these comments shall also be forwarded to the AMF and to the OSC to:

*Mrs. Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse, P.O. Box 246
800 Victoria Square, 22nd Floor
Montréal, Québec H4Z 1G3
E-mail: consultation-encours@lautorite.qc.ca*

*Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 2200,
20 Queen Street West
Toronto, Ontario, M5H 3S8
Fax: 416-595-8940
email: marketregulation@osc.gov.on.ca*

For any question or clarification, Clearing Members may contact CDCC's Corporate Operations.

Glenn Goucher
President and Chief Clearing Officer



**AMENDMENTS TO THE RULES OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO
EXPAND SHARE FUTURES CONTRACTS TO EXCHANGE TRADED FUNDS AND TRUST UNITS**

SUMMARY	P 2
ANALYSIS	P 2
Background	P 2
Description and Analysis of Impacts	P 2
Proposed Amendments	P 3
Benchmarking	P 3
IMPACTS ON TECHNOLOGICAL SYSTEMS	P 4
OBJECTIVES OF THE PROPOSED AMENDMENTS	P 4
PUBLIC INTEREST	P 4
MARKET IMPACTS	P 4
PROCESS	P 4
EFFECTIVE DATE	P 4
ATTACHED DOCUMENTS	P 4

I. SUMMARY

Bourse de Montréal Inc. (the “Bourse”) launched share futures (also known as “Single Stock Futures” or “SSF”) on Canadian stocks in December 2016. As a result, the Rules of the Canadian Derivatives Clearing Corporation (“CDCC”) contain certain provisions pertaining to the approval and eligibility of share futures, and delivery of related underlying interests.

Since the launch of SSF on Canadian stocks, market participants of the Bourse have expressed their interest in trading share futures with an underlying other than Canadian stocks, more specifically on Exchange-Traded funds (“ETFs”) and Trust Units (“TUs”). The Bourse has therefore decided to launch share futures on ETFs and TUs, and consequently, CDCC proposes minor amendments to its Rules in order to allow a broader range of securities to constitute underlying interests of share futures, namely ETFs and TUs.

II. ANALYSIS

a. Background

On January 31, 2001, the Bourse launched physically delivered futures contracts on Nortel, North America’s first share futures contract. Since the offering never gained traction, the contract was delisted and the product line discontinued.

On February 29, 2012, the Bourse officially announced the introduction of a new share futures product line given renewed interest by market participants. The contracts were to be listed for trading on March 2, 2012. The day preceding the launch, it was discovered that an important external stakeholder would not be able to support the product launch and the launch was subsequently called off.

In December 2016, the Bourse reintroduced share futures on Canadian equities. The product has been welcomed by market participants and to date has averaged 4500 daily contracts.

TUs make up significant part of the TSX-listed securities and are included in various Canadian equity indices, namely the S&P/TSX 60, and ETFs have been subject to an increasing demand by market participants due to their cost effective structure, hence the current interest in share futures on ETFs and TUs.

b. Description and Analysis of Impacts

From a risk perspective, share futures are calibrated using the current risk methodology for Futures. The introduction of ETFs and TUs as underlying interests of share futures does not require modifications to the Risk Manual and Operations Manual, which were modified to account for share futures back in 2016.

CDCC will leverage its current clearing model for futures and margin requirements will be calculated using SPAN[®] methodology. To calculate an appropriate margin requirement in SPAN, CDCC must consider the risk dynamic of each share future underlying. Margin offset will be limited to share futures sharing the same underlying. No margin relief between share futures sharing different underlying will be offered.

The following describes the main terms and conditions for margin requirements and cash settlement applicable to the clearing of share futures on ETFs and TUs, which are the same as for the clearing of share futures on stocks.

In order to integrate all the main market risk factors in SPAN, the following modeling elements were considered to develop a coherent margin requirement for share futures:

- 1) Margin Interval (MI) is calculated on a daily basis based on the methodology applicable for Options;
- 2) CDCC bundles together (in a same Bucket or Combined Commodity¹) share futures with the same underlying;
- 3) No margin reduction is offered between share futures sharing different underlying interests.

In order to calculate the variation margin, share futures contracts are marked-to-market daily based on the daily settlement price established by the Bourse. At the expiration date, the contract is physically-settled at the final settlement price determined by the Bourse. The Bourse shall publish and report to CDCC the final settlement price on the first business day following the last trading day of the contract.

c. Proposed Amendments

The proposed amendments to Rule C-15 of CDCC's Rules are attached. These proposed minor changes expand the horizon of share futures by adding ETFs and TUs as potential underlying interests.

d. Benchmarking

The following table describes the margin model used by each CCP associated to the clearing of share futures.

Exchange	CCP	Listing status	Netting with options products	Margin model
Montreal Exchange	CDCC	Live	No	SPAN methodology
OneChicago	OCC	Live	Yes ²	SPAN methodology
EUREX	Eurex Clearing	Live	Yes	Prisma portfolio-based margining
Euronext	LCH Clearnet	Live	Yes	SPAN methodology
ICE Futures Europe	ICE Clear Europe	Live	Yes	SPAN methodology

¹ Combined Commodity is a basic concept used for risk calculation in SPAN®. This is a set of contracts having the same underlying instrument.

² OCC members are able to reduce costs by cross-margining their security futures positions against offsetting options.

CDCC does not propose to modify its current methodology for the clearing of share futures as the same methodology can be used for various underlying interests (stocks, ETFs and TUs). CDCC's margin model is aligned with the models used by various clearing houses globally.

III. IMPACTS ON TECHNOLOGICAL SYSTEMS

Based on a review of the technological requirements related to existing share futures, CDCC has concluded that this initiative will not require any development work nor have impacts on its or its clearing members' technological systems.

IV. OBJECTIVES OF THE PROPOSED MODIFICATIONS

The proposed amendments are motivated by the Bourse's decision to expand the underlying interests of share futures beyond individual Canadian or international stocks, to include ETFs and TUs, which demands minor amendments to the Rules of CDCC.

V. PUBLIC INTEREST

The modifications to the Rules of CDCC are proposed to make possible the clearing of share futures on ETFs and TUs. In CDCC's opinion, the proposed amendments are not contrary to the public interest as they would allow for more products to be cleared using CDCC's services.

VI. MARKET IMPACTS

CDCC does not believe that this initiative will have significant market impacts, and it will adjust margin funds according to the additional activity generated by the introduction of new share futures.

VII. PROCESS

The proposed amendments are submitted for approval by the CDCC Board. After the approval has been obtained, the proposed amendments, including this analysis, will be transmitted to the Autorité des marchés financiers in accordance with the self-certification process, and to the Ontario Securities Commission in accordance with the "Rule Change Requiring Approval in Ontario" process. The proposed amendment and analysis will also be submitted for approval to the Bank of Canada in accordance with the Regulatory Oversight Agreement.

VIII. EFFECTIVE DATE

CDCC would like to implement the amendments in the second quarter of 2018, in line with the Bourse's introduction timeline.

IX. ATTACHED DOCUMENTS

Amended Rules.



PART B – OPTIONS

RULE B-1 CLEARING OF EXCHANGE TRANSACTIONS IN OPTIONS

The provisions of this Part B shall apply only to Exchange Transactions which are trades in Options issued by the Corporation pursuant to these Rules and to those Clearing Members who are required to make a base deposit to the Clearing Fund for Options clearing as set out in Subsection A-601(2)(a).

[...]

RULE B-6 SECURITIES OPTIONS

This Rule B-6 is applicable to American Style Options and European Style Options where the Underlying Interest is a class of shares or a class of units. Such Options are referred to in this Rule B-6 as “Securities Options”.

SECTION B-601 DEFINITIONS

Notwithstanding Section A-102, the following definitions shall apply to Rule B-6:

“American Exchange” – means a national securities exchange as defined in the Securities Exchange Act of 1934, as amended from time to time.

“American ATS” – means an alternative trading system, as defined by the U.S. Securities and Exchange Commission in its Rules, as amended from time to time.

“ATS” – means Canadian ATS and American ATS.

“Canadian ATS” – means an alternative trading system, as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“Canadian Exchange” – means a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“ETF” – means an exchange-traded funds, the Securities of which are listed on a Canadian Exchange.

“North American Volume” – for the purposes of the eligibility and ineligibility of the Underlying Interests of Options, means the aggregate trading volume on all Canadian Exchanges and American Exchanges and all the ATS where the underlying Securities are traded.

“Primary Exchange” – as regards a specific Security on a given day, means the Canadian Exchange on which such Security is listed if it is listed on only one Canadian Exchange. Where such specific Security is listed on more than one Canadian Exchange, then it shall mean the Canadian Exchange which has the highest trading volume on such Security on a given day, as determined by the Corporation.

“Securities Option” – means an American Style Option or a European Style Option for which the Underlying Interest is a class of shares or a class of units.



“Security” – means a share or a unit.

“Share” – means an instrument of title issued by a corporation or an ETF which is an open-end investment company.

“Underlying Interest” – means Securities meeting the criteria described in this Rule.

“Unit” – means an instrument of title issued by a trust or by an ETF which is a trust.

“Unit of Trading” – means 100 shares of the Underlying Interest, unless otherwise indicated.

“Value of Available Public Float” – means the value of the available public float as calculated by the following formula: as regards a specific Security on a given day, the number of units of the Security outstanding and available for trading by the public, multiplied by the closing price of such Security on the Primary Exchange.

SECTION B-602 APPROVAL OF UNDERLYING INTEREST

- 1) The Securities underlying the Securities Options issued by the Corporation shall be approved by the Corporation based on criteria described in Section B-603 or B-605 of the Rules.
- 2) No more than one Class of Securities Options shall be approved for any one issuer, unless the Corporation considers it necessary or advisable, as a temporary measure, that there be additional Classes of Options.

SECTION B-603 CRITERIA FOR ELIGIBILITY OF SECURITIES UNDERLYING OPTIONS

- 1) To determine whether any Securities should be approved as the Underlying Interest of a Securities Option, the Corporation, in those circumstances where Section B-607 does not apply, shall ensure that prior to being approved as an Underlying Interest the Securities meet all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;
 - b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) The Corporation may approve as an Underlying Interest a Security which does not otherwise meet the eligibility criteria set forth in Subsection B-603(1), but which meets all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;

- b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all the Canadian Exchanges on the last Business Day of the current quarter; and
- c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the Current quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all the Canadian Exchanges on the last Business Day of the current quarter.

SECTION B-604 INELIGIBILITY CRITERIA OF SECURITIES UNDERLYING OPTIONS

- 1) Except as provided in Subsection B-604(2), no new Series of a Class of Securities Options which is already listed may be opened for trading if any one of the following conditions occurs with respect to the Underlying Interest:
 - a) the Security is no longer listed on a Canadian Exchange;
 - b) the Value of the Available Public Float of the Security is below the top forty percentile (40%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is below the top forty percentile (40%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) In exceptional circumstances and in the interest of maintaining a fair and orderly market or for the protection of investors, the Corporation may agree to clear additional Series of Options with respect to any Underlying Interest which complies with the criteria described in Paragraphs B-604(1)(b) or (c), provided that the Security is listed on a Canadian Exchange.

SECTION B-605 CRITERIA FOR THE ELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

- 1) Where the eligibility criteria set forth in section B-603 are not met, to determine whether Securities issued by an ETF should be eligible as an Underlying Interest of Securities Option, the Corporation may approve the listing thereof as an Underlying Interest, where the ETF meets all the following criteria:
 - a) the Securities issued are listed on a Canadian Exchange;
 - b) the Value of Available Public Float is equal to or greater the CAN\$20 million;
 - c) the Securities issued may be created or repurchased upon request every Business Day by the ETF for an amount based on the net asset value; and
 - d) the documentation is deemed satisfactory by the Corporation.

- 2) The ETF Securities eligible as Underlying Interests of Options pursuant to Subsection (1) are not subject to the ineligibility criteria set forth in Section B-604.

SECTION B-606 CRITERIA FOR THE INELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

No new series of a Class of ETF Securities listed on an Exchange under Section B-605 shall be eligible for trading if any one of the following events occurs in respect of the Underlying Interest:

- a) the Security is no longer listed on a Canadian Exchange;
- b) the Securities cease to be created or repurchased upon request every Business Day; or
- c) the documentation is deemed unacceptable by the Corporation.

SECTION B-607 EVENT RELATING TO UNDERLYING INTERESTS OF SECURITIES OPTIONS

- 1) Acquisition of a Listed Entity by a Newly-Established Entity

If a newly-established entity has acquired a listed entity, the trading record and history of the acquired entity may be used to test the options eligibility of the Securities of the new entity as provided for in Section B-603.

- 2) Name Changes

Corporate name changes have no effect on listed issues options eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest of such entity under the new corporate name.

- 3) Substitutional Listings

When a Security list change which is the result of a merger or acquisition involving the issuance or acquisition of listed Securities has occurred, the eligibility for Securities Options of all listed issues connected with the change shall be reviewed by the Corporation. No decision to change the option-eligibility status of a listed Underlying Interest will occur until after such merger or acquisition is completed. The general process which applies is as follows:

- a)
 - i) the Corporation shall ensure that each of the entities involved in such merger or acquisition is listed on a Canadian Exchange; or
 - ii) on receipt of the notice of an event relating to the Underlying Interest or following the closing date of a Securities purchase offer, the Corporation shall ensure that the Securities of at least one of the entities involved are an Underlying Interest for Options currently listed on a Canadian Exchange, and these Options are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation, nor is the Underlying Interest for these Options classified as ineligible under Section B-604 or Section B-606.

- b) The Corporation shall ensure that, prior to the merger or acquisition involving the issuance or acquisition of listed Securities, the sum of the Value of Available Public Float of the entities involved in the merger or acquisition meets the criteria set out in Paragraph B-603(1)(b) or Paragraph B-603(2)(b) or Paragraph B-605(1)(b) of the Rules.
 - c) It is confirmed by the Corporation that the resultant company is listed on a Canadian Exchange.
 - d) It is confirmed by the Corporation that the resultant company exceeds the criteria set out in Paragraph B-604(1)(b) of the Rules.
- 4) New Securities

If new Securities are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed Securities, the relationship between the old and new Securities will determine whether the new Securities will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the entity, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

[...]

CANADIAN DERIVATIVES CLEARING CORPORATION

PART C – FUTURES

RULE C-1 CLEARING OF EXCHANGE TRANSACTIONS RESPECTING FUTURES

The provisions of this Part C shall apply only to Exchange Transactions which are trades in Futures issued by the Corporation, pursuant to these rules and to those Clearing Members who are required to make a base deposit to the Clearing Fund for Futures clearing as set out in Paragraph A-601(2)(b).

[...]

RULE C-15 SHARE FUTURES

The Sections of this Rule C-15 are applicable only for Futures settling on a future date where the Underlying Interest is an individual stock, [exchange-traded fund or trust unit](#).

SECTION C-1501 DEFINITIONS

“Canadian Share Futures” – A Futures contract that requires the parties to this contract to make or receive delivery of a specified number of Canadian [Stocks underlying interests](#) at the expiry of the contract at a price agreed upon when the contract was entered into on the Exchange.

“Canadian [Stock Underlying Interest](#)” – An individual stock, [exchange-traded fund or trust unit](#) issued by a Canadian reporting issuer listed on a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.



“Delivery” – physical delivery made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

“Final Settlement Price” – the price of the Underlying Interest as determined by the product specifications of the Bourse de Montréal Inc.

“Foreign Share Futures” – A Futures contract that requires the parties to this contract to pay or receive from the Corporation the difference between the Final Settlement Price of the Underlying Interest and the initial Trade Price multiplied by the appropriate Unit of Trading.

“Last Trading Date” – the Maturity Date.

“Maturity Date” – the Final Settlement Date as defined by the Bourse de Montréal Inc. from time to time.

“Recognized Exchange” – a recognized exchange according to the definition in Rule One of Bourse de Montréal Inc. as amended from time to time.

“Settlement Price” – the official daily closing price of a Futures, as determined in accordance with Section C-301.

“Underlying Interest” – [sStocks, exchange-traded funds or trust units](#) meeting the criteria described in this Rule.

“Unit of Trading” – 100 shares of the Underlying Interest, unless otherwise designated.

SECTION C-1502 APPROVAL OF UNDERLYING INTEREST

- 1) The [sStocks, exchange-traded funds or trust units](#) underlying the Futures issued by the Corporation shall be approved based on criteria described in Section C-1503 of the Rules.

SECTION C-1503 CRITERIA FOR ELIGIBILITY OF SHARE FUTURES

In considering whether any [sStock, exchange-traded fund or trust unit](#) should be approved as the Underlying Interest of a Share Futures, the Corporation, in those circumstances where C-1505 does not apply, shall ensure that prior to being approved as an Underlying Interest the [sStock, exchange-traded fund or trust unit](#) meets all of the following criteria:

- 1) For a Canadian Share Futures, the Canadian [Share to eek Underlying Interest](#) will meet the Options eligibility criteria described in Section B-603 [or B-605, as applicable](#).
- 2) For a Foreign Share Futures, the [sStock, exchange-traded fund or trust unit](#):
 - i) trades on a Recognized Exchange; and
 - ii) there are derivatives listed on a Recognized Exchange on that Underlying Interest.

SECTION C-1504 INELIGIBILITY CRITERIA FOR SHARE FUTURES



No new series of Canadian Share Futures which is already listed may be opened for trading if any one of the conditions described in Section B-604 [or B-606, as applicable](#), with applicable adaptations, occurs with respect to the Underlying Interest

SECTION C-1505 PROCEDURE FOR ASSESSING THE EFFECT OF STOCK LIST CHANGES ON SHARE FUTURES ELIGIBILITY

1) Acquisition of a Listed Company by a Newly-Established Company

If a newly-established entity has acquired a listed company, the trading record and history of the predecessor entity may be used to test the Share Futures eligibility of the stock of the new entity as provided for in Section C-1503.

2) Name Changes

Corporate name changes have no effect on listed issues Share Futures eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest under the new corporate name.

3) Substitutional Listings

When a Stock list change which is the result of a merger or acquisition involving the issuance or acquisition of listed shares has occurred, all listed issues connected with the change are reviewed by the Corporation. No decision to change the Share Futures status of a listed issue will occur until after the offer or transaction is completed. The general process which applies is as follows:

a)

- i) it is confirmed by the Corporation that each of the predecessor companies is listed on a Recognized Exchange; or
- ii) on receipt of the notice of corporate change or following the closing date of a share purchase offer, it is confirmed by the Corporation that at least one predecessor company has Share Futures currently listed on the Bourse de Montréal Inc., and these Share Futures are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation.

- b) It is confirmed by the Corporation that the resultant company is listed on a Recognized Exchange.

(4) New Shares

If new shares are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed shares, the relationship between the old and new shares will determine if the new shares will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the company, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

SECTION C-1506 WITHDRAWAL OF APPROVAL OF UNDERLYING INTEREST

Whenever the Corporation determines that an Underlying Interest, for any reason, should no longer be approved, the Corporation shall advise the Exchange that the Corporation will no longer accept trades in such Class of Futures (other than closing transactions) or in any additional Series of Futures of the Class of Futures covering that Underlying Interest.

SECTION C-1507 UNAVAILABILITY OR INACCURACY OF CURRENT VALUE

- 1) If the Corporation shall determine that the Final Settlement Price for any series of Share Futures is unreported or otherwise unavailable for purposes of calculating the gains and losses, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:
 - a) suspend the Settlement of Gains and Losses. At such times as the Corporation determines that the required Final Settlement Price is available, the Corporation shall fix a new date for Settlement of the Gains and Losses.
 - b) fix the Final Settlement Price in accordance with the best information available as to the correct Final Settlement Price.
- 2) The Final Settlement Price as reported by the Exchange shall be conclusively deemed to be accurate except that where the Corporation determines in its sole discretion that there is a material inaccuracy in the reported Final Settlement Price, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended Final Settlement Price to be used for settlement purposes.

Section C-1508 through Section C-1511 inclusive apply to Canadian Share Futures:

SECTION C-1508 GOOD DELIVERABLE FORM OF STOCKS, EXCHANGE-TRADED FUND OR TRUST UNITS

A sStock, exchange-traded fund or trust unit held at CDS shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of such sStock, exchange-traded fund or trust unit would constitute good delivery under the regulations, rules and policies of the Exchange.

SECTION C-1509 DELIVERY THROUGH THE CENTRAL SECURITIES DEPOSITORY

- 1) Day of Delivery – Physical delivery of the Underlying Interest as required by this Rule shall be made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

SECTION C-1510 ASSIGNMENT OF SHARE FUTURES CONTRACTS



All long Share Futures contract positions will receive delivery in accordance with the Corporation's procedures from accounts with open Short Positions in the Series of Futures involved. The Corporation shall treat the accounts of all Clearing Members equally.

Section C-1511 through C-1513 inclusive apply to Foreign Share Futures:

SECTION C-1511 SETTLEMENT IN CASH THROUGH THE CORPORATION

Unless otherwise specified by the Corporation, settlement of positions held following the close of trading on the last day of trading in a Series of Futures shall be made on the first Business Day following the last day of trading. Settlement shall be made by an exchange of cash between the Corporation and each of the short and long Clearing Members. The amount to be paid or received in final settlement of

- a) each position opened prior to the last trading day is the difference between
 - i) the Final Settlement Price; and
 - ii) the Settlement Price of the contract on the business day before the last trading day, multiplied by the Unit of Trading using the current foreign currency rate as specified in the product specifications, and
- b) each position opened on the last trading day is the difference between
 - i) the Final Settlement Price; and
 - ii) the Trade Price of the open contract, multiplied by the Unit of Trading using the current foreign currency rate as specified in the product specifications.

SECTION C-1512 TENDER NOTICES

Rule C-5 shall not apply to Foreign Share Futures as they are cash-settled.

SECTION C-1513 PAYMENT AND RECEIPT OF PAYMENT OF THE TRADE PRICE

The settlement value of maturing contract will be included with other settlements on the daily Detailed Futures Consolidated Activity Report and Futures Sub-Accounts Consolidated Activity Report.

SECTION C-1514 ACCELERATION OF EXPIRATION DATE

When a Share Futures contract, where the Underlying Interest is an equity stock, [exchange-traded fund or trust unit](#), is adjusted pursuant to Rule A-9 – Adjustment In Contract Terms, to require the delivery upon settlement of a fixed amount of Cash, the Maturity Date of the Share Futures contract will ordinarily be accelerated to fall on or shortly after the date on which the conversion of the Underlying Interest to a right to receive Cash occurs.

The Maturity Date of the closest month of the Share Futures contract will remain unchanged. All Share Futures contracts set to expire after this date will have their Maturity Date accelerated to the nearest practical date following the adjustment.



The fixed amount of Cash will be delivered according to CDCC's payment process.

[...]



PART B – OPTIONS

RULE B-1 CLEARING OF EXCHANGE TRANSACTIONS IN OPTIONS

The provisions of this Part B shall apply only to Exchange Transactions which are trades in Options issued by the Corporation pursuant to these Rules and to those Clearing Members who are required to make a base deposit to the Clearing Fund for Options clearing as set out in Subsection A-601(2)(a).

[...]

RULE B-6 SECURITIES OPTIONS

This Rule B-6 is applicable to American Style Options and European Style Options where the Underlying Interest is a class of shares or a class of units. Such Options are referred to in this Rule B-6 as “Securities Options”.

SECTION B-601 DEFINITIONS

Notwithstanding Section A-102, the following definitions shall apply to Rule B-6:

“American Exchange” – means a national securities exchange as defined in the Securities Exchange Act of 1934, as amended from time to time.

“American ATS” – means an alternative trading system, as defined by the U.S. Securities and Exchange Commission in its Rules, as amended from time to time.

“ATS” – means Canadian ATS and American ATS.

“Canadian ATS” – means an alternative trading system, as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“Canadian Exchange” – means a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.

“ETF” – means an exchange-traded funds, the Securities of which are listed on a Canadian Exchange.

“North American Volume” – for the purposes of the eligibility and ineligibility of the Underlying Interests of Options, means the aggregate trading volume on all Canadian Exchanges and American Exchanges and all the ATS where the underlying Securities are traded.

“Primary Exchange” – as regards a specific Security on a given day, means the Canadian Exchange on which such Security is listed if it is listed on only one Canadian Exchange. Where such specific Security is listed on more than one Canadian Exchange, then it shall mean the Canadian Exchange which has the highest trading volume on such Security on a given day, as determined by the Corporation.

“Securities Option” – means an American Style Option or a European Style Option for which the Underlying Interest is a class of shares or a class of units.



“Security” – means a share or a unit.

“Share” – means an instrument of title issued by a corporation or an ETF which is an open-end investment company.

“Underlying Interest” – means Securities meeting the criteria described in this Rule.

“Unit” – means an instrument of title issued by a trust or by an ETF which is a trust.

“Unit of Trading” – means 100 shares of the Underlying Interest, unless otherwise indicated.

“Value of Available Public Float” – means the value of the available public float as calculated by the following formula: as regards a specific Security on a given day, the number of units of the Security outstanding and available for trading by the public, multiplied by the closing price of such Security on the Primary Exchange.

SECTION B-602 APPROVAL OF UNDERLYING INTEREST

- 1) The Securities underlying the Securities Options issued by the Corporation shall be approved by the Corporation based on criteria described in Section B-603 or B-605 of the Rules.
- 2) No more than one Class of Securities Options shall be approved for any one issuer, unless the Corporation considers it necessary or advisable, as a temporary measure, that there be additional Classes of Options.

SECTION B-603 CRITERIA FOR ELIGIBILITY OF SECURITIES UNDERLYING OPTIONS

- 1) To determine whether any Securities should be approved as the Underlying Interest of a Securities Option, the Corporation, in those circumstances where Section B-607 does not apply, shall ensure that prior to being approved as an Underlying Interest the Securities meet all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;
 - b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) The Corporation may approve as an Underlying Interest a Security which does not otherwise meet the eligibility criteria set forth in Subsection B-603(1), but which meets all of the following criteria:
 - a) the Security is listed on a Canadian Exchange;

- b) the Value of Available Public Float is within the top thirty percentile (30%) of the aggregate Value of Available Public Float listed on all the Canadian Exchanges on the last Business Day of the current quarter; and
- c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the Current quarter is within the top thirty percentile (30%) of the North American Volume of the Securities listed on all the Canadian Exchanges on the last Business Day of the current quarter.

SECTION B-604 INELIGIBILITY CRITERIA OF SECURITIES UNDERLYING OPTIONS

- 1) Except as provided in Subsection B-604(2), no new Series of a Class of Securities Options which is already listed may be opened for trading if any one of the following conditions occurs with respect to the Underlying Interest:
 - a) the Security is no longer listed on a Canadian Exchange;
 - b) the Value of the Available Public Float of the Security is below the top forty percentile (40%) of the aggregate Value of Available Public Float listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific dollar threshold will be published by the Corporation;
 - c) the daily average North American Volume of the Security for the last twenty (20) Business Days of the previous quarter is below the top forty percentile (40%) of the North American Volume of the Securities listed on all Canadian Exchanges as of the last Business Day of the previous quarter. The specific threshold will be published by the Corporation.
- 2) In exceptional circumstances and in the interest of maintaining a fair and orderly market or for the protection of investors, the Corporation may agree to clear additional Series of Options with respect to any Underlying Interest which complies with the criteria described in Paragraphs B-604(1)(b) or (c), provided that the Security is listed on a Canadian Exchange.

SECTION B-605 CRITERIA FOR THE ELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

- 1) Where the eligibility criteria set forth in section B-603 are not met, to determine whether Securities issued by an ETF should be eligible as an Underlying Interest of Securities Option, the Corporation may approve the listing thereof as an Underlying Interest, where the ETF meets all the following criteria:
 - a) the Securities issued are listed on a Canadian Exchange;
 - b) the Value of Available Public Float is equal to or greater the CAN\$20 million;
 - c) the Securities issued may be created or repurchased upon request every Business Day by the ETF for an amount based on the net asset value; and
 - d) the documentation is deemed satisfactory by the Corporation.

- 2) The ETF Securities eligible as Underlying Interests of Options pursuant to Subsection (1) are not subject to the ineligibility criteria set forth in Section B-604.

SECTION B-606 CRITERIA FOR THE INELIGIBILITY OF ETF SECURITIES AS UNDERLYING INTERESTS OF OPTIONS

No new series of a Class of ETF Securities listed on an Exchange under Section B-605 shall be eligible for trading if any one of the following events occurs in respect of the Underlying Interest:

- a) the Security is no longer listed on a Canadian Exchange;
- b) the Securities cease to be created or repurchased upon request every Business Day; or
- c) the documentation is deemed unacceptable by the Corporation.

SECTION B-607 EVENT RELATING TO UNDERLYING INTERESTS OF SECURITIES OPTIONS

- 1) Acquisition of a Listed Entity by a Newly-Established Entity

If a newly-established entity has acquired a listed entity, the trading record and history of the acquired entity may be used to test the options eligibility of the Securities of the new entity as provided for in Section B-603.

- 2) Name Changes

Corporate name changes have no effect on listed issues options eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest of such entity under the new corporate name.

- 3) Substitutional Listings

When a Security list change which is the result of a merger or acquisition involving the issuance or acquisition of listed Securities has occurred, the eligibility for Securities Options of all listed issues connected with the change shall be reviewed by the Corporation. No decision to change the option-eligibility status of a listed Underlying Interest will occur until after such merger or acquisition is completed. The general process which applies is as follows:

- a)
 - i) the Corporation shall ensure that each of the entities involved in such merger or acquisition is listed on a Canadian Exchange; or
 - ii) on receipt of the notice of an event relating to the Underlying Interest or following the closing date of a Securities purchase offer, the Corporation shall ensure that the Securities of at least one of the entities involved are an Underlying Interest for Options currently listed on a Canadian Exchange, and these Options are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation, nor is the Underlying Interest for these Options classified as ineligible under Section B-604 or Section B-606.

- b) The Corporation shall ensure that, prior to the merger or acquisition involving the issuance or acquisition of listed Securities, the sum of the Value of Available Public Float of the entities involved in the merger or acquisition meets the criteria set out in Paragraph B-603(1)(b) or Paragraph B-603(2)(b) or Paragraph B-605(1)(b) of the Rules.
 - c) It is confirmed by the Corporation that the resultant company is listed on a Canadian Exchange.
 - d) It is confirmed by the Corporation that the resultant company exceeds the criteria set out in Paragraph B-604(1)(b) of the Rules.
- 4) New Securities

If new Securities are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed Securities, the relationship between the old and new Securities will determine whether the new Securities will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the entity, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

[...]

CANADIAN DERIVATIVES CLEARING CORPORATION

PART C – FUTURES

RULE C-1 CLEARING OF EXCHANGE TRANSACTIONS RESPECTING FUTURES

The provisions of this Part C shall apply only to Exchange Transactions which are trades in Futures issued by the Corporation, pursuant to these rules and to those Clearing Members who are required to make a base deposit to the Clearing Fund for Futures clearing as set out in Paragraph A-601(2)(b).

[...]

RULE C-15 SHARE FUTURES

The Sections of this Rule C-15 are applicable only for Futures settling on a future date where the Underlying Interest is an individual stock, exchange-traded fund or trust unit.

SECTION C-1501 DEFINITIONS

“Canadian Share Futures” – A Futures contract that requires the parties to this contract to make or receive delivery of a specified number of Canadian underlying interests at the expiry of the contract at a price agreed upon when the contract was entered into on the Exchange.

“Canadian Underlying Interest” – An individual stock, exchange-traded fund or trust unit issued by a Canadian reporting issuer listed on a recognized exchange as defined in Regulation 21-101 respecting Marketplace Operation, as amended from time to time.



“Delivery” – physical delivery made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

“Final Settlement Price” – the price of the Underlying Interest as determined by the product specifications of the Bourse de Montréal Inc.

“Foreign Share Futures” – A Futures contract that requires the parties to this contract to pay or receive from the Corporation the difference between the Final Settlement Price of the Underlying Interest and the initial Trade Price multiplied by the appropriate Unit of Trading.

“Last Trading Date” – the Maturity Date.

“Maturity Date” – the Final Settlement Date as defined by the Bourse de Montréal Inc. from time to time.

“Recognized Exchange” – a recognized exchange according to the definition in Rule One of Bourse de Montréal Inc. as amended from time to time.

“Settlement Price” – the official daily closing price of a Futures, as determined in accordance with Section C-301.

“Underlying Interest” – stocks, exchange-traded funds or trust units meeting the criteria described in this Rule.

“Unit of Trading” – 100 shares of the Underlying Interest, unless otherwise designated.

SECTION C-1502 APPROVAL OF UNDERLYING INTEREST

- 1) The stocks, exchange-traded funds or trust units underlying the Futures issued by the Corporation shall be approved based on criteria described in Section C-1503 of the Rules.

SECTION C-1503 CRITERIA FOR ELIGIBILITY OF SHARE FUTURES

In considering whether any stock, exchange-traded fund or trust unit should be approved as the Underlying Interest of a Share Futures, the Corporation, in those circumstances where C-1505 does not apply, shall ensure that prior to being approved as an Underlying Interest the stock, exchange-traded fund or trust unit meets all of the following criteria:

- 1) For a Canadian Share Futures, the Canadian Underlying Interest will meet the Options eligibility criteria described in Section B-603 or B-605, as applicable.
- 2) For a Foreign Share Futures, the stock, exchange-traded fund or trust unit:
 - i) trades on a Recognized Exchange; and
 - ii) there are derivatives listed on a Recognized Exchange on that Underlying Interest.

SECTION C-1504 INELIGIBILITY CRITERIA FOR SHARE FUTURES

No new series of Canadian Share Futures which is already listed may be opened for trading if any one of the conditions described in Section B-604 or B-606, as applicable, with applicable adaptations, occurs with respect to the Underlying Interest

SECTION C-1505 PROCEDURE FOR ASSESSING THE EFFECT OF STOCK LIST CHANGES ON SHARE FUTURES ELIGIBILITY

1) Acquisition of a Listed Company by a Newly-Established Company

If a newly-established entity has acquired a listed company, the trading record and history of the predecessor entity may be used to test the Share Futures eligibility of the stock of the new entity as provided for in Section C-1503.

2) Name Changes

Corporate name changes have no effect on listed issues Share Futures eligibility. All statistics and history prior to the entity name change continue to apply to the Underlying Interest under the new corporate name.

3) Substitutional Listings

When a Stock list change which is the result of a merger or acquisition involving the issuance or acquisition of listed shares has occurred, all listed issues connected with the change are reviewed by the Corporation. No decision to change the Share Futures status of a listed issue will occur until after the offer or transaction is completed. The general process which applies is as follows:

a)

- i) it is confirmed by the Corporation that each of the predecessor companies is listed on a Recognized Exchange; or
- ii) on receipt of the notice of corporate change or following the closing date of a share purchase offer, it is confirmed by the Corporation that at least one predecessor company has Share Futures currently listed on the Bourse de Montréal Inc., and these Share Futures are not at or past the date where no new series may be listed if they are classified as delistable by the Corporation.

- b) It is confirmed by the Corporation that the resultant company is listed on a Recognized Exchange.

(4) New Shares

If new shares are created for the purpose of completing a merger or acquisition involving the issuance or acquisition of listed shares, the relationship between the old and new shares will determine if the new shares will be treated either as a substitutional, original or supplementary listing by the Corporation. Generally if the new issue is the only common issue of the company, then the new issue will be treated as a substitutional issue. Otherwise the issue will be treated as an original or supplementary issue by the Corporation.

SECTION C-1506 WITHDRAWAL OF APPROVAL OF UNDERLYING INTEREST

Whenever the Corporation determines that an Underlying Interest, for any reason, should no longer be approved, the Corporation shall advise the Exchange that the Corporation will no longer accept trades in such Class of Futures (other than closing transactions) or in any additional Series of Futures of the Class of Futures covering that Underlying Interest.

SECTION C-1507 UNAVAILABILITY OR INACCURACY OF CURRENT VALUE

- 1) If the Corporation shall determine that the Final Settlement Price for any series of Share Futures is unreported or otherwise unavailable for purposes of calculating the gains and losses, then, in addition to any other actions that the Corporation may be entitled to take under the Rules, the Corporation may do any or all of the following:
 - a) suspend the Settlement of Gains and Losses. At such times as the Corporation determines that the required Final Settlement Price is available, the Corporation shall fix a new date for Settlement of the Gains and Losses.
 - b) fix the Final Settlement Price in accordance with the best information available as to the correct Final Settlement Price.
- 2) The Final Settlement Price as reported by the Exchange shall be conclusively deemed to be accurate except that where the Corporation determines in its sole discretion that there is a material inaccuracy in the reported Final Settlement Price, it may take such action as it determines in its discretion to be fair and appropriate in the circumstances. Without limiting the generality of the foregoing, the Corporation may require an amended Final Settlement Price to be used for settlement purposes.

Section C-1508 through Section C-1511 inclusive apply to Canadian Share Futures:

SECTION C-1508 GOOD DELIVERABLE FORM OF STOCKS, EXCHANGE-TRADED FUND OR TRUST UNITS

A stock, exchange-traded fund or trust unit held at CDS shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of such stock, exchange-traded fund or trust unit would constitute good delivery under the regulations, rules and policies of the Exchange.

SECTION C-1509 DELIVERY THROUGH THE CENTRAL SECURITIES DEPOSITORY

- 1) Day of Delivery – Physical delivery of the Underlying Interest as required by this Rule shall be made in accordance with the delivery procedure of CDS following the Maturity Date, or on a day as otherwise determined by the Corporation.

SECTION C-1510 ASSIGNMENT OF SHARE FUTURES CONTRACTS



All long Share Futures contract positions will receive delivery in accordance with the Corporation's procedures from accounts with open Short Positions in the Series of Futures involved. The Corporation shall treat the accounts of all Clearing Members equally.

Section C-1511 through C-1513 inclusive apply to Foreign Share Futures:

SECTION C-1511 SETTLEMENT IN CASH THROUGH THE CORPORATION

Unless otherwise specified by the Corporation, settlement of positions held following the close of trading on the last day of trading in a Series of Futures shall be made on the first Business Day following the last day of trading. Settlement shall be made by an exchange of cash between the Corporation and each of the short and long Clearing Members. The amount to be paid or received in final settlement of

- a) each position opened prior to the last trading day is the difference between
 - i) the Final Settlement Price; and
 - ii) the Settlement Price of the contract on the business day before the last trading day, multiplied by the Unit of Trading using the current foreign currency rate as specified in the product specifications, and
- b) each position opened on the last trading day is the difference between
 - i) the Final Settlement Price; and
 - ii) the Trade Price of the open contract, multiplied by the Unit of Trading using the current foreign currency rate as specified in the product specifications.

SECTION C-1512 TENDER NOTICES

Rule C-5 shall not apply to Foreign Share Futures as they are cash-settled.

SECTION C-1513 PAYMENT AND RECEIPT OF PAYMENT OF THE TRADE PRICE

The settlement value of maturing contract will be included with other settlements on the daily Detailed Futures Consolidated Activity Report and Futures Sub-Accounts Consolidated Activity Report.

SECTION C-1514 ACCELERATION OF EXPIRATION DATE

When a Share Futures contract, where the Underlying Interest is an equity stock, exchange-traded fund or trust unit, is adjusted pursuant to Rule A-9 – Adjustment In Contract Terms, to require the delivery upon settlement of a fixed amount of Cash, the Maturity Date of the Share Futures contract will ordinarily be accelerated to fall on or shortly after the date on which the conversion of the Underlying Interest to a right to receive Cash occurs.

The Maturity Date of the closest month of the Share Futures contract will remain unchanged. All Share Futures contracts set to expire after this date will have their Maturity Date accelerated to the nearest practical date following the adjustment.



The fixed amount of Cash will be delivered according to CDCC's payment process.

[...]

Index

Bank of Nova Scotia	
Order – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids	1480
Biosenta Inc.	
Cease Trading Order	1505
BNY Mellon Asset Management North America Corporation	
Name Change	1605
Bristol Gate Capital Partners Inc.	
Decision	1473
Bristol Gate Concentrated Canadian Equity ETF	
Decision	1473
Bristol Gate Concentrated U.S. Equity ETF	
Decision	1473
Canadian Pacific Railway Limited	
Order – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids	1487
CBM Canada's Best Mortgage Corp.	
Notice from the Office of the Secretary	1455
Order – ss. 127(1), 127(10)	1493
Decision and Reasons – ss. 127(1), 127(10)	1497
CDCC	
Clearing Agencies – Amendments to the Rules of the Canadian Derivatives Clearing Corporation to Expand Share Futures Contracts to Exchange Traded Funds and Trust Units – OSC Staff Notice of Request for Comment	1608
Cheng, Benedict	
Notice from the Office of the Secretary	1455
Notice from the Office of the Secretary	1456
Order	1486
Reasons for Decision on Motion Regarding Confidentiality	1503
Chickalo, Tawlia	
Notice of Hearing – s. 127(8)	1453
Notice from the Office of the Secretary	1457
CMC Markets Canada Inc.	
Decision	1461
CMC Markets UK Plc	
Decision	1461
Comdben, Casey	
Notice of Hearing – s. 127(8)	1454
Notice from the Office of the Secretary	1456
Notice from the Office of the Secretary	1457
Temporary Order – ss. 127(1), 127(5)	1494
Cook, Lance Sandford	
Notice from the Office of the Secretary	1455
Order – ss. 127(1), 127(10)	1493
Decision and Reasons – ss. 127(1), 127(10)	1497
Dominion Citrus Limited	
Order	1479
Fidelity (Canada) Investment Management ULC	
Name Change	1605
Fidelity Management & Research (Canada) ULC	
Name Change	1605
First Asset Resource Fund Inc.	
Order	1495
Franklin Templeton Investments Corp.	
Decision	1459
FT Balanced Growth Pool	
Decision	1459
FT Balanced Income Pool	
Decision	1459
FT Growth Pool	
Decision	1459
Insight Investment International Limited	
Name Change	1605
J. Priest Investment Management Inc.	
Change in Registration Category	1605
Katanga Mining Limited	
Cease Trading Order	1505
Landucci, Rinaldo	
Notice of Hearing – s. 127(8)	1453
Notice from the Office of the Secretary	1457
Maxheleau, Elise	
Notice of Hearing – s. 127(8)	1453
Notice from the Office of the Secretary	1457
MD Financial Management Inc.	
Decision	1468

Mellon Capital Management Corporation

Name Change..... 1605

National Bank of Canada

Order – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids 1487

Natural Bee Works Apiaries Inc.

Notice of Hearing – s. 127(8) 1453
 Notice from the Office of the Secretary 1457

Pareto Investment Management Limited

Name Change..... 1605

Parker, Eleanor

Notice of Hearing – s. 127(8) 1454
 Notice from the Office of the Secretary 1456
 Notice from the Office of the Secretary 1457
 Temporary Order – ss. 127(1), 127(5) 1494

Performance Sports Group Ltd.

Cease Trading Order 1505

Rothstein, John David

Notice from the Office of the Secretary 1455
 Notice from the Office of the Secretary 1456
 Order 1486
 Reasons for Decision on Motion Regarding Confidentiality 1503

Soave, Frank

Notice from the Office of the Secretary 1455
 Notice from the Office of the Secretary 1456
 Order 1486
 Reasons for Decision on Motion Regarding Confidentiality 1503

Terra Cotta Investment Counsel Inc.

New Registration..... 1605

Tremblay, Eric

Notice from the Office of the Secretary 1455
 Notice from the Office of the Secretary 1456
 Order 1486
 Reasons for Decision on Motion Regarding Confidentiality 1503

TSX Inc.

Marketplaces – Introduction of Contra Mid-Point Only (CMO) Order Type – Notice of Approval..... 1607

USI Tech Limited

Notice of Hearing – s. 127(8) 1454
 Notice from the Office of the Secretary 1456
 Notice from the Office of the Secretary 1457
 Temporary Order – ss. 127(1), 127(5) 1494

West Fraser Timber Co. Ltd.

Order – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids 1480

Wing, Dennis

Notice from the Office of the Secretary 1458
 Order 1496