

The Ontario Securities Commission

# OSC Bulletin

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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**

Cadillac Fairview Tower  
22nd Floor, Box 55  
20 Queen Street West  
Toronto, Ontario  
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Contact Centre – Inquiries, Complaints:

Office of the Secretary:

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One Corporate Plaza  
2075 Kennedy Road  
Toronto, Ontario  
M1T 3V4

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## Chapter 1

# Notices

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### 1.1 Notices

#### 1.1.1 Notice of Amendments to the Securities Act and the Commodity Futures Act

##### **NOTICE OF AMENDMENTS TO THE *SECURITIES ACT* AND THE *COMMODITY FUTURES ACT***

On December 6, 2018, the Government's Bill 57, *An Act to enact, amend and repeal various statutes* (Chapter 17 of the Statutes of Ontario, 2018) received Royal Assent. Amendments to the *Commodity Futures Act* and *Securities Act* were included in Bill 57.

An explanation of these amendments is provided in Chapter 9.

Questions may be referred to:

Simon Thompson  
Senior Legal Counsel  
416-593-8261  
<mailto:sthompson@osc.gov.on.ca>

## 1.1.2 OSC Staff Notice 11-784 Burden Reduction

### OSC STAFF NOTICE 11-784 BURDEN REDUCTION

January 14, 2019

#### Purpose

- Seek suggestions on ways to further reduce unnecessary regulatory burden.
- Announce a March 27, 2019, roundtable discussion on reducing regulatory burden.

#### Introduction

The Ontario Securities Commission (the **OSC**) has a statutory mandate under the *Securities Act* (the **Act**) to provide protection to investors from unfair, improper or fraudulent practices; to foster fair and efficient capital markets and confidence in capital markets; and to contribute to the stability of the financial system and the reduction of systemic risk.

Under the Act, one of the fundamental principles guiding our work is that business and regulatory costs and other restrictions on the business and investment activities of market participants should be proportionate to the significance of the regulatory objective sought to be realized.

The OSC has several ongoing projects to reduce regulatory burden. For example, the OSC and the other members of the Canadian Securities Administrators (the **CSA**) are currently proceeding with the burden reduction initiatives described in CSA Staff Notice 81-329 *Reducing Regulatory Burden for Investment Fund Issuers* and CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*.

#### Burden reduction task force

The OSC, in coordination with the Ministry of Finance, has established a Burden Reduction Task Force (the **Task Force**) to focus our efforts and to identify steps, in addition to those listed above, that can be taken to enhance competitiveness for Ontario businesses by saving time and money for issuers, registrants, investors and other market participants.

The Task Force has a mandate to consider and act on any suggestions to eliminate unnecessary rules and processes while protecting investors and the integrity of our markets.

The Task Force will support the Government of Ontario's Open for Business Action Plan.

#### Stakeholder consultation

We invite comments from interested stakeholders on additional ways that we can reduce unnecessary burden. Areas of focus include:

##### *Operational changes for regulatory branches and offices*

The primary regulatory branches and offices of the OSC include:

- Compliance & Registrant Regulation,
- Corporate Finance,
- Derivatives,
- Investment Funds & Structured Products,
- Market Regulation, and
- the Office of Mergers & Acquisitions.

Staff in these branches and offices interact daily with market participants, such as issuers, registrants, marketplaces, and their advisors. We recognize the need to continually improve our processes and procedures to keep pace with the changing needs of industry.

1. Are there operational or procedural changes that would make market participants' day-to-day interaction with the OSC easier or less costly?
2. Are there ways in which we can provide greater certainty regarding regulatory requirements or outcomes to market participants?
3. Are there forms and filings that issuers, registrants or other market participants are required to submit that should be streamlined or required less frequently?
4. Are there particular filings with the OSC that are unnecessary or unduly burdensome?
5. Is there information that the OSC provides to market participants that could be provided more efficiently?

#### *Rule changes*

The regulatory landscape in Canada is complex. Given the proliferation of new products and more modern processes, the requirements of specific rules may become outdated and unnecessary over time.

6. Are there requirements under OSC rules that are inconsistent with the rules of other jurisdictions and that could be harmonized?
7. Are there specific requirements that no longer serve a valid purpose?

#### *Enhancing investor experience and outcomes*

Strong investor protections are the underpinnings of fair and efficient capital markets. Reducing unnecessary regulatory burden for issuers, registrants and other market participants will benefit investors, because investors ultimately bear the costs of unnecessary or outdated regulations.

The Task Force will review the interface between our regulatory requirements and investors to see if there are ways to enhance and improve how investors experience disclosure provided: (i) before they invest; (ii) as part of ongoing public disclosure; and (iii) by registrants as required.

We are also interested in any suggestions for improving the investor experience by modernizing the information provided to investors or other interactions that investors have with issuers or registrants because of regulatory requirements, which could include further efforts to promote the use of plain language in regulatory disclosure.

#### *Ontario-specific improvements*

Complying with different rules across the country creates unnecessary regulatory burden. We are committed to harmonization through collaborative efforts with the CSA. However, we acknowledge that coordinated initiatives require more time.

We are interested in any changes that the OSC could make on an interim basis in Ontario only that would assist market participants while we continue to pursue coordinated national changes.

#### *Existing policy initiatives*

The purpose of this notice is to seek input on new initiatives the OSC could consider.

We are currently reviewing comments submitted on several significant CSA initiatives<sup>1</sup>, such as the proposed Client Focused Reforms, amendments regarding embedded commissions for investment funds and new derivatives rules. We intend to consider these submissions as part of our review of regulatory burden. As such, there is no need to repeat comments provided in response to these projects.

#### **Submissions**

Please provide your comments using this [Burden Reduction Survey](#)<sup>2</sup> or send your comments to the address below by March 1, 2019.

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<sup>1</sup> For a complete list, please refer to: [http://www.osc.gov.on.ca/en/SecuritiesLaw\\_proposed\\_index.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_proposed_index.htm).

<sup>2</sup> [https://forms.office.com/Pages/ResponsePage.aspx?id=gLGWT5HnU0qu6YdvdcWOfdYt5j7cbTJEuU7Fg8Txd7hUMFRON0JPTVFZR0k3W\\_FIFOURKVEIGTFJKRS4u](https://forms.office.com/Pages/ResponsePage.aspx?id=gLGWT5HnU0qu6YdvdcWOfdYt5j7cbTJEuU7Fg8Txd7hUMFRON0JPTVFZR0k3W_FIFOURKVEIGTFJKRS4u). A word version of the Burden Reduction Survey is available at the following link for your information: <http://www.osc.gov.on.ca/en/regulatory-burden-survey.htm>.

## Notices

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The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

All comments received will be posted on the OSC's website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

### **Burden reduction roundtable**

We will consider all comments and suggestions received, together with input from ongoing external consultations and from our ten OSC advisory committees, to identify a series of short, medium and long-term actions to reduce unnecessary burden.

We will hold an initial roundtable on March 27, 2019. The roundtable will provide an opportunity to discuss submissions made to the OSC during the comment period and to engage in an open discussion about the proposals being considered and any issues identified.

Anyone wishing to participate in the discussion at the roundtable should submit a comment letter in response to this notice and expressly indicate a desire to participate.

Additional details regarding the roundtable will be published on the OSC's website when available, including the list of participants.

### **Questions:**

Please refer your questions to any of:

Naizam Kanji  
Director, Office of Mergers & Acquisitions and Special Advisor to the Chair, Regulatory Burden Reduction  
416.593.8060  
[nkanji@osc.gov.on.ca](mailto:nkanji@osc.gov.on.ca)

Winnie Sanjoto  
Manager, Corporate Finance  
416.593.8119  
[wsanjoto@osc.gov.on.ca](mailto:wsanjoto@osc.gov.on.ca)

David Surat  
Senior Legal Counsel, Corporate Finance  
416.593.8052  
[dsurat@osc.gov.on.ca](mailto:dsurat@osc.gov.on.ca)



1.1.3 CSA Staff Notice 11-340 Extension of Comment Period – CSA Staff Notice and Request for Comment 23-323 Trading Fee Rebate Pilot Study



**CSA Staff Notice 11-340**  
*Extension of Comment Period*

**CSA Staff Notice and Request for Comment 23-323**  
*Trading Fee Rebate Pilot Study*

January 17, 2019

On December 18, 2018, the Canadian Securities Administrators (**CSA** or **we**) published for comment CSA Staff Notice and Request for Comment 23-323 *Trading Fee Rebate Pilot Study*, which seeks input on a proposed pilot study that would apply temporary pricing restrictions on marketplace transaction fees applicable to trading in certain securities (**Proposed Pilot**).

The comment period is scheduled to close on February 1, 2019. We have received feedback from stakeholders that it would be beneficial for stakeholders to have additional time to review the Proposed Pilot and prepare comments. We therefore are extending the comment period from February 1, 2019 to March 1, 2019.

**Questions**

If you have any comments or questions, please contact any of the CSA staff listed below.

Kent Bailey Trading Specialist, Market Regulation Ontario Securities Commission <a href="mailto:kbailey@osc.gov.on.ca">kbailey@osc.gov.on.ca</a>	Alex Petro Trading Specialist, Market Regulation Ontario Securities Commission <a href="mailto:apetro@osc.gov.on.ca">apetro@osc.gov.on.ca</a>
Heather Cohen Legal Counsel, Market Regulation Ontario Securities Commission <a href="mailto:hcohen@osc.gov.on.ca">hcohen@osc.gov.on.ca</a>	Serge Boisvert Senior Policy Advisor Exchanges and SRO Oversight Autorité des marchés financiers <a href="mailto:serge.boisvert@lautorite.qc.ca">serge.boisvert@lautorite.qc.ca</a>
Roland Geiling Derivatives Product Analyst Exchanges and SRO Oversight Autorité des marchés financiers <a href="mailto:roland.geiling@lautorite.qc.ca">roland.geiling@lautorite.qc.ca</a>	Maxime Lévesque Senior SRO Analyst Exchanges and SRO Oversight Autorité des marchés financiers <a href="mailto:Maxime.levesque@lautorite.qc.ca">Maxime.levesque@lautorite.qc.ca</a>
Sasha Cekerevac Regulatory Analyst, Market Regulation Alberta Securities Commission <a href="mailto:sasha.cekerevac@asc.ca">sasha.cekerevac@asc.ca</a>	Bruce Sinclair Securities Market Specialist British Columbia Securities Commission <a href="mailto:bsinclair@bcsc.bc.ca">bsinclair@bcsc.bc.ca</a>

**1.4 Notices from the Office of the Secretary**

**1.4.1 Andrew Paul Rudensky**

**FOR IMMEDIATE RELEASE  
January 9, 2019**

**ANDREW PAUL RUDENSKY,  
File No. 2018-68**

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

A copy of the Order dated January 9, 2019 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

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

**1.4.2 Money Gate Mortgage Investment Corporation et al.**

**FOR IMMEDIATE RELEASE  
January 9, 2019**

**MONEY GATE MORTGAGE  
INVESTMENT CORPORATION,  
MONEY GATE CORP.,  
MORTEZA KATEBIAN and  
PAYAM KATEBIAN,  
File No. 2017-79**

**TORONTO** – Take notice that the hearing in the above named matter scheduled to be heard on January 10, 2019 at 9:30 a.m. will be heard on January 10, 2019 at 1:30 p.m.

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)

1.4.3 Donna Hutchinson et al.

FOR IMMEDIATE RELEASE  
January 11, 2019

**DONNA HUTCHINSON,  
CAMERON EDWARD CORNISH,  
DAVID PAUL GEORGE SIDDEERS and  
PATRICK JELF CARUSO,  
File No. 2017-54**

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

A copy of the Order dated January 11, 2019 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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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)

1.4.4 USI-Tech Limited

FOR IMMEDIATE RELEASE  
January 15, 2019

**USI-TECH LIMITED,  
File No. 2018-75**

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

A copy of the Order dated January 15, 2019 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

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

1.4.5 Natural Bee Works Apiaries Inc. et al.

**FOR IMMEDIATE RELEASE**  
January 15, 2019

**NATURAL BEE WORKS APIARIES INC.,  
RINALDO LANDUCCI and  
TAWLIA CHICKALO,  
File No. 2018-40**

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

A copy of the Order dated January 15, 2019 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

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

## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 BMO Nesbitt Burns Inc. et al.

##### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because mergers do not meet the criteria for pre-approved reorganizations and transfers under National Instrument 81-102 Investment Funds – a reasonable person may not consider the merging funds and merging classes to have substantially similar investment objectives – condition of the approval requires an additional notice delivered to securityholders that describes certain attributes pertaining to the class of securities that will be received as a result of the merger relating to the automatic conversion of the units received, mergers to otherwise comply with pre-approval criteria, including securityholder approval.

##### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(f), 5.5(1)(b), 5.6, 5.7.

December 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  
BMO NESBITT BURNS INC.  
(the Filer)

AND

DOUBLELINE INCOME SOLUTIONS TRUST  
(DoubleLine)

AND

PINEBRIDGE INVESTMENT GRADE PREFERRED SECURITIES FUND  
(the Terminating Fund and, together with DoubleLine, 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 of the principal regulator (the **Legislation**) granting approval under paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to merge (the **Merger**) the Terminating Fund into the BMO PineBridge Preferred Securities TACTICTM Fund (the **Continuing Fund**) (the **Approval Sought**).

Under National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (**NP 11-203**) for a passport application:

- (a) the Ontario Securities Commission is the principal regulator (**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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon (together with Ontario, the **Jurisdictions**).

### **Interpretation**

Defined terms contained in NI 81-102, National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless they are defined in this decision.

### **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.
2. The Filer's head office is located at 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, Toronto, Ontario, M5X 1H3.
3. The Filer is registered under NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* as a portfolio manager and an investment dealer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan and Yukon; and as an investment fund manager in Newfoundland and Labrador, Ontario and Quebec; and as a futures commission merchant in Manitoba and Ontario; and as a derivatives dealer in Quebec.
4. The Filer is the manager of the Funds.
5. The Filer is not in default of any requirement of securities legislation in any of the Jurisdictions.

#### ***PineBridge Investment Grade Preferred Securities Fund***

6. The Terminating Fund is a non-redeemable investment fund established under the laws of the Province of Ontario and is governed by a declaration of trust dated May 28, 2014, as amended by Amendment No. 1 dated May 3, 2016 (the **PineBridge Declaration of Trust**) with CIBC Mellon Trust Company as trustee (the **Trustee**).
7. The Terminating Fund's current investment objectives are to: (i) provide unitholders of the Terminating Fund with monthly cash distributions; (ii) preserve the net asset value per unit; and (iii) reduce the risk of rising interest rates by managing portfolio duration.
8. The units of the Terminating Fund are listed for trading on the Toronto Stock Exchange (**TSX**). Units of the Terminating Fund were qualified by a long form prospectus dated May 28, 2014.
9. The Terminating Fund is a reporting issuer under applicable securities legislation in the Jurisdictions.
10. The Terminating Fund is not in default of securities legislation in the Jurisdictions.

#### ***DoubleLine Income Solutions Trust***

11. DoubleLine is a closed-end (non-redeemable) investment fund established under the laws of the Province of Ontario and is governed by a declaration of trust dated October 24, 2013 (the **DoubleLine Declaration of Trust**) with the Trustee as trustee.
12. DoubleLine's current primary investment objective is to seek current income; its secondary objective is to seek capital appreciation in each case by investing primarily in a diversified portfolio (the **DoubleLine Portfolio**) of investments selected for their potential to provide current income, growth of capital, or both. DoubleLine may invest in debt securities and other income-producing investments, including in emerging markets, based on the assessment of the portfolio

manager of DoubleLine of the potential returns and risks of different sectors of the debt security markets and of particular securities.

13. The beneficial interest in the net assets and net income of DoubleLine are currently divided into class A units and class U units. The class A units of DoubleLine are currently listed for trading on the TSX. Class A and class U units of DoubleLine were qualified by a long form prospectus dated October 24, 2013.
14. DoubleLine is a reporting issuer under applicable securities legislation in the Jurisdictions.
15. DoubleLine is not in default of securities legislation in the Jurisdictions.

#### The Proposed Conversion

16. On September 4, 2018, the board of directors of the Filer approved the resolutions set out in a management information circular (the **Circular**) which set out the proposed operational changes to DoubleLine that include delisting DoubleLine from the TSX on or about November 26, 2018 and converting DoubleLine to an open-end (daily redeemable) mutual fund (the **Conversion**) which, upon completion of the Conversion, will adopt the investment objectives, strategies and valuation procedures that are the same as the Terminating Fund (with certain changes in the investment objectives as described below) and will be renamed "BMO PineBridge Preferred Securities TACTIC™ Fund" (as so renamed, the **Continuing Fund**). At a special meeting of unitholders held on November 12, 2018, class A and class U unitholders of DoubleLine voted separately and approved the change in investment objectives of DoubleLine, the Conversion and the Merger.
17. A press release and material change report in respect of the proposed Conversion were filed on SEDAR on September 4, 2018 and September 7, 2018, respectively. Units of DoubleLine continue to be available for sale.
18. The Continuing Fund is a reporting issuer under the applicable securities legislation of each province and territory of Canada. The Continuing Fund is not in default of securities legislation in any province or territory of Canada.
19. Each of the Funds follows the standard investment restrictions and practices established under the legislation.

#### The Proposed Merger

20. The Filer intends to merge the Terminating Fund into the Continuing Fund.
21. In the opinion of the Filer, the Merger satisfies all of the criteria for pre-approved reorganizations and transfers set forth in s.5.6(1) of NI 81-102 except that
  - (a) the transaction is not a "qualifying exchange" within the meaning of section 132.2 of the *Income Tax Act* (Canada) (the **Tax Act**) or is not a tax-deferred transaction under the Tax Act; and
  - (b) the Terminating Fund and the Continuing Fund may be considered to not have substantially similar fundamental investment objectives as a result of the changes in the investment objectives of the Continuing Fund described below.
22. On September 4, 2018, the board of directors of the Filer approved the Merger, as described in the Circular.
23. A press release and material change report in respect of the proposed Merger were filed on SEDAR on September 4, 2018 and September 7, 2018, respectively. Units of the Terminating Fund continue to be available for sale.
24. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds (NI 81-107)*, the Filer presented the terms of the Merger to the Funds' Independent Review Committee (**IRC**) for its review and recommendation. The IRC reviewed the potential conflict of interest matters related to the proposed Conversion and the proposed Merger and has determined that the proposed Conversion and the proposed Merger, if implemented, would achieve a fair and reasonable result for each of the Funds and their respective unitholders (as applicable).
25. The Circular provided unitholders of the Terminating Fund with information about the differences between the Terminating Fund and the Continuing Fund including that (a) the structure of the Continuing Fund as an open-end mutual fund governed by NI 81-102 that will constitute a commodity pool for the purposes of National Instrument 81-104 *Commodity Pools (NI 81-104)* is different from the structure of the Terminating Fund, (b) the Continuing Fund will adopt the investment objective of the Terminating Fund with changes to provide that the Continuing Fund will not pay regular distributions, and (c) the management fees of the Continuing Fund and the tax consequences of the Merger. Accordingly, unitholders of the Terminating Fund had an opportunity to consider this information prior to voting on the Merger.

26. In connection with the special meetings of the unitholders held on November 12, 2018, a notice of meeting, the Circular and related form of proxy (the **Meeting Materials**) in connection with the Merger were delivered to unitholders of the Terminating Fund on October 12, 2018 using notice-and-access procedure pursuant to exemptive relief and were subsequently filed on SEDAR.
27. A summary of the IRC's recommendation was included in the Meeting Materials sent to unitholders of the Terminating Fund as required by section 5.1(2) of NI 81-107.
28. Unitholders of the Terminating Fund approved the Merger at the special meeting of the unitholders of the Terminating Fund held on November 12, 2018.
29. The Merger is conditional on the approval and implementation of the Conversion by the unitholders of DoubleLine pursuant to which DoubleLine will (i) convert into a mutual fund governed by NI 81-102 that will constitute a commodity pool for the purposes of NI 81-104; and (ii) adopt investment objectives, strategies and valuation procedures that are the same as the Terminating Fund with certain changes to (A) enable the Continuing Fund to use specified derivatives, (B) provide that it is not intended that regular distributions will be paid but that returns generated will be reinvested to grow the NAV of the Continuing Fund, (C) account for changes in taxation laws, and (D) mirror the requirements prescribed by NI 81-102, as modified by NI 81-104 for commodity pools.
30. Subject to receipt of the Approval Sought pursuant to this Application, it is anticipated that the Merger will be implemented on or about December 7, 2018.
31. If the Approval Sought is obtained, the following steps will be carried out to effect the Merger:
  - (a) The Merger will take place sequentially after the Conversion pursuant to which DoubleLine will, among other things, change its name to "BMO PineBridge Preferred Securities TACTIC™ Fund" (being the Continuing Fund).
  - (b) The Terminating Fund will transfer all or substantially all of its net assets to the Continuing Fund in consideration for class P units of the Continuing Fund. The Continuing Fund will issue one class P unit for each unit of the Terminating Fund outstanding on the effective date of the Merger, such that each unit of the Terminating Fund will effectively be exchanged for one class P unit of the Continuing Fund.
  - (c) Immediately following the transfer of the assets of the Terminating Fund to the Continuing Fund and the issuance of the class P units of the Continuing Fund to the Terminating Fund, all units of the Terminating Fund will be automatically redeemed and each unitholder of the Terminating Fund participating in the Merger will receive such number of the class P units of the Continuing Fund as is equal to the number of units of the Terminating Fund held.
  - (d) If necessary, the Terminating Fund may make a distribution of net income and/or net realized capital gains in order that it is not liable to tax in the taxation year that includes the Merger (any such distribution, an **Additional Distribution**). Any such Additional Distribution will be payable in cash. The Manager does not currently anticipate that the Terminating Fund will pay an Additional Distribution; however, circumstances may change before the effective date of the Merger.
  - (e) Following the Merger, the Continuing Fund will continue as an open-end mutual fund and the Terminating Fund will be wound up as soon as reasonably practicable.
32. Following the Merger, class P units of the Continuing Fund received by unitholders in the Terminating Fund as a result of the Merger will have lower annual management fees than those of the Terminating Fund.
33. The Filer will pay all costs and reasonable expenses relating to the solicitation of proxies and holding the unitholder meeting in connection with the Merger as well as the costs of implementing the Merger, including any brokerage fees.
34. The Merger is not a material change for the Continuing Fund as it is the larger fund compared to the Terminating Fund.
35. The PineBridge Declaration of Trust and the DoubleLine Declaration of Trust will be amended, as necessary, to provide unitholders of the Terminating Fund and unitholders of DoubleLine who wish to redeem their units with a special redemption right (the **Special Redemption Right**), allowing unitholders of the Terminating Fund and unitholders of DoubleLine to redeem their units prior to the Merger on the same terms that are applicable to the annual redemptions as contemplated by the PineBridge Declaration of Trust and the DoubleLine Declaration of Trust, as applicable.



36. For each unit of the Terminating Fund and DoubleLine submitted for redemption pursuant to the Special Redemption Right, unitholders of the Terminating Fund and DoubleLine, as applicable, will receive a redemption price per unit equal to the applicable NAV per unit on November 29, 2018 together with any unpaid distributions (including any special distribution) in respect of such unit, less any costs and expenses incurred by the applicable Fund in order to fund such redemption, including brokerage costs, and less any net realized capital gains or income of the applicable Fund that are distributed to redeeming unitholders of the Terminating Fund and unitholders of DoubleLine concurrently with the proceeds of disposition on redemption (the **Redemption Amount**), to be paid to such unitholders of the Terminating Fund and unitholders of DoubleLine on or before the 15th day of December 2018.
37. The Redemption Amount will be paid to redeeming unitholders on or before the effective date of the Merger.
38. There will be no fees associated with the units of the Terminating Fund to be redeemed under the Special Redemption Right.
39. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.
40. The Filer will not receive any compensation in respect of the acquisition, sale or redemptions of the units of the Fund delivered upon terminations.
41. The Continuing Fund will adopt the investment objectives, strategies and valuation procedures that are the same as the Terminating Fund with certain changes as described in the Circular.
42. The portfolios and other assets of the Terminating Fund to be acquired by the Continuing Fund as a result of the Merger are currently, or will be, acceptable to the portfolio advisors of the Continuing Fund prior to the effective date of the Merger, and are or will also be consistent with the investment objectives of the Continuing Fund.
43. The Terminating Fund and the Continuing Fund are, and are expected to continue to be at all material times, mutual fund trusts under the Tax Act and, accordingly, units of both Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts.
44. The Filer believes that the Merger will be beneficial to unitholders of the Funds for the following reasons:
  - (a) The investment objectives, strategies, and valuation procedures of Continuing Fund upon completion of the Conversion will be the same as those of the Terminating Fund with certain changes as described in the Circular;
  - (b) Upon completion of the Merger, the Continuing Fund will have a greater level of assets than each Fund separately which may result in economies of scale for operating expenses as part of a larger combined fund;
  - (c) The Merger is expected to provide unitholders of the Terminating Fund with enhanced liquidity;
  - (d) Unitholders of the Terminating Fund will no longer be subject to market purchase fees or redemption fees on a redemption of units as there will be no redemption fees associated with the units of the Continuing Fund to be issued to unitholders of the Terminating Fund;
  - (e) Implementation of the Merger is not anticipated to result in significant portfolio transactions as the Continuing Fund's current portfolio holdings are consistent with the investment objectives and strategies that will be adopted by the Continuing Fund upon completion of the Conversion;
  - (f) The Merger will result in Terminating Unitholders owning units of the Continuing Fund which has a substantial amount of tax loss carry-forwards available to be applied against future gains of the Continuing Fund;
  - (g) Unitholders of the Terminating Fund who do not wish to be part of the Merger will have the option of redeeming their investment for cash at 100% of net asset value per unit as part of the Special Redemption Right; and
  - (h) The costs of the Merger will be borne by the Filer.
45. The foregoing reasons for the Merger were set out in the Circular along with certain prospectus-level disclosure concerning the Continuing Funds, including information regarding fees, expenses, investment objectives, valuation procedures, the manager, the portfolio advisor (or sub-advisor, as applicable), income tax considerations and net asset value. The Circular provided sufficient information about the Merger to permit unitholders to make an informed decision about the Merger. The Circular also disclosed that unitholders can obtain the long form prospectus, the most recent

financial statements, and the most recent management report of fund performance of the Continuing Fund that have been, or will be, made public, from BMONB upon request, on BMONB's website or on SEDAR at [www.sedar.com](http://www.sedar.com).

46. Approval of the Merger is required pursuant to subsection 5.5(1)(b) of NI 81-102 which states that "the approval of the securities regulatory authority or regulator is required before a reorganization or transfer of assets of an investment fund is implemented, if the transaction will result in the securityholders of the investment fund becoming securityholders in another issuer".
47. Additionally, the Filer has determined that it would not be appropriate to effect the Merger as a "qualifying exchange" within the meaning of section 132.2 of the Tax Act or as a tax-deferred transaction for the following reasons: (i) the Terminating Fund will utilize its loss carry-forwards to shelter net capital gains that could arise for it on the taxable disposition of its portfolio assets on the Merger; (ii) to the extent that unitholders in the Terminating Fund have an accrued capital loss on their units, effecting the Merger on a taxable basis will afford them the opportunity to realize that loss and use it against current capital gains or even carry it forward or back as permitted under the Tax Act; (iii) effecting the Merger on a taxable basis would preserve the net losses and loss carry-forwards in the Continuing Fund; and (iv) effecting the Merger on a taxable basis will have no other tax impact on the Continuing Fund.
48. In light of the disclosure in the Circular, unitholders of the Terminating Fund should have had all the information necessary to determine whether the proposed Merger is appropriate for them and will continue to have their normal course annual redemption right under the terms of PineBridge Declaration of Trust to permit them to exit the Terminating Fund should they not wish to become unitholders of the Continuing Fund.

### **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 Approval Sought is granted provided that:

- (i) the Filer issue a press release on the effective date of the Merger announcing that the Merger has been completed and setting out the classes of units of the Continuing Fund, including a description of the management fee associated with each class and the fact that each class of units is redeemable on a daily basis at the net asset value thereof, and also setting out a unitholder's ability to convert their class X units or class P units into another class of units;
- (ii) the Filer will at least 60 days prior to February 28, 2019, send to the holders of the class X units and class P units a notice containing the information contained in the press release referred to above; and
- (iii) the Filer will post on its website the press release and notice referred to in (i) and (ii) above.

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

## 2.1.2 Concentra Bank

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Passport – Coordinated Review – Derivatives trade reporting obligations – Application for renewal of relief from the requirement to report valuation data, based on industry accepted valuation standards, to a recognized trade repository daily based on relevant closing market data from the previous business day pursuant to paragraph 33(1)(a) of Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting.

### Applicable Legislative Provisions

Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting, s. 42.

July 27, 2018

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,  
NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA,  
ONTARIO, PRINCE EDWARD ISLAND AND SASKATCHEWAN  
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF  
CONCENTRA BANK  
(the Filer)

DECISION

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) pursuant to section 43 of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* (**MI 96-101**); section 42 of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**); and section 42 of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**); as applicable, exempting the Filer from the requirement to report valuation data, based on industry accepted valuation standards, to a recognized trade repository daily based on relevant closing market data from the previous business day pursuant to paragraph 33(1)(a) of each of MI 96-101, MSC Rule 91-507 and OSC Rule 91-507 (collectively, the **Reporting Rules**), as applicable, provided that the Filer reports valuation data, based on industry accepted valuation standards, to a recognized trade repository quarterly, as of the last day of each calendar quarter, no later than the 30th day after the end of each calendar quarter pursuant to paragraph 33(1)(b) of each of the Reporting Rules, as applicable (the **Requested Relief**).

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

- (a) the Financial and Consumer Affairs Authority of Saskatchewan (**FCAA**) is the Principal Regulator for this application; and
- (b) the decision is the decision of the Principal Regulator and evidences the decision of the other Decision Makers.

### Interpretation

Terms defined in National Instrument 14-101 *Definitions* 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 continued as a Schedule I bank under the *Bank Act* (Canada) effective as of January 1, 2017. It is regulated federally by the Office of the Superintendent of Financial Institutions. Prior thereto, the Filer was a retail association defined and governed by the *Cooperative Credit Associations Act* (Canada). The Filer's head office is in Saskatoon, Saskatchewan. Accordingly, the FCAA has been selected as the Principal Regulator for this Application.
2. The Filer provides financial intermediation and trust services to Canadian credit unions and associated commercial and retail customers. Its services include loan syndication and securitization, deposits, foreign exchange, and financial consulting, including interest rate derivatives.
3. The Filer supports Canadian credit unions in their access to financial derivatives. As individual credit unions do not have the business volume to be supported by the major derivative sell-side participants, the Filer operates as an intermediary to facilitate the risk mitigation activities of credit unions and their members/clients. Accordingly, the Filer provides interest rate swaps, bond forwards and foreign exchange forwards to its credit union members. The Filer's derivatives business is limited to clients located in the Jurisdictions.
4. Each derivative entered into by the Filer with a credit union that is a local counterparty in a Jurisdiction (**Customer Transaction**) is immediately offset with an identical, opposite transaction (**Hedge Transaction**) entered into by the Filer with another Canadian Schedule I bank or a bank governed by the laws of the United States of America or a jurisdiction thereof (each, a **Bank Counterparty** and collectively, the **Bank Counterparties**). Each Hedge Transaction is entered into on a one-to-one basis with its corresponding Customer Transaction and is reportable under the Reporting Rules.
5. The Filer understands that it meets the definition of "derivatives dealer" under the Reporting Rules because it acts as an intermediary between its credit union members and the Bank Counterparties in connection with the above-mentioned derivative transactions, and, as a result, but for the Previous Decision referred to below, would be subject to the requirement under the Reporting Rules to report valuation data on a daily basis.
6. In order to ensure that its customers are not subject to any reporting obligation under the Reporting Rules, the Filer has covenanted, in its Canadian Representation Letter #1, in the form published by the International Swaps and Derivatives Association, Inc. (**ISDA**) on April 23, 2014, to report under the Reporting Rules as if it were a "derivatives dealer".
7. The Filer has previously applied for and obtained identical exemptive relief from certain of the Reporting Rules, initially in Ontario and Manitoba pursuant to a decision dated October 30, 2014, and subsequently in each of Saskatchewan, Alberta, British Columbia, Nova Scotia, Ontario and Manitoba pursuant to a decision dated July 29, 2016 (the **Previous Decision**). The Filer currently reports all reportable Customer Transactions in accordance with the Previous Decision.
8. The Filer currently has engaged in 125 derivatives transactions with 11 credit unions (2 in Manitoba, 2 in Saskatchewan, 1 in Prince Edward Island, 4 in Ontario, 2 in Nova Scotia and none in Alberta, British Columbia, New Brunswick and Newfoundland and Labrador) for the period January 1, 2018 to May 31, 2018. The total volume of derivatives transactions for the period January 1, 2018 to May 31, 2018 was \$357 million.
9. The Filer is not in default of securities legislation in any of the Jurisdictions.
10. As described above, each time that the Filer enters into a derivatives transaction with a member, it hedges its obligations under that Customer Transaction by entering into a Hedge Transaction with a Bank Counterparty. Each Hedge Transaction is, or will be, reported under the Reporting Rules by the Bank Counterparty.
11. Under the ISDA Methodology each Bank Counterparty is, or will be, a reporting counterparty to each Hedge Transaction between the Filer and the Bank Counterparty. Accordingly, the Filer understands that each Bank Counterparty reports, or will report, valuation data under subsection 33(1)(a) of each of the relevant Reporting Rules on a daily basis for each Hedge Transaction between it and the Filer. As the valuation data for a Customer Transaction and for its corresponding Hedge Transaction is, or will be, the same, except for a minor spread that may apply to a Customer Transaction, the valuation data for a Customer Transaction is effectively reported when the Bank Counterparty reports the valuation data in respect of the corresponding Hedge Transaction.
12. The Filer submits that it should be exempt from the requirement to report valuation data on a daily basis and, instead, report valuation data on a quarterly basis given:

- (a) the small number of its Customer Transactions;
  - (b) the minimal notional value of each of its Customer Transactions;
  - (c) valuation data in respect of each Customer Transaction is, or will be, identical to the valuation data in respect of the corresponding Hedge Transaction (except to the extent that a minor spread may apply to a Customer Transaction, which is not included in the Hedge Transaction), which latter valuation data is, or will be, reported daily by the Bank Counterparty; and
  - (d) the cost to the Filer of implementing daily valuation reporting capability.
13. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Requested Relief.

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

- (a) the Filer reports valuation data in accordance with subsection 33(1)(b) of each of the relevant Reporting Rules based on industry accepted valuation standards for each of its Customer Transactions by the 30th day after the end of each calendar quarter;
- (b) each applicable Customer Transaction that is reported by the Filer in accordance with subsection 33(1)(b) of each of the relevant Reporting Rules and this decision is supported by a Hedge Transaction with a Bank Counterparty; and
- (c) the Filer, within 30 days of the date of this decision, provides an undertaking to each securities regulatory authority or regulator that upon request, the Filer will promptly provide information to assist in linking a Customer Transaction to its corresponding Hedge Transaction.

This decision expires three years from the date of this decision.

“Dean Murrison”  
Director, Securities Division  
Financial and Consumer Affairs  
Authority of Saskatchewan

### 2.1.3 NatWest Markets PLC

#### Headnote

Rule 91-507 Trade Repositories and Derivatives Data Reporting – derivatives trade reporting obligations – Applicant seeking extension of relief from requirements relating to the reporting of certain counterparty information – relief granted, subject to conditions.

#### Applicable Legislative Provisions

Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting, s. 42.

September 28, 2018

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, QUÉBEC AND MANITOBA  
(THE “JURISDICTIONS”)

AND

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

AND

IN THE MATTER OF  
NATWEST MARKETS PLC  
(THE APPLICANT)

DECISION

#### Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a “**Decision Maker**”) has received an application from the Applicant for an order in Ontario pursuant to Part 6 of Ontario Securities Commission (“**OSC**”) Rule 91-507 – *Trade Repositories and Derivatives Data Reporting*, in Québec pursuant to section 86 and section 111 of the *Derivatives Act* (Québec), CQLR, c. I-14.01, and in Manitoba pursuant to Part 6 of MSC Rule 91-507 – *Trade Repositories and Derivatives Data Reporting*, varying a decision signed by the Director of the OSC dated September 28, 2016, as varied on September 28, 2017 (the “**Existing Relief Decision**”) which provides relief for the Applicant and for National Westminster Bank plc (“**NatWest Bank**”) from the following derivatives data reporting requirements in relation to new and existing transactions under Part 3 of OSC Rule 91-507 – *Trade Repositories and Derivatives Data Reporting* (the “**OSC Reporting Provisions**”), Chapter 3 of the Autorité des marchés financiers’ *Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting* (the “**AMF Reporting Provisions**”), and Part 3 of MSC Rule 91-507 – *Trade Repositories and Derivatives Data Reporting* (together with the AMF Reporting Provisions and the OSC Reporting Provisions, the “**Local Reporting Provisions**”):

- (a) the requirement for a reporting counterparty to report, update, amend or supplement (collectively, “**Report**”) the Legal Entity Identifier (“**LEI**”) of a transaction counterparty where such reporting could result in the reporting counterparty breaching laws applicable in either the reporting counterparty’s or the transaction counterparty’s own jurisdiction that prohibit, restrict or limit the disclosure of information relating to the transaction or to a counterparty or that require the transaction counterparty’s consent to such disclosure in circumstances where such consent has not been obtained, or where such consent is not sufficient to override such prohibition, restriction or limitation; and
- (b) the requirement for a reporting counterparty to Report certain information (as more fully described below) related to or dependent on a transaction counterparty, which information has not been provided to the reporting counterparty by the transaction counterparty or has not otherwise been obtained by the reporting counterparty at the time of reporting.

The Existing Relief Decision with respect to the relief described under paragraphs (a) and (b) above ceases to be available after September 28, 2018 (the “**Sunset Provision**”).

The Applicant has requested that the Existing Relief Decision be varied with respect to the Applicant (the “**Variation Relief Sought**”) to (i) remove all references to NatWest Bank, and (ii) change the Sunset Provision to April 1, 2019.

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

1. the OSC is the Principal Regulator for the application; and
2. the decision is the decision of the Principal Regulator and evidences the decision of each other Decision Maker.

### Interpretation

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

For the purposes of this decision the following terms have the meanings set out below:

“**Blocking Law**” means any statute, law, enactment, rule, order, judgement, practice, guideline or decree that would restrict or limit a subject person’s disclosure of information relating to a Subject Transaction or to the counterparty of a Subject Transaction.

“**Consent Requirement**” means any statute, law, enactment, rule, order, judgement, practice, guideline or decree that would require a counterparty to a Subject Transaction to consent to a subject person’s disclosure of information relating to a Subject Transaction or counterparty.

“**Subject Transaction**” means a transaction that is subject to reporting in accordance with the applicable Local Reporting Provisions.

“**Trade Specific Requirement**” means a requirement arising under a Blocking Law or in connection with a Consent Requirement that would require that steps be taken to comply therewith in connection with and at the time of a Subject Transaction, on a transaction by transaction basis.

“**Quarterly Compliance Report**” means a report substantially in the form attached to this decision as “Exhibit A”.

### Representations

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

1. NatWest Markets plc (“**NatWest Markets**”), formerly The Royal Bank of Scotland plc, is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (“**RBS Group**”);
2. RBS Group is a large banking and financial services operation that is ultimately controlled by the government of the United Kingdom (“**UK**”) acting through HM Treasury, the UK government’s economic and finance ministry, and conducts much of its over-the-counter (“**OTC**”) derivatives operations through NatWest Markets;
3. NatWest Markets conducts its global OTC derivatives operations from its four core trading hubs located in London, Stamford, Singapore and Tokyo and enters into OTC derivatives with Canadian counterparties from those offices;
4. the Applicant has established or procured internal technology, systems and procedures that the Applicant believes should enable it to give effect to the Local Reporting Provisions;
5. in order to comply with the Local Reporting Provisions applicable to a transaction, the Applicant may need to: (a) if required by applicable law, obtain a consent from the counterparty to enable the reporting counterparty to disclose information relating to the transaction or counterparty, and (b) receive certain counterparty-specific information, including the counterparty’s LEI (or its equivalent), or information sufficient to enable the Applicants to determine whether the counterparty is a local counterparty (collectively, in respect of a counterparty to a transaction, the “**Required Counterparty Feedback**”);
6. the Applicant has continued to engage in diligent efforts to solicit Required Counterparty Feedback through direct client outreach and through industry efforts;
7. the Applicant has established a policy that it will not enter into an OTC derivative transaction with a counterparty without obtaining the counterparty’s LEI;

8. a failure to provide the Variation Relief Sought could result in inconsistent or disrupted reporting of derivatives data by the Applicant, or in the Applicant not entering into new derivatives transactions with affected transaction counterparties, all of which could have negative implications for the Applicant, affected transaction counterparties, the Canadian financial system and the broader Canadian economy;
9. the Applicant has complied with the requirements of the Existing Relief Decision; and
10. the Applicant is not in default of securities legislation in any jurisdiction.

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The Principal Regulator has considered that the Financial Stability Board has committed to monitor progress and publish, ahead of the G20 Leaders' Summit in Argentina in 2018, a report on the extent to which member jurisdictions have met their commitments to remove barriers to reporting counterparty information to trade repositories.

The decision of the Principal Regulator is that the Variation Relief Sought is granted and it orders that, in respect of each Subject Transaction, paragraphs 1, 2 and 3 of the Existing Relief Decision be varied on the foregoing basis and restated as set forth below:

1. Relief related to Blocking Laws – The Applicant is exempted from the reporting of creation data under Reporting requirements contained in sections 26, 27(a), 28, 31, 32, 34 and 35 of the Local Reporting Provisions (collectively, the “**Reporting Provisions**”) only to the extent that the Applicant would be required to Report the creation data contemplated in Appendix A of the applicable Local Reporting Provisions under “Identifier of non-reporting counterparty” in respect of a Subject Transaction, in the following circumstances:

- (A) the Applicant determines that its transaction counterparty or the Subject Transaction is subject to a Blocking Law; or
- (B) the Applicant, having used reasonable efforts, has been unable to determine if its transaction counterparty or the Subject Transaction is subject to a Blocking Law,

provided that the Applicant:

- (i) either (x) Reports an internal identifier code for its transaction counterparty or (y) if it is not feasible or not practical for the Applicant to Report an internal identifier code for the transaction counterparty in compliance with the applicable Blocking Law, Reports that the LEI of the transaction counterparty is undisclosed;
- (ii) prepares and delivers to the OSC no later than 45 days after the end of each quarter Quarterly Compliance Reports setting out (x) a list of all jurisdictions that it reasonably determines are subject to an applicable Blocking Law; and (y) a list of jurisdictions in respect of which the Applicant, having used reasonable efforts, has been unable to determine if an applicable Blocking Law exists;
- (iii) makes diligent efforts to determine whether Blocking Laws exist in the jurisdiction where its transaction counterparty is located; and
- (iv) makes diligent efforts, where required, to correct any reporting it has made in relation to the Subject Transaction in reliance on the foregoing exemptions on a timely basis after any previously applicable Blocking Law no longer applies to limit or restrict the Applicant's disclosure of information relating to the Subject Transaction or the transaction counterparty,

and provided further that the foregoing exemption will continue to apply in respect of the Subject Transaction during a period of up to 3 months following the date on which the Applicant becomes aware that any previously applicable Blocking Law no longer applies to limit or restrict the Applicant's disclosure of information relating to the Subject Transaction or the transaction counterparty.

2. Relief Related to Consent Requirements – The Applicant is exempted from the reporting of creation data under the Reporting Provisions only to the extent that the Applicant would be required to Report the creation data contemplated in Appendix A of the applicable Local Reporting Provisions under “Identifier of non-reporting counterparty” in respect of a Subject Transaction, in the following circumstances:



- (A) the Applicant determines that its transaction counterparty or the Subject Transaction is subject to a Consent Requirement that has not been provided by the transaction counterparty to the Applicant; or
- (B) the Applicant, having used reasonable efforts, has been unable to determine if its transaction counterparty or the Subject Transaction is subject to a Consent Requirement,

provided that the Applicant:

- (i) either (x) Reports an internal identifier code for its transaction counterparty or (y) if the Applicant has all necessary processes in place to internally identify its transaction counterparty and it is not feasible or not practical for the Applicant to Report an internal identifier code for the transaction counterparty in compliance with the applicable Consent Requirement, Reports that the LEI of the transaction counterparty is undisclosed;
- (ii) prepares and delivers to the OSC no later than 45 days after the end of each quarter Quarterly Compliance Reports setting out (x) a list of all jurisdictions that it reasonably determines are jurisdictions in which an applicable Consent Requirement exists; and (y) a list of jurisdictions in respect of which the Applicant, having used reasonable efforts, has been unable to determine if an applicable Consent Requirement exists;
- (iii) makes diligent efforts to obtain any required consent from the transaction counterparty, other than any consent that would arise in connection with a Trade Specific Requirement; and
- (iv) makes diligent efforts, where required, to correct any reporting it has made in relation to the Subject Transaction in reliance on the foregoing exemptions on a timely basis after all consents required to satisfy a Consent Requirement in relation to the Subject Transaction have been obtained by the Applicant,

and provided further that the foregoing exemption will continue to apply in respect of the Subject Transaction during a period of up to 3 months following the later of (x) the date on which the transaction counterparty has provided the Applicant with all such required consents and (y) the date on which the Applicant becomes aware that any previously applicable Consent Requirement no longer applies to limit or restrict the Applicant's disclosure of information relating to the Subject Transaction or the transaction counterparty.

- 3. Required Counterparty Feedback – The Applicant is exempted from the reporting of creation data under the Reporting Provisions only to the extent that the Applicant would be required to Report the creation data contemplated in Appendix A of the applicable Local Reporting Provisions under “Jurisdiction of non-reporting counterparty” in respect of a Subject Transaction, in the following circumstances:
  - (A) Counterparty Status as a Local Counterparty – if the transaction counterparty has not provided the Applicant with Required Counterparty Feedback sufficient to enable the Applicant to determine if the transaction counterparty is a “local counterparty” under the Local Reporting Provisions of the Jurisdiction, provided that the Applicant Reports the Subject Transaction to the jurisdiction in which the Applicant has its principal place of business and, if reasonably practicable, makes diligent efforts to use the information from its own systems to Report the Subject Transaction in the transaction counterparty's jurisdiction, in each case if and to the extent it is reportable by the Applicant in such jurisdiction, and provided further that the foregoing exemption detailed in this paragraph 3(A) shall not be available in respect of a Subject Transaction entered into by the Applicant on or after March 31, 2018 if the transaction counterparty is a person or company (a) that the Applicant determines (having made diligent efforts to use the information from its own systems) is organized under the laws of the Jurisdiction or has its head office or principal place of business in the Jurisdiction and (b) with whom the Applicant has no pre-existing contractual relationship relating to transacting in derivatives as of such date; or
  - (B) Existence of a Guaranteed Affiliate – if the transaction counterparty has not provided the Applicant with Required Counterparty Feedback sufficient to enable the Applicant to determine if the transaction counterparty has an affiliate that is organized under the laws of the Jurisdiction or that has its head office or principal place of business in the Jurisdiction and that is responsible for the liabilities of the transaction counterparty; (a “**Guaranteed Affiliate**”), provided that the Applicant otherwise reports the Subject Transaction if the transaction counterparty is otherwise a “local counterparty” under the Local Reporting Provisions,

provided that the Applicant:

- (i) prepares and delivers to the OSC no later than 45 days after the end of each quarter, Quarterly Compliance Reports setting out its efforts to obtain Required Counterparty Feedback; and
- (ii) makes diligent efforts, where required, to correct any reporting it has made in relation to the Subject Transaction in reliance on the foregoing exemptions on a timely basis after Required Counterparty Feedback has been obtained,

and provided further that the foregoing exemptions will continue to apply in respect of the Subject Transaction during a period of up to 3 months following the date on which previously unknown or unavailable Required Counterparty Feedback has been provided to the Applicant by the transaction counterparty.

4. Effectiveness of the Order – The exemptions provided pursuant to paragraphs 1, 2 and 3 shall cease to be available after April 1, 2019.

“Kevin Fine”  
Director, Derivatives Branch  
Ontario Securities Commission

**Exhibit A**

**Form of Quarterly Compliance Report**

**Section 1 Definitions**

1. Terms defined in the exemptive relief dated September 28, 2016, as raised on September 28, 2017 and on September 28, 2018 (the “**Exemptive Relief**”) have the same meaning in this Compliance Report.
2. In this Compliance Report:
  - (a) “**Counterparty**” means a counterparty for the purposes of this compliance report is any counterparty to a derivative transaction that is principal (not agent) to the derivative (e.g. where a fund manager executes transactions on behalf of a number of underlying funds, each fund should be included in the compliance rate calculation).
  - (b) “**All Counterparties**” means Counterparties to transactions reportable under Regulation /Rule 91-507 – *Trade Repositories and Derivatives Data Reporting (91-507)*.
  - (c) “**New Counterparties**” means Counterparties to transactions reportable under 91-507 that were entered into at any time during the relevant period but with whom the reporting counterparty had previously never entered into a reportable transaction.
  - (d) “**Compliant Counterparties**” means Counterparties who have provided the Required Counterparty Feedback (as defined in the Exemptive Relief) to enable the reporting counterparty to meet its obligations under 91-507. This would include the counterparty’s consent (if required by applicable law), the counterparty’s LEI, the broker LEI (if applicable), and information to determine whether it is a local counterparty.

**Section 2 Information on the Delivering Counterparty**

1. Provide the following information with respect to the Delivering Counterparty:

Full legal name:	NATWEST MARKETS PLC
Address of head office:	•
Mailing address (if different):	•
Telephone:	•
Legal entity identifier:	•
Contact employee name:	•
Title:	•
Telephone:	•
Email:	•

**Section 3 Compliance Progress**

Please see Appendix A.

**Section 4 Relief Related to Blocking Laws and Relief Related to Consent Requirements**

1. Provide, at a minimum, the following information:

List of Consent Requirement (as defined in the Exemptive Relief) jurisdictions; please highlight jurisdictions added or removed since last report.	•
List of Blocking Law (as defined in the Exemptive Relief) jurisdictions; please highlight jurisdictions added or removed since last report.	•
List of Blocking Law or Consent Requirement jurisdictions not yet determined; please highlight jurisdictions added or removed since last report.	•

**Section 5 Efforts to Obtain Required Counterparty Feedback**

1. Please provide information regarding your efforts to obtain the Required Counterparty Feedback.
2. Please provide information regarding efforts to obtain the Required Counterparty Feedback from New Counterparties and describe internal policies regarding acceptance of New Counterparties that are not Compliant Counterparties.
3. Please provide information regarding efforts to obtain Required Counterparty Feedback from existing non-compliant Counterparties.
4. Please provide information regarding efforts to correct any reporting made in relation to a transaction after Required Counterparty Feedback has been obtained; including the time required to backload and report the Required Counterparty Feedback once the previously unavailable information has been obtained.

**Section 6 Any Additional Information**

Please provide any additional information that would assist in explaining the rates of non-compliance. For example, compliance rates may be affected by the type of counterparty (e.g. sophistication, institutional vs. retail/commercial), geographic location of counterparty, or asset class (e.g. foreign exchange).

Please provide any other additional information you believe would assist in improving our understanding of the obstacles to full compliance.

Appendix A: Compliance Progress

	Canadian Counterparties				Foreign Counterparties			
	Q1 2019	Q2 2019	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2018	Q4 2018
<b>All Counterparties</b>								
All Counterparties as at end of period		.	.	.		.	.	.
All Compliant Counterparties as at end of period		.	.	.		.	.	.
Compliance rate as at end of period		.	.	.		.	.	.
<b>Blocking Laws &amp; Consent Requirements</b>								
Number of reportable transactions with identifiers masked as the result of Blocking Laws or Consent Requirements (as defined in the Exemptive Relief)						.	.	.

## 2.1.4 Capital One, National Association

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for a decision to exempt from the dealer registration requirement and the prospectus requirement certain trades in over-the-counter (OTC) derivatives that are made by the applicant with a “permitted counterparty” or by a permitted counterparty with the applicant.

Decision providing for the exemption defines “permitted counterparties” to consist exclusively of persons or companies that are “permitted clients” as defined in Section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption was sought in Ontario (and is intended to be relied upon in certain other “passport” jurisdictions of Canada) as an interim response to current regulatory uncertainty associated with the regulation in Ontario and those other jurisdictions of OTC derivatives, pending the development by the CSA of a uniform framework for the regulation of OTC derivatives in all provinces and territories of Canada – Decision includes terms and conditions, including a “sunset date” that is date that is the earlier of: (i) the date that is four years after the date of the Decision; and (ii) the coming into force in the jurisdiction of legislation or a rule that specifically governs dealer, adviser or other registration requirements applicable to market participants in connection with OTC derivative transactions.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 53(1), 74(1).

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 1.1 (“permitted client”).

December 21, 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  
CAPITAL ONE, NATIONAL ASSOCIATION  
(the Filer)**

**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the dealer registration requirement and the prospectus requirement in the Legislation that may otherwise be applicable to a trade in or distribution of an OTC Derivative transaction (as defined below) made by either

- (a) the Filer to a “Permitted Counterparty” (as defined below), or
- (b) by a Permitted Counterparty to the Filer,

shall not apply to the Filer or the Permitted Counterparty, as the case may be (the Requested Relief), subject to certain terms and conditions.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

- (a) the Ontario Securities Commission (**OSC**) is the principal regulator for the 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 New Brunswick (to the extent Local Rule 91-501 *Derivatives* does not apply), Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Yukon (the **Passport Jurisdictions**).

### Interpretation

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

The terms **OTC Derivative** and **Underlying Interest** are defined in the Appendix (the **Appendix**) to this decision.

The term **Permitted Counterparty** means a person or company that is a “permitted client”, as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*.

### Representations

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

#### **The Filer**

1. The Filer is a national banking association company organized under the laws of the United States. The Filer’s head office is located in Virginia, United States.
2. The Filer is regulated, supervised, and examined by the U.S. Office of the Comptroller of the Currency. Additionally, the U.S. Federal Deposit Insurance Corporation has supervisory and enforcement authority over the Filer as an insured depository institution. The U.S. Consumer Financial Protection Bureau has regulatory, supervision, examination and enforcement authority over the Filer with respect to applicable U.S. federal consumer financial protection laws. The Filer is also subject to certain regulations of the U.S. Commodity Futures Trading Commission with respect to its derivatives activities.
3. The Filer is not currently registered in any capacity under the securities legislation of any jurisdiction of Canada. Nor is the Filer currently relying on any exemption from a registration requirement under the securities legislation of any jurisdiction of Canada.
4. The Filer is not a broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority or any state securities regulator.
5. The Filer is not required to register under U.S. law with the U.S. Commodity Futures Trading Commission as a swap dealer or a major swap participant.
6. The Filer is a subsidiary of Capital One Financial Corporation, a Delaware corporation which is a diversified financial services holding company with banking and non-banking subsidiaries.
7. A different subsidiary of Capital One Financial Corporation and an affiliate of the Filer is Capital One Bank (USA), N.A., a foreign bank that has been authorized under the *Bank Act* (Canada) to establish a branch in Canada to carry on banking business in Canada, under the name Capital One Bank (Canada Branch).
8. The Filer is not in default of securities, commodity futures or derivatives legislation in any jurisdiction in Canada.
9. The Filer is in compliance in all material respects with U.S. securities, commodity futures and derivatives laws.
10. The Filer will not maintain an office, sales force or physical place of business in Canada.

#### **Proposed Conduct of OTC Derivative Transactions**

11. The Filer proposes to enter into bilateral OTC Derivative transactions with counterparties located in all provinces and territories of Canada that consist exclusively of persons or companies that are Permitted Counterparties. The Filer understands that the Permitted Counterparties would be entering into the OTC Derivative transactions for hedging or investment purposes. The Underlying Interest of the OTC Derivatives that are entered into between the Filer and a Permitted Counterparty will consist of a commodity; an interest rate; a currency; a foreign exchange rate; a security; an economic indicator; an index; a basket; a benchmark; another variable; another OTC Derivative; or some relationship between, or combination of, one or more of the foregoing.

12. The Filer will not offer or provide credit or margin to any of its Permitted Counterparties for purposes of executing an OTC Derivative transaction.
13. The Filer seeks the Requested Relief as an interim, harmonized solution to the uncertainty and fragmentation that currently characterizes the regulation of OTC Derivatives across Canada, pending the development of a uniform framework for the regulation of OTC Derivative transactions in all provinces and territories of Canada. The Filer acknowledges that registration and prospectus requirements may be triggered for the Filer in connection with the derivative contracts under any such uniform framework to be developed for the regulation of OTC Derivative transactions.

***Regulatory Uncertainty and Fragmentation associated with the Regulation of OTC Derivative Transactions in Canada***

14. There has generally been a considerable amount of uncertainty respecting the regulation of OTC Derivative transactions as “securities” in the provinces and territories of Canada other than Quebec.
15. In each of British Columbia, Prince Edward Island, the Northwest Territories, Nunavut and Yukon, OTC Derivative transactions are regulated as securities on the basis that the definition of the term “security” in the securities legislation of each of these jurisdictions includes an express reference to a “futures contract” or a “derivative”.
16. In each of Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia and Saskatchewan, OTC Derivatives transactions are regulated as derivatives; however, certain OTC Derivative transactions also meet the definition of “security.”
17. In Newfoundland and Labrador, it is not certain whether, or in what circumstances, OTC Derivative transactions are “securities” because the definition of the term “security” in the securities legislation of this jurisdiction makes no express reference to a “futures contract” or a “derivative” and the definition of “security” does not include any category that would specifically cover OTC Derivative transactions.
18. In October 2009, staff of the OSC published OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario (OSC Notice 91-702)*. OSC Notice 91-702 states that OSC staff take the view that contracts for differences, foreign exchange contracts and similar OTC Derivative products, when offered to investors in Ontario, engage the purposes of the *Securities Act (Ontario) (OSA)* and constitute “investment contracts” and “securities” for the purposes of Ontario securities law. However, OSC Notice 91-702 also states that it is not intended to address direct or intermediated trading between institutions. OSC Notice 91-702 does not provide any additional guidance on the extent to which OTC Derivative Transactions between the Filer and a Permitted Counterparty may be subject to Ontario securities law.
19. In Quebec, OTC Derivative transactions are subject to the Derivatives Act (Quebec), which sets out a comprehensive scheme for the regulation of derivative transactions that is distinct from Quebec’s securities regulatory requirements.
20. In each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan (the **Blanket Order Jurisdictions**) and Quebec (collectively, the **OTC Exemption Jurisdictions**), OTC Derivative transactions are generally not subject to securities or derivative regulatory requirements, pursuant to applicable exemptions (the **OTC Derivative Exemptions**), when they are negotiated, bi-lateral contracts that are entered into between sophisticated non-retail parties, referred to as “Qualified Parties” in the Blanket Order Jurisdictions and “accredited counterparties” in Quebec.
21. The corresponding OTC Derivative Exemptions are as follows:

Alberta	ASC Blanket Order 91-507 <i>Over-the-Counter Trades in Derivatives</i>
British Columbia	Blanket Order 91-501 <i>Over-the-Counter Derivatives</i>
Manitoba	Blanket Order 91-501 <i>Over-the-Counter Trades in Derivatives</i>
New Brunswick	Local Rule 91-501 <i>Derivatives</i>
Nova Scotia	Blanket Order 91-501 <i>Over the Counter Trades in Derivatives</i>
Quebec	Section 7 of the <i>Derivatives Act</i> (Quebec)
Saskatchewan	General Order 91-908 <i>Over-the-Counter Derivatives</i>



### ***The Evolving Regulation of OTC Derivative Transactions as Derivatives***

22. Each of the OTC Exemption Jurisdictions has sought to address the regulatory uncertainty associated with the regulation of OTC Derivative transactions as securities by regulating them as derivatives rather than securities, whether directly through the adoption of a distinct regulatory framework for derivatives in Quebec, or indirectly through amendments to the definition of the term “security” in the securities legislation of the other OTC Exemption Jurisdictions and the granting of the OTC Derivative Exemptions.
23. Between 1994 and 2000, the OSC sought to achieve a similar objective by introducing proposed OSC Rule 91-504 *Over-the-Counter Derivatives* (the **Proposed OSC Rule**) for the purpose of establishing a uniform, clearly defined regulatory framework for the conduct of OTC Derivative transactions in Ontario, but the Proposed OSC Rule was returned to the OSC for further consideration by Ontario’s Minister of Finance in November, 2000.
24. The Final Report of the Ontario Commodity Futures Act Advisory Committee, published in January, 2007, concluded that OTC Derivative contracts are not suited to being regulated in accordance with traditional securities regulatory requirements and should therefore be excluded from the scope of securities legislation, because they are used for commercial-risk management purposes and not for investment or capital-raising purposes.
25. Ontario has now established a framework for regulating the trading of derivatives in Ontario (the **Ontario Derivatives Framework**) through amendments to the OSA that were made by the *Helping Ontario Families and Managing Responsibility Act, 2010* (Ontario).
26. The amendments to the OSA establishing the Ontario Derivatives Framework will not become effective until the date on which they are proclaimed in force. These amendments are not expected to be proclaimed in force until an ongoing public consultation on the regulation of OTC Derivatives has been completed. On April 19, 2018, the Canadian Securities Administrators (**CSA**) published a Notice and Request for Comment on the Proposed National Instrument 93-102 *Derivatives: Registration*, and on June 14, 2018, the CSA published a Notice and Second Request for Comment on the Proposed National Instrument 93-101 *Derivatives: Business Conduct*, which, together, are intended to implement a comprehensive regime for the regulation of persons or companies that are in the business of trading or advising on derivatives.

### ***Rationale for Requested Relief***

27. The Requested Relief would substantially address, for the Filer and its Permitted Counterparties, the regulatory uncertainty and fragmentation that is currently associated with the regulation of OTC Derivative transactions in Canada, by permitting these parties to enter into OTC Derivative transactions in reliance upon exemptions from the dealer registration and prospectus requirements of the securities legislation of each Passport Jurisdiction that are comparable to the OTC Derivative Exemptions.

### ***Books and Records***

28. The Filer will become a “market participant” for the purposes of the OSA if the Requested Relief is granted. For the purposes of the OSA, and as a market participant, the Filer is required by subsection 19(1) of the OSA to: (i) keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions that it executes on behalf of others; and (ii) keep such books, records and documents as may otherwise be required under Ontario securities law.
29. For the purposes of its compliance with subsection 19(1) of the OSA, the books and records that the Filer will keep will include books and records that:
  - (a) demonstrate the extent of the Filer’s compliance with applicable requirements of securities legislation;
  - (b) demonstrate compliance with the policies and procedures of the Filer for establishing a system of controls and supervision sufficient to provide reasonable assurance that the Filer, and each individual acting on its behalf, complies with securities legislation;
  - (c) identify all OTC Derivative transactions conducted on behalf of the Filer and each of its clients domiciled in a Passport Jurisdiction, including the name and address of all parties to the transaction and the terms of those transactions; and
  - (d) set out for each OTC Derivative transaction entered into by the Filer, information corresponding to that which would be required to be included in an exempt distribution report for the transaction, if the transaction were

entered into by the Filer in reliance upon the “accredited investor” prospectus exemption in section 2.3 [Accredited investor] of National Instrument 45-106 *Prospectus Exemptions*.

**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 is that the Requested Relief is granted, provided that:

- (a) the counterparty to any OTC Derivative transaction that is entered into by the Filer is a Permitted Counterparty;
- (b) in the case of any trade made by the Filer to a Permitted Counterparty, the Filer does not offer or provide any credit or margin to the Permitted Counterparty; and
- (c) the Requested Relief shall terminate on the date that is the earlier of:
  - (i) the date that is four years after the date of this decision; and
  - (ii) the coming into force in the Jurisdiction of legislation or a rule that specifically governs dealer, adviser or other registration requirements applicable to market participants in connection with OTC Derivative transactions.

“Deborah Leckman”  
Commissioner  
Ontario Securities Commission

“Robert P. Hutchison”  
Commissioner  
Ontario Securities Commission

**Appendix**

**Definitions**

“**Clearing Corporation**” means an association or organization through which Options or futures contracts are cleared and settled.

“**Contract for Differences**” means an agreement, other than an Option, a Forward Contract, a spot currency contract or a conventional floating rate debt security, that provides for:

- (a) an exchange of principal amounts; or
- (b) the obligation or right to make or receive a cash payment based upon the value, level or price, or on relative changes or movements of the value, level or price of, an Underlying Interest

“**Forward Contract**” means an agreement, not entered into or traded on or through an organized market, stock exchange or futures exchange and cleared by a Clearing Corporation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement and at or by a time established by or determinable by reference to the agreement:

- (a) make or take delivery of the Underlying Interest of the agreement; or
- (b) settle in cash instead of delivery.

“**Option**” means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price determinable by reference to the agreement at or by a time established by the agreement:

- (a) receive an amount of cash determinable by reference to a specified quantity of the Underlying Interest of the Option.
- (b) purchase a specified quantity of the Underlying Interest of the Option.
- (c) sell a specified quantity of the Underlying Interest of the Option.

“**OTC Derivative**” means one or more of, or any combination of, an Option, a Forward Contract, a Contract for Differences or any instrument of a type commonly considered to be a derivative, in which:

- (a) the agreement relating to, and the material economic terms of, the Option, Forward Contract, Contract for Differences or other instrument have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;
- (b) the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and
- (c) the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange.

“**Underlying Interest**” means, for a derivative, the commodity, interest rate, currency, foreign exchange rate, security, economic indicator, index, basket, benchmark or other variable, or another derivative, and, if applicable, any relationship between, or combination of, any of the foregoing, from or on which the market price, value or payment obligations of the derivative are derived or based.

## 2.1.5 Industrial Alliance Insurance and Financial Services Inc.

### Headnote

Dual application for Exemptive Relief Application – Policy Statement 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemptive relief under subsection 11.1(1) of Regulation 44-102 – Exemption from subparagraph 2.2(3)(b)(iii) of Regulation 44-102 – Effective period of the receipt for base shelf prospectus – Relief granted on terms and conditions set out in decision document – Decision will terminate 25 months after the issuance of a receipt for the base shelf prospectus.

### Applicable Legislative Provisions

Regulation 44-102 respecting Shelf Distributions, ss. 2.2(3)(b)(iii), 11.1(1).  
Policy Statement 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions, ss. 3.1(c), 3.6(s)(b).  
Regulation 11-102 respecting Passport System, ss. 4.2(b), 4.7(1).

December 27, 2018

### TRANSLATION

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
QUÉBEC AND ONTARIO  
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF  
INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.  
(the Filer)

### DECISION

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a Decision Maker) has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for granting exemptive relief for the Filer from subparagraph 2.2(3)(b)(iii) of *Regulation 44-102 respecting Shelf Distributions* (Regulation 44-102) with respect to the effective period of the receipt issued for the Filer's short form base shelf prospectus dated June 22, 2017 (the Current Base Shelf Prospectus) pursuant to subsection 11.1(1) of Regulation 44-102 (the Exemption Sought).

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

- (a) the Autorité des marchés financiers is the principal regulator for this application;
- (b) the Filer has provided notice that Subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (Regulation 11-102) is intended to be relied upon in each of the provinces of Canada other than Ontario; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, *Regulation 44-101 respecting Short Form Prospectus Distributions* (Regulation 44-101) and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

## Representations

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

### *The Filer*

- 1 The Filer is a life insurance company governed by the *Act respecting Industrial-Alliance Life Insurance Company* (Québec), by an *Act to amend the Act respecting Industrial-Alliance Life Insurance Company* (Québec), by the *Act respecting insurance* (Québec), by certain provisions of the *Companies Act* (Québec) and by certain provisions of the *Business Corporations Act* (Québec), in each case, as amended.
- 2 The head office of the Filer is located in Québec City, Québec.
- 3 The Filer is a reporting issuer under the securities legislation of each of the provinces of Canada and not in default of securities legislation in any jurisdiction.
- 4 The authorized share capital of the Filer, as of the date hereof, consists of (i) an unlimited number of Common Shares without par value (the Common Shares), (ii) 10,000,000 Preferred Shares with par value of \$25 per share issuable in series, and (iii) an unlimited number of Class A Preferred Shares without par value, issuable in series (the Class A Preferred Shares).
- 5 As of the date hereof, only Common Shares, Class A Preferred Shares Series B, Class A Preferred Shares Series G and Class A Preferred Shares Series I are issued and outstanding and are listed for trading on the Toronto Stock Exchange (TSX).
- 6 As of the date hereof, the Filer also has issued and outstanding non-convertible subordinated debentures (the Debentures).
- 7 The Class A Preferred Shares and the Debentures are rated by independent rating agencies.
- 8 Pursuant to the Filer's articles, certain series of Class A Preferred Shares are convertible into Class A Preferred Shares of another series (the Resulting Class A Preferred Shares).

### *Plan of Arrangement*

- 9 On February 5, 2018, the Filer announced that it planned to create a holding company that will comprise all of the Filer's activities.
- 10 On February 26, 2018, the Filer entered into an arrangement agreement (the Arrangement Agreement) with a newly created entity under the *Business Corporations Act* (Quebec), iA Financial Corporation Inc. (iAFC).
- 11 Upon completion of the steps of the court-approved arrangement under the *Companies Act* (Quebec) and the *Business Corporations Act* (Québec) provided in the Arrangement Agreement (the Arrangement), all issued and outstanding Common Shares will be transferred to iAFC in exchange for common shares of iAFC (iAFC Common Shares) on the basis of one (1) iAFC Common Share for each Common Share.
- 12 iAFC's initial authorized share capital shall consist of two (2) classes of shares, namely iAFC Common Shares and Class A preferred shares issuable in series, the rights and share conditions of which shall be essentially identical to those of the Filer.
- 13 iAFC has received conditional acceptance for the listing of the iAFC Common Shares on the TSX, subject to the fulfillment of customary requirements of the TSX.
- 14 Pursuant to the Arrangement, holders of the Filer's Class A Preferred Shares will remain holders of the Filer's Class A Preferred Shares, and holders of the Filer's Debentures will remain holders of the Filer's Debentures.
- 15 Following the Arrangement, the outstanding Common Shares will no longer be listed on the TSX, but the outstanding Class A Preferred Shares will continue to be listed on the TSX.
- 16 Following the Arrangement, the Filer will continue to be a reporting issuer under the securities legislation of each of the provinces of Canada.

## Decisions, Orders and Rulings

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- 17 Immediately after the Arrangement, on a consolidated basis, iAFC will hold, directly or indirectly, the same assets and be subject to the same liabilities as the Filer immediately before the Arrangement.
- 18 The Arrangement provides as a condition, among others, that iAFC must sign and deliver unconditional and irrevocable guarantees with respect to the Filer's payment obligations on the outstanding Class A Preferred Shares and Debentures.
- 19 The initial directors of iAFC shall be the same as the directors of the Filer immediately prior to completion of the Arrangement and such directors shall continue in office until the close of the first annual meeting of the shareholders of iAFC or until their respective successors have been duly elected or appointed.
- 20 On March 28, 2018, the Filer filed a management information circular with respect to, among other things, the Arrangement. At the special meeting of shareholders held on May 10, 2018, 97.11% of the holders of Common Shares voted in favour of the Arrangement.
- 21 On May 17, 2018, the Superior Court of Quebec issued a final order sanctioning and approving the Arrangement and declaring that it is fair and reasonable.
- 22 On June 18, 2018, the Legislative Assembly of Quebec adopted private member's bill 235, *An Act to amend the Act respecting Industrial-Alliance Life Insurance Company*, allowing the Filer to change its corporate structure through the creation of a holding company as contemplated by the Arrangement.
- 23 On December 12, 2018, the Minister of Finance authorized the Filer to register the transfer of all its shares with voting rights to iAFC.
- 24 The Filer is expected to complete all conditions with respect to the Arrangement prior to January 1, 2019 (the Effective Date) and the Arrangement is expected to become effective on the Effective Date.

### **Current Base Shelf Prospectus**

- 25 On June 22, 2017 the Filer filed the Current Base Shelf Prospectus providing that the Filer may from time to time offer and issue, pursuant to an accompanying shelf prospectus supplement and subject to the terms and conditions contained therein, certain securities, including senior and subordinated unsecured debt securities (collectively, the Debt Securities), Class A Preferred Shares and Common Shares (collectively, the Base Shelf Securities).
- 26 The Filer complied with all applicable requirements set forth in Regulation 44-102 when the Current Base Shelf Prospectus was filed.
- 27 The Current Base Shelf Prospectus will be effective until July 22, 2019 pursuant to paragraph 2.2(3)(a) of Regulation 44-102. However, without the requested relief, it will cease to be effective on the Effective Date as the Filer will no longer have any equity securities listed and posted for trading on a short form eligible exchange.
- 28 After the Effective Date, the Filer would satisfy the qualification criteria in Part 2 of Regulation 44-101 to file a short form base shelf prospectus substantially similar to the Current Base Shelf Prospectus with respect to the Debentures and the Class A Preferred Shares, but for the fact that certain series of Class A Preferred Shares are convertible into Resulting Class A Preferred Shares rather than non-convertible.

### **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that, as of and from the Effective Date, the following conditions are met:

- (a) the Filer continues to be a reporting issuer under the securities legislation of each of the provinces of Canada;
- (b) all of the outstanding and issued Common Shares of the Filer are held by iAFC;
- (c) the Filer does not file a shelf prospectus supplement to the Current Base Shelf Prospectus to distribute Common Shares or securities in respect of which Common Shares may be issued or transferred;
- (d) any Class A Preferred Shares distributed pursuant to a shelf prospectus supplement to the Current Base Shelf Prospectus are non-convertible or only convertible into Resulting Class A Preferred Shares;

## Decisions, Orders and Rulings

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- (e) any Debentures distributed pursuant to a shelf prospectus supplement to the Current Base Shelf Prospectus are non-convertible; and
- (f) any Base Shelf Securities distributed pursuant to shelf prospectus supplement to the Current Base Shelf Prospectus are Debentures or Class A Preferred Shares and have received a final designated rating.

“Patrick Théorêt”  
Director, Corporate Finance  
Autorité des marchés financiers

2.1.6 Franklin Templeton Investments Corp. and FTC Investor Services Inc.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the requirement in s. 3.2.01 of NI 81-101 to deliver a fund facts document to investors who purchase mutual fund securities of a high net worth series pursuant to switches from a regular retail series upon meeting certain eligibility requirements based on the amount of the investor's investments – The high net worth series securities are identical to regular retail series securities except that the high net worth series offer lower management fees based on the investor's investment amounts in eligible accounts – Investment fund manager initiating switches on behalf of investors when their investments satisfy eligibility requirements of the high net worth series – Switches between series of a fund are distributions of securities which trigger the requirement to deliver a fund facts document – Relief granted from requirement to deliver a fund facts document to investors for purchases of high net worth series securities made pursuant to such switches subject to compliance with certain notification and prospectus and fund facts disclosure requirements – National Instrument 81-101 Mutual Fund Prospectus Disclosure.

**Applicable Legislative Provisions**

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 3.2.01, 6.1.

December 12, 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  
FTC INVESTOR SERVICES INC.  
(the Representative Dealer)

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer and the Representative Dealer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) (a) for an exemption from the requirement to deliver or send the most recently filed fund facts document (a **Fund Facts**) in the manner as required under the Legislation (the **Fund Facts Delivery Requirement**) in respect of purchases of High Net Worth Series (as defined below) securities of the Funds (as defined below) that are made pursuant to the Lower Fee Switches (as defined below) (the **Fund Facts Delivery Exemption**) and (b) the revocation of the decision (the **Previous Decision**) granted by the principal regulator on December 9, 2016 (the **Revocation** and collectively with the Fund Facts Delivery Exemption, 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 each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).



## Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meanings 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 Representative Dealer*

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario having its head office in Toronto, Ontario.
2. The Filer is registered under securities legislation in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon as an adviser in the category of portfolio manager and as a dealer in the categories of mutual fund dealer and exempt market dealer. The Filer is registered under securities legislation in Alberta, British Columbia, Manitoba, Newfoundland & Labrador, Nova Scotia, Ontario and Québec as an investment fund manager. The Filer is also registered under the *Commodity Futures Act* (Ontario) as a commodity trading manager.
3. The Filer is the investment fund manager, promoter and portfolio manager of various mutual funds (**Existing Funds**), each of which is subject to the requirements of National Instrument 81-102 *Investment Funds (NI 81-102)* and may, in the future, become the investment fund manager of additional mutual funds that are subject to NI 81-102 (**Future Funds** and together with the Existing Funds, the **Funds** and individually, a **Fund**).
4. The head office of the Representative Dealer is located in Toronto, Ontario.
5. The Representative Dealer is an affiliate of the Filer.
6. The Representative Dealer is registered under securities legislation in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Saskatchewan and Yukon as a dealer in the category of mutual fund dealer. The Representative Dealer is also a member of the Mutual Fund Dealers Association of Canada.
7. Securities of the Funds are, or will be, distributed through dealers (**Dealers** or individually, a **Dealer**) who may or may not be affiliated with the Filer, including the Representative Dealer.
8. Each Dealer is, or will be, registered as a dealer in one or more of the provinces and territories of Canada. Other than Dealers who are registered as exempt market dealers, the Dealers are, or will be, members of either the Investment Industry Regulatory Organization of Canada or the Mutual Fund Dealers Association of Canada.
9. Neither the Filer nor the Representative Dealer is in default of the securities legislation of any of the Jurisdictions.

### *The Funds*

10. Each Fund is, or will be, an open-end mutual fund created under the laws of Canada or a Jurisdiction.
11. Each Fund is, or will be, a reporting issuer in one or more of the Jurisdictions.
12. The securities of each of the Funds are, or will be, qualified for distribution pursuant to a simplified prospectus, Fund Facts and annual information form that has been, or will be, prepared and filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.
13. The securities of the Existing Funds are currently offered under a simplified prospectus dated May 29, 2018, as amended.
14. Each of the Existing Funds currently offers up to 13 series: Series A, A (Hedged), F, FT, I, O, OT, PF, PF (Hedged), PFT, T, T-USD and V. In addition to Series PF and Series PFT (the **Current High Net Worth Series**) the Filer intends to also offer Series PA, PA (Hedged), PT and PT-USD series of the Funds (the **New High Net Worth Series**). The Filer may also offer additional series of the funds in the future.
15. The Existing Funds are not in default of securities legislation in any of the Jurisdictions.

**Series PA, PA (Hedged), PT, PT-USD, PF and PFT securities**

16. The Current High Net Worth Series, the New High Net Worth Series, and any future applicable high net worth series securities (collectively, the **High Net Worth Series**) of the Funds, have, or will have, lower management fees than the corresponding Series A, A (Hedged), T, T-USD, F and FT respectively, and any future applicable retail series securities (the Retail Series) of the same Fund and are, or will be, only available to investors who meet the minimum investment threshold of \$200,000 (\$100,000 in respect of Series PF and PFT) in securities of all Funds held in an account(s) whether by an investor alone or by an investor's household having met the minimum investment criteria for the respective series (the **Eligibility Criteria**).
17. The High Net Worth Series have the same attributes as the Retail Series except for a combined management and administration fee that is lower than that of the Retail Series of the same Fund.

**Automatic Switches**

18. The Filer currently offers an automatic switching program where investors holding Series F and FT are switched into Series PF and PFT, respectively and as applicable, if they meet the Eligibility Criteria (the **Current Lower Fee Switches**). If an investor holding Series PF or Series PFT ceases to be eligible to hold that series, the Filer may switch the applicable High Net Worth Series into the applicable Retail Series securities.
19. The Filer intends to extend the automatic switching program to all Retail Series and High Net Worth Series on or before January 25, 2019 (the **Implementation Date**) so that at the end of each Business Day (as defined below), without the dealer/investor having to initiate the trade, the Filer will automatically switch Retail Series investors who meet the Eligibility Criteria to the corresponding High Net Worth Series securities of the same Fund (the **Lower Fee Switches**) without the dealer or investor having to initiate the trade. If an investor holding High Net Worth Series securities ceases to meet the Eligibility Criteria, the Filer may switch the High Net Worth Series securities into the applicable Retail Series securities without the dealer or investor having to initiate the trade (the **Higher Fee Switches**, and together with the Lower Fee Switches, the **Automatic Switches**).
20. The Lower Fee Switches will generally take place when the investor purchases additional securities of the Funds or when positive market movement moves the investor into High Net Worth Series eligibility.
21. The Higher Fee Switches may occur because of redemptions that decrease the amount of total investments with the Filer for purposes of calculating the investor's eligibility for High Net Worth Series securities. However, in no circumstances will market value declines lead to Higher Fee Switches.
22. Once an investor has qualified for the High Net Worth Series, the investor will continue to enjoy the benefit of lower management and administration fees associated with the applicable High Net Worth Series, even if the Fund performance reduces the account value below the Eligibility Criteria.
23. Investors may access High Net Worth Series securities of a Fund by (a) initially investing in High Net Worth Series securities if they meet the Eligibility Criteria or (b) initially investing in Retail Series securities and then, upon meeting the Eligibility Criteria, having those Retail Series securities switched into High Net Worth Series securities by way of a Lower Fee Switch.
24. Investors may access Retail Series securities of a Fund by (a) initially investing in Retail Series securities, or (b) initially investing in High Net Worth Series securities and then, upon no longer meeting the Eligibility Criteria for the High Net Worth Series securities, having those High Net Worth Series securities switched into Retail Series securities by way of a Higher Fee Switch.
25. Further to each Lower Fee Switch, an investor's account would continue to hold securities in the same Fund(s) as before the Automatic Switch, with the only material difference to the investor being that the combined management and administration fees charged for the High Net Worth Series securities will be lower than those charged for Retail Series securities.
26. The Filer will monitor whether an investor meets, or continues to meet, the Eligibility Criteria each day the Filer's head office in Toronto is open for business (a **Business Day**) and will monitor whether an investor, who has met the Eligibility Criteria, has made any new investments in the Retail Series securities each Business Day. Based upon this monitoring, the Filer will carry out the Lower Fee Switches each Business Day.
27. Further to each Higher Fee Switch, an investor's account would continue to hold securities in the same Fund(s) as before the Automatic Switch, with the only material differences to the investor being that the management fees charged for the Retail Series securities would be higher than those charged for High Net Worth Series securities.

## Decisions, Orders and Rulings

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28. There are no sales charges, switch fees or other fees payable by the investor upon an Automatic Switch.
29. The trailing commissions for the High Net Worth Series and the Retail Series securities for each Fund are or will be identical, other than in respect of Series PF, PFT, F and FT where no trailing commissions are paid.
30. Implementation of the Automatic Switches will have no adverse tax consequences on investors under current Canadian tax legislation.

### ***Fund Facts Delivery Requirement***

31. Each Automatic Switch will entail (a) a redemption of the Retail Series security, immediately followed by a purchase of the corresponding High Net Worth Series security, or (b) a redemption of the High Net Worth Series security immediately followed by a purchase of the corresponding Retail Series security. Each purchase of securities done as part of an Automatic Switch will be a “distribution” under the Legislation, which triggers the Fund Facts Delivery Requirement.
32. Pursuant to the Fund Facts Delivery Requirement, a dealer is required to deliver the most recently filed Fund Facts of a series of a Fund to an investor before the dealer accepts an instruction from the investor for the purchase of securities of that series of the Fund.
33. In the absence of the Exemption Sought, the Filer may not carry out the Lower Fee Switches without compliance with the Fund Facts Delivery Requirement.

### ***Rationale for Exemption Sought***

34. While the Filer will initiate each trade done as part of an Automatic Switch, the Fund Facts will not be delivered to investors in connection with the purchase of High Net Worth Series securities made pursuant to a Lower Fee Switch for the following reasons:
  - (a) at no time will an investor who qualifies for High Net Worth Series securities pay combined management and administration fees at a rate higher than the rate of the combined management and administration fees of the Retail Series securities for which the investor initially subscribed; and
  - (b) since Retail Series securityholders would have received a Fund Facts disclosing the higher level of fees which applied to the Retail Series for which they initially subscribed, the investor would derive little benefit from receiving a further Fund Facts relating to the High Net Worth Series upon each Lower Fee Switch.
35. Each Dealer will be required to deliver Fund Facts for the Retail Series to investors in connection with the purchase of Retail Series securities made pursuant to a Higher Fee Switch, as required by the Fund Facts Delivery Requirement.
36. The Filer will disclose (a) the Eligibility Criteria and the management and administration fees applicable to the Retail Series and the High Net Worth Series in the simplified prospectus of the Funds and (b) a summary of the Eligibility Criteria and the fee discounts applicable to the High Net Worth Series in the Fund Facts of the Retail Series of the Funds.
37. The Filer will communicate with dealers about the Lower Fee Switches so that Dealers will be equipped to appropriately notify existing Retail Series investors of the changes applying to their Retail Series investments and appropriately advise new Retail Series investors about the Lower Fee Switches.
38. The Filer and the Representative Dealer previously received exemptive relief from the Fund Facts Delivery Requirement for the Current Lower Fee Switches pursuant to the Previous Decision.
39. The Filer’s intention to extend the automatic switching program to all Retail Series and all High Net Worth Series, including the New High Net Worth Series, has triggered the need for the Revocation and the Exemption Sought.

### **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:

1. the Revocation is granted; and
2. the Fund Facts Delivery Exemption is granted provided that:
  - (a) for investors invested in Retail Series prior to the Implementation Date, the Filer will liaise with the relevant Dealers to devise and implement a notification plan for such investors regarding the Automatic Switches to communicate the following:
    - (i) that their investment may be switched to a High Net Worth Series with lower fees upon meeting the applicable Eligibility Criteria;
    - (ii) that, other than a difference in fees, there will be no other material difference between the Retail Series and the High Net Worth Series;
    - (iii) that if they cease to meet the Eligibility Criteria for High Net Worth Series, their investment will be switched into a series with higher management and administration fees which will not exceed the management and administration fees associated with the Retail Series; and
    - (iv) that they will not receive the Fund Facts when they purchase High Net Worth Series securities further to a Lower Fee Switch, but that:
      - (A) they may request the most recently filed Fund Facts for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;
      - (B) the most recently filed Fund Facts will be sent or delivered to them at no cost;
      - (C) the most recently filed Fund Facts may be found either on the SEDAR website or on the Filer's website; and
      - (D) they will not have the right to withdraw from an agreement of purchase and sale (a **Withdrawal Right**) in respect of a purchase of series securities made pursuant to a Lower Fee Switch, but they will have the right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts;
  - (b) the Filer will incorporate disclosure in the simplified prospectus for the Retail Series and the High Net Worth Series that sets out the following:
    - (i) the Eligibility Criteria for both the Retail Series and the High Net Worth Series;
    - (ii) the management and administration fees applicable to investments in both the Retail Series and the High Net Worth Series; and
    - (iii) in the event investors cease to meet the Eligibility Criteria of a specified High Net Worth Series, their investment may be switched into a series with higher management and administration fees which will not exceed the applicable Retail Series fees;
  - (c) each Fund Facts for the Retail Series and the High Net Worth Series of the Filer will disclose:
    - (i) Under the heading "How much does it cost?", a summary of the Automatic Switch program, consisting of:
      - (A) a statement explaining that the Automatic Switch program offers a management and administration fee decrease;
      - (B) in the case of the Retail Series only, a statement explaining the scenarios in which the Lower Fee Switches will be made;
      - (C) a statement that Higher Fee Switches may be made due to the investor no longer meeting the Eligibility Criteria;

- (D) a cross-reference to the disclosure described below under paragraph 2 (c) (ii);
  - (E) a cross-reference to the more detailed disclosure in the simplified prospectus for more information about the program; and
  - (F) a statement disclosing that investors should speak to their representative for more details about the program; and
- (ii) at the end of the disclosure under the sub-heading “Fund Expenses”, a statement that discloses the management and administration fee decrease of the applicable High Net Worth Series from the management and administration fee of the applicable Retail Series, shown in percentage terms;
- (d) for Retail Series investors, the Filer sends these investors an annual reminder notice advising that they will not receive the Fund Facts when they purchase High Net Worth Series securities further to a Lower Fee Switch, but that:
- (i) they may request the most recently filed Fund Facts for the relevant class by calling a specified toll-free number or by sending a request via email to a specified address;
  - (ii) the most recently filed Fund Facts will be sent or delivered to them at no cost;
  - (iii) the most recently filed Fund Facts may be found either on the SEDAR website or on the Filer's website; and
  - (iv) they will not have a Withdrawal Right in respect of a purchase of securities made pursuant to a Lower Fee Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts.
- (e) the Filer will provide to the principal regulator, on an annual basis, beginning 60 days after the date upon which the Exemption Sought is first relied upon by a Dealer, either:
- (i) a current list of all such Dealers that are relying on the Exemption Sought; or
  - (ii) an update to the list of such Dealers or confirmation that there has been no change to such list; and
- (f) prior to a Dealer relying on the Exemption Sought, the Filer provides to the Dealer a disclosure statement informing the Dealer of the implications of this decision.

“Stephen Paglia”  
Manager  
Investment Funds and Structured Products Branch  
Ontario Securities Commission

**2.1.7 Perimeter Markets Inc.**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from the requirement to engage a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards – relief subject to updated management reviews of systems and controls similar in scope to that which would have applied to an independent systems review – National Instrument 21-101 Marketplace Operation.

**Applicable Legislative Provisions**

National Instrument 21-101 Marketplace Operation, ss. 12.2, 15.1.

January 15, 2019

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
MANITOBA, QUÉBEC, ONTARIO, NEW BRUNSWICK,  
NOVA SCOTIA, PRINCE EDWARD ISLAND AND  
NEWFOUNDLAND AND LABRADOR  
(the Jurisdictions)**

**AND**

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

**AND**

**IN THE MATTER OF  
PERIMETER MARKETS INC.  
(the Filer)**

**DECISION**

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for relief from the requirements in the Legislation that the Filer annually engage a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards (collectively, an "ISR") for each year from 2018 through 2020, inclusive (the Exemptive Relief Sought).

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

- (a) the Ontario Securities Commission ("Commission") is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* 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. Perimeter Markets Inc. ("Perimeter") is a corporation established under the laws of the Province of Ontario and its principal business is to operate an alternative trading system ("ATS") as defined in National Instrument 21-101 *Marketplace Operation*;

## Decisions, Orders and Rulings

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2. The head office of Perimeter is located in Toronto, Ontario;
3. Perimeter is a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and is registered in all provinces as a dealer in the category of investment dealer, as a derivatives dealer in Québec, and as a futures commission merchant in Ontario and Manitoba;
4. Bondview and CBID are trademarks of Perimeter;
5. Perimeter's system is an ATS that permits trading exclusively in over-the-counter fixed income securities;
6. Perimeter's system is not connected to any other fixed income marketplace and cannot affect another fixed income marketplace or be affected by another fixed income marketplace;
7. For each of its systems that support order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, Perimeter has developed and maintains:
  - reasonable business continuity and disaster recovery plans;
  - an adequate system of internal control over those systems; and
  - adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security, change management, problem management, network support, and system software support;
8. In accordance with prudent business practice, on a reasonably frequent basis, and, in any event, at least annually, Perimeter:
  - makes reasonable current and future capacity estimates;
  - conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely, and efficient manner;
  - tests its business continuity and disaster recovery plans; and
  - reviews the vulnerability of Perimeter's system and data centre computer operations to internal and external threats including physical hazards and natural disasters;
9. Perimeter's current trading and order entry volumes are less than ten percent of the current design and peak capacity of Perimeter's system and Perimeter's system has not experienced any failure;
10. Perimeter's transaction volume is less than 300 trades per day;
11. The estimated cost to Perimeter of an annual independent systems review by a qualified third party would represent a significant portion of Perimeter's annual net income;
12. Perimeter's system is monitored 24 hours a day, seven days a week to ensure that all components continue to operate and remain secure;
13. Perimeter shall promptly notify the Commission of any failure to comply with the representations set out herein;
14. The cost of an ISR is prejudicial to Perimeter and represents a disproportionate impact on Perimeter's revenue; and
15. The Filer is not in default of the Legislation

### Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted provided that:

## Decisions, Orders and Rulings

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1. Perimeter shall promptly notify the Commission of any material changes to the representations set out herein, including any material changes to Perimeter's annual net income or to the market share or daily transaction volume of Perimeter's system; and
2. Perimeter shall, in each year from 2018 through 2020, inclusive, complete updated management reviews of Perimeter's system and of its controls, similar in scope to that which would have applied had Perimeter undergone an independent systems review, for ensuring it continues to comply with the representations set out herein and shall prepare written reports of its reviews which shall be filed with staff of the Commission no later than 30 days after January 1 of each year, excluding the year 2018 for which the written report shall be filed no later than 30 days from the date of this decision.

"Tracey Stern"  
Manager, Market Regulation  
Ontario Securities Commission



2.2 Orders

2.2.1 Andrew Paul Rudensky – s. 21.7

FILE NO.: 2018-68

IN THE MATTER OF  
ANDREW PAUL RUDENSKY

Robert P. Hutchison, Commissioner and Chair of the Panel

January 9, 2019

ORDER  
(Section 21.7 of the  
*Securities Act*, RSO 1990, c S.5)

WHEREAS on January 7, 2019, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, in relation to the Application by Andrew Paul Rudensky (**Rudensky**) to review decisions of the Investment Industry Regulatory Organization of Canada (**IIROC**) dated July 23, 2018 and October 17, 2018;

ON READING the Application and on hearing the submissions of Staff of IIROC, Staff of the Commission, and the representative of Rudensky;

IT IS ORDERED THAT:

1. Rudensky shall ensure that the record of the original proceeding is filed no later than January 21, 2019;
2. The parties shall give notice of any intention to rely on documents or things not included in the record of the original proceeding, and shall disclose such documents or things, no later than January 28, 2019;
3. Rudensky shall serve and file his hearing brief, if any, and a memorandum of fact and law by no later than February 8, 2019;
4. Staff of IIROC shall serve and file their hearing brief, if any, and a responding memorandum of fact and law by no later than March 11, 2019;
5. Staff of the Commission shall serve and file a memorandum of fact and law no later than March 13, 2019;
6. Rudensky shall serve and file a reply memorandum of fact and law, if any, no later than March 19, 2019;
7. The hearing of the Application will be held on March 26 and, if necessary, shall continue on April 4, 2019, commencing at 10:00 a.m. on each scheduled day, or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary.

“Robert P. Hutchison”

2.2.2 Donna Hutchinson et al.

FILE NO.: 2017-54

IN THE MATTER OF  
DONNA HUTCHINSON,  
CAMERON EDWARD CORNISH,  
DAVID PAUL GEORGE SIDDEERS and  
PATRICK JELF CARUSO

Timothy Moseley, Vice-Chair and Chair of the Panel

January 11, 2019

ORDER

WHEREAS on January 8, 2019, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, with respect to allegations made by Staff of the Commission against Cameron Edward Cornish, David Paul George Sidders (**Sidders**) and Patrick Jelf Caruso (**Caruso**), the proceeding against Donna Hutchinson having previously been resolved;

ON HEARING the submissions of the representatives for Staff of the Commission, David Paul George Sidders and Patrick Jelf Caruso, no one appearing for Cameron Edward Cornish;

IT IS ORDERED THAT:

1. the following dates shall be added to the previously scheduled dates for the hearing on the merits: March 20, 21, and 22, 2019;
2. as a result of the foregoing change, the hearing on the merits shall be held on February 11, 12, 13, 14, 15, 21, and 22, and March 20, 21, and 22, 2019, commencing at 10:00 a.m. on each scheduled day, or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary; and
3. a motion with respect to the possible delivery of summaries of anticipated evidence of Sidders and Caruso is scheduled for January 18, 2019, commencing at 8:30 a.m., or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary.

“Timothy Moseley”

**2.2.3 Perimeter Markets Inc. – s. 8.1 of OSC Rule 13-502 Fees**

**Headnote**

Section 8.1 of OSC Rule 13-502 Fees – Exemption granted from the requirement in Appendix C (item O(1)) to pay fees related to an application for exemption from the requirement in section 12.2 of National Instrument 21-101 Marketplace Operation to engage a qualified party to conduct an independent systems review and prepare a report

**Applicable Legislative Provisions**

OSC Rule 13-502 Fees, s. 8.1 and Item O(1) of Appendix C.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
THE PROVINCE OF ONTARIO**

**AND**

**IN THE MATTER OF  
PERIMETER MARKETS INC.  
(the Applicant)**

**ORDER  
(Section 8.1 of  
Ontario Securities Commission  
Rule 13-502 Fees)**

**UPON** the application by the Applicant (the Fee Exemption Application) to the Director for an order pursuant to section 8.1 of Ontario Securities Commission Rule 13-502 Fees (OSC Rule 13-502) exempting the Applicant from the requirement to pay an activity fee of \$4,800 in connection with an application for an order pursuant to section 15.1 of National Instrument 21-101 *Marketplace Operation* (NI 21-101) exempting the Applicant from the requirement in section 12.2 of NI 21-101 that the Applicant annually engage a qualified party to conduct an independent systems review (ISR) and prepare a report in accordance with established audit standards for each year from 2018 through 2020, inclusive (the ISR Application);

**AND UPON** considering the Fee Exemption Application and the recommendation of staff of the Commission;

**AND UPON** the Applicant having represented to the Director as follows:

1. Perimeter Markets Inc. (Perimeter) is a corporation established under the laws of the Province of Ontario and its principal business is to operate an alternative trading system (ATS) as that term is defined in s. 1.1 of NI 21-101;
2. The head office of Perimeter is located in Toronto, Ontario;
3. Perimeter is a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and is

registered in all provinces as a dealer in the category of investment dealer, as a derivative dealer in Québec, and as a futures commission merchant in Ontario and Manitoba;

4. Perimeter operates an ATS exclusively for trading over-the-counter fixed income securities;
5. Perimeter is a small marketplace and the \$4,800 fee associated with the ISR Application will be unduly burdensome and will put a significant strain on Perimeter's ongoing development;
6. Perimeter's ATS is unique in Canada and Perimeter's business model supports the goals of both the regulators and the general public through its operation of third party, open, and fair fixed income marketplaces. The regulatory financial burden should not be a key barrier to the development, delivery, and ongoing viability of beneficial existing or future fixed income marketplaces in Canada.

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

**IT IS ORDERED** by the Director, pursuant to section 8.1 of OSC Rule 13-502, that the Applicant is exempted from paying an activity fee of \$4,800 in connection with the Application.

**DATED** this 7th day of January, 2019

"Tracey Stern"  
Manager, Market Regulation  
Ontario Securities Commission

2.2.4 USI-Tech Limited – ss. 127(1), 127(10)

FILE NO.: 2018-75

**IN THE MATTER OF  
USI-TECH LIMITED**

Timothy Moseley, Vice-Chair and Chair of the Panel

January 15, 2019

**ORDER**

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

WHEREAS the Ontario Securities Commission (**Commission**) held a hearing in writing to consider a request by Staff of the Commission (**Staff**) for an order imposing sanctions against USI-Tech Limited pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**); and

ON READING the materials filed by Staff and USI-Tech Limited;

IT IS ORDERED, for reasons to follow, that:

1. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by or of USI-Tech Limited cease permanently; and
2. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by USI-Tech Limited cease permanently.

“Timothy Moseley”

2.2.5 Natural Bee Works Apiaries Inc. et al.

FILE NO.: 2018-40

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

Robert P. Hutchison, Commissioner and Chair of the Panel

January 15, 2019

**ORDER**

WHEREAS on January 15, 2019, the Ontario Securities Commission (**Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON HEARING the oral submissions of Staff of the Commission (**Staff**), appearing in person, and Tawlia Chickalo on her own behalf participating by telephone, and Rinaldo Landucci on his own behalf and on behalf of Natural Bee Works Apiaries Inc., participating by telephone;

IT IS ORDERED THAT:

1. an attendance is scheduled on April 3, 2019 at 10:00 a.m. and, if necessary, April 5, 2019 at 10:00 a.m. or such other dates and times as provided by the Office of the Secretary and agreed to by the parties; and
2. the merits hearing shall commence on April 22, 2019 at 10:00 a.m. and continue on April 23, 24, 25 and 26, 2019, or such other dates and times as provided by the Office of the Secretary and agreed to by the parties.

“Robert P. Hutchison”

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## 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
Almonty Industries Inc.	07 January 2019	14 January 2019

### 4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse

### 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
Blocplay Entertainment Inc.	04 December 2018	
Katanga Mining Limited	15 August 2017	
Leviathan Cannabis Group Inc.	07 January 2019	

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## Chapter 7

# Insider Reporting

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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](http://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](http://www.sedi.ca)).





## Chapter 9

# Legislation

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### 9.1.1 Bill 57 An Act to enact, amend and repeal various statutes

#### **BILL 57, AN ACT TO ENACT, AMEND AND REPEAL VARIOUS STATUTES**

Schedules 8 and 38 of *An Act to enact, amend and repeal various statutes* (Bill 57) contained amendments to the *Commodity Futures Act* and the *Securities Act*. Bill 57 received Royal Assent on December 6, 2018, and has become chapter 17, Statutes of Ontario, 2018.

The amendments in Schedules 8 and 38 provide new benchmark regimes in the *Commodity Futures Act* and the *Securities Act*. The text of those schedules may be viewed on the Ontario Legislative Assembly's website at [www.ontla.on.ca](http://www.ontla.on.ca). The text is also reflected in the consolidated versions of the *Commodity Futures Act* and the *Securities Act* available on the Ontario e-laws site at [www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca).

An explanation of these amendments follows.

#### **SCHEDULE 7**

##### **COMMODITY FUTURES ACT**

The major elements of the Schedule are set out below.

A new Part is added with respect to the regulation of benchmarks. Benchmark administrators may apply to be designated or to have a benchmark designated. This designation has a number of legal effects. In particular, the use of non-designated benchmarks may be prohibited by the rules. The Ontario Securities Commission (the Commission) may require information to be provided to a designated benchmark administrator in relation to the designated benchmark.

Benchmark administrators and contributors, including their respective directors, officers and employees, and any of their service providers or security holders that are in a prescribed class, are required to comply with various benchmark requirements that may be established under the Commission's new rule-making powers with respect to benchmarks. Benchmark users are also required to comply with many of these requirements.

The Act is amended to prohibit engaging or participating in the provision of false or misleading information for the purpose of determining a benchmark. It also prohibits conduct that improperly influences the determination of a benchmark.

This amendment came into force on December 6, 2018.

#### **SCHEDULE 38**

##### **SECURITIES ACT**

The major elements of the Schedule are set out below.

A new Part is added with respect to the regulation of benchmarks. Benchmark administrators may apply to be designated or to have a benchmark designated. This designation has a number of legal effects. In particular, the use of non-designated benchmarks may be prohibited by the rules. The Ontario Securities Commission (the Commission) may require information to be provided to a designated benchmark administrator in relation to the designated benchmark.

Benchmark administrators and contributors, including their respective directors, officers and employees, and any of their service providers or security holders that are in a prescribed class, are required to comply with various benchmark requirements that may be established under the Commission's new rule-making powers with respect to benchmarks. Benchmark users are also required to comply with many of these requirements.

The Act is amended to prohibit engaging or participating in the provision of false or misleading information for the purpose of determining a benchmark. It also prohibits conduct that improperly influences the determination of a benchmark.

This amendment came into force on December 6, 2018.

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

Fidelity True North Fund  
Fidelity Global Intrinsic Value Investment Trust  
Principal Regulator – Ontario

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated  
January 9, 2019

Received on January 9, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Fidelity Investments Canada ULC  
Fidelity Investments Canada Limited

**Promoter(s):**

N/A

**Project #2822465**

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**Issuer Name:**

Franklin Conservative Income ETF Portfolio  
Franklin Core ETF Portfolio  
Franklin Growth ETF Portfolio  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated January 7, 2019  
NP 11-202 Preliminary Receipt dated January 8, 2019

**Offering Price and Description:**

Series A, F, FT and T Securities

**Underwriter(s) or Distributor(s):**

FTC Investor Services Inc.  
Franklin Templeton Investments Corp.

**Promoter(s):**

Franklin Templeton Investments Corp.

**Project #2862415**

---

**Issuer Name:**

Franklin K2 Alternatives Fund  
Franklin Target Return Fund  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated January 11, 2019  
NP 11-202 Preliminary Receipt dated January 14, 2019

**Offering Price and Description:**

Series A, F and O securities

**Underwriter(s) or Distributor(s):**

Franklin Templeton Investments Corp.

**Promoter(s):**

Franklin Templeton Investments Corp.

**Project #2863651**

**Issuer Name:**

Harvest Banks & Buildings Income ETF  
Harvest European Leaders Income ETF  
Harvest Global Resource Leaders ETF  
Harvest US Bank Leaders Income ETF  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to Final Long Form Prospectus dated  
January 7, 2019

Received on January 10, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Harvest Portfolios Group Inc.

**Project #2711618**

---

**Issuer Name:**

IA Clarington International Equity Fund  
Principal Regulator – Quebec

**Type and Date:**

Preliminary Simplified Prospectus dated January 11, 2019  
NP 11-202 Preliminary Receipt dated January 14, 2019

**Offering Price and Description:**

Series A, Series E, Series F and Series I units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

IA Clarington Investments Inc.

**Project #2863634**

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**Issuer Name:**

IA Clarington U.S. Equity Opportunities Fund  
Principal Regulator – Quebec

**Type and Date:**

Preliminary Simplified Prospectus dated January 11, 2019  
NP 11-202 Preliminary Receipt dated January 14, 2019

**Offering Price and Description:**

Series A, Series E, Series F and Series I units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

IA Clarington Investments Inc.

**Project #2863637**

**Issuer Name:**

Invesco Emerging Markets Select Pool  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated January 10, 2019  
NP 11-202 Preliminary Receipt dated January 11, 2019

**Offering Price and Description:**

Series I units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Invesco Canada Ltd.

**Project #2863445**

---

**Issuer Name:**

Leith Wheeler Money Market Fund  
Principal Regulator – British Columbia

**Type and Date:**

Amendment #1 to Final Annual Information Form dated  
January 10, 2019

Received on January 11, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Leith Wheeler Investment Counsel Ltd  
Leith Wheeler Investment Funds Ltd.

**Promoter(s):**

Leith Wheeler Investment Counsel Ltd

**Project #2756648**

---

**Issuer Name:**

Mackenzie Multi-Strategy Absolute Return Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Simplified Prospectus dated  
January 11, 2019

Received on January 11, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Mackenzie Financial Corporation

**Project #2759653**

---

**Issuer Name:**

MRF 2019 Resource Limited Partnership  
Principal Regulator – Alberta (ASC)

**Type and Date:**

Preliminary Long Form Prospectus dated January 11, 2019  
NP 11-202 Preliminary Receipt dated January 11, 2019

**Offering Price and Description:**

Maximum Offering: \$50,000,000 – 2,000,000 Units

Minimum Offering: \$5,000,000 – 200,000 Units

Price: \$25 per unit

Minimum Subscription: \$2,500 (One Hundred Units)

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Scotia Capital Inc.

TD Securities Inc.

GMP Securities L. P.

Manulife Securities Incorporated

Industrial Alliance Securities Inc.

Canaccord Genuity Corp.

Middlefield Capital Corporation

Echelon Wealth Partners Inc.

Raymond James Ltd.

**Promoter(s):**

Middlefield Resource Corporation

**Project #2863603**

---

**Issuer Name:**

Purpose Multi-Strategy Market Neutral Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated  
January 14, 2019

Received on January 14, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #2789857**

---

**Issuer Name:**

Purpose Premium Yield Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to Final Simplified Prospectus dated  
January 14, 2019

Received on January 14, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Purpose Investments Inc.

**Project #2823273**

---

**Issuer Name:**

Purpose Core Dividend Fund  
Purpose Strategic Yield Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated  
January 14, 2019

Received on January 14, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Purpose Investments Inc.

Project #2764789

---

**Issuer Name:**

Russell Investments Yield Opportunities Pool  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated January 11, 2019  
NP 11-202 Preliminary Receipt dated January 14, 2019

**Offering Price and Description:**

Series A, B, B-5, F, F-5, O and O-5 Units

**Underwriter(s) or Distributor(s):**

Russell Investments Canada Limited

**Promoter(s):**

Russell Investments Canada Limited

Project #2863625

---

**Issuer Name:**

Blockchain Technologies ETF  
Harvest Banks & Buildings Income ETF  
Harvest Equal Weight Global Utilities Income ETF  
Harvest European Leaders Income ETF  
Harvest Global Gold Giants Index ETF  
Harvest Global Resource Leaders ETF  
Harvest US Bank Leaders Income ETF  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated January 7, 2019

NP 11-202 Receipt dated January 8, 2019

**Offering Price and Description:**

Class A and Class U Units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Harvest Portfolios Group Inc.

Project #2853875

---

**Issuer Name:**

Lazard Global Compounders Fund (formerly, Greystone  
Global Equity Fund)  
Bridgehouse Canadian Bond Fund (formerly, Greystone  
Canadian Bond Fund)  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to Final Simplified Prospectus dated  
December 14, 2018

NP 11-202 Receipt dated January 14, 2019

**Offering Price and Description:**

Series A securities, Series AH securities, Series F  
securities, Series FH securities, Series I securities and  
Series IH securities

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Brandes Investment Partners & Co.

Project #2752128

---

**Issuer Name:**

CI Mosaic Balanced ETF Portfolio  
CI Mosaic Balanced Growth ETF Portfolio  
CI Mosaic Balanced Income ETF Portfolio  
CI Mosaic Growth ETF Portfolio  
CI Mosaic Income ETF Portfolio  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated January 10, 2019

NP 11-202 Receipt dated January 10, 2019

**Offering Price and Description:**

Class A, AT5, F, FT5, I, P, PT5, O, OT5, E and ET5 units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

CI Investments Inc.

Project #2845333

---

**Issuer Name:**

Desjardins Alt Long/Short Equity Market Neutral ETF  
Principal Regulator – Quebec

**Type and Date:**

Final Long Form Prospectus dated January 7, 2019

NP 11-202 Receipt dated January 8, 2019

**Offering Price and Description:**

Units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Desjardins Global Asset Management Inc.

Project #2849025

---

**Issuer Name:**

Fidelity True North Fund  
Fidelity Global Intrinsic Value Investment Trust  
Principal Regulator – Ontario

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated  
January 9, 2019

NP 11-202 Receipt dated January 10, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Fidelity Investments Canada ULC  
Fidelity Investments Canada Limited

**Promoter(s):**

N/A

**Project #2822465**

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**Issuer Name:**

Fidelity Canadian High Quality Index ETF  
Fidelity Canadian Low Volatility Index ETF  
Fidelity International High Quality Index ETF  
Fidelity International Low Volatility Index ETF  
Fidelity U.S. High Quality Currency Neutral Index ETF  
Fidelity U.S. High Quality Index ETF  
Fidelity U.S. Low Volatility Currency Neutral Index ETF  
Fidelity U.S. Low Volatility Index ETF  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated January 3, 2019

NP 11-202 Receipt dated January 8, 2019

**Offering Price and Description:**

Series L units @ net asset value

**Underwriter(s) or Distributor(s):**

Fidelity Investments Canada ULC

**Promoter(s):**

Fidelity Investments Canada ULC

**Project #2841201**

---

**Issuer Name:**

Fidelity CanAM Opportunities Class  
Fidelity CanAM Opportunities Currency Neutral Class  
Fidelity Active Equity Investment Trust  
Fidelity Canadian High Quality Index ETF Fund  
Fidelity Canadian Low Volatility Index ETF Fund  
Fidelity International High Quality Index ETF Fund  
Fidelity International Low Volatility Index ETF Fund  
Fidelity U.S. High Quality Currency Neutral Index ETF Fund  
Fidelity U.S. High Quality Index ETF Fund  
Fidelity U.S. Low Volatility Currency Neutral Index ETF  
Fund  
Fidelity U.S. Low Volatility Index ETF Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated January 3, 2019

NP 11-202 Receipt dated January 8, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Fidelity Investments Canada ULC

**Project #2841252**

---

**Issuer Name:**

Harvest European Leaders Income ETF  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to Final Long Form Prospectus dated  
January 7, 2019

NP 11-202 Receipt dated January 11, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Harvest Portfolios Group Inc.

**Project #2711618**

---

**Issuer Name:**

iShares Core S&P 500 Index ETF  
iShares Core S&P 500 Index ETF (CAD-Hedged)  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated  
January 3, 2019

NP 11-202 Receipt dated January 8, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

BlackRock Asset Management Canada Limited

**Promoter(s):**

N/A

**Project #2733360**

---

**Issuer Name:**

Munro Global Growth Equity Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated January 11, 2019  
NP 11-202 Receipt dated January 11, 2019

**Offering Price and Description:**

Class I units @ net asset value

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

CI Investments Inc.

**Project #2846295**

---

**Issuer Name:**

Purpose Core Dividend Fund  
Purpose Strategic Yield Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to Final Simplified Prospectus dated  
October 29, 2018  
NP 11-202 Receipt dated January 9, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Purpose Investments Inc.

**Project #2764789**

---

**Issuer Name:**

Stone Money Market Fund (formerly Marquest Money  
Market Fund)

Stone Short Term Income Fund (Corporate Class\*)  
(formerly Marquest Short Term Income Fund (Corporate  
Class))

Stone Canadian Bond Fund (formerly Marquest Canadian  
Bond Fund)

Stone Monthly Pay Fund (formerly Marquest Monthly Pay  
Fund)

Stone Monthly Pay Fund (Corporate Class\*) (formerly  
Marquest Monthly Pay Fund (Corporate Class))

Stone Global Strategy Fund (formerly Marquest Global  
Balanced Fund)

Stone American Dividend Growth Fund (formerly Marquest  
American Dividend Growth Fund)

Stone American Dividend Growth Fund (Corporate Class\*)  
(formerly Marquest American Dividend Growth Fund  
(Corporate Class))

Stone Covered Call Canadian Banks Plus Fund (formerly  
Marquest Covered Call Canadian Banks Plus Fund)

Stone Covered Call Canadian Banks Plus Fund (Corporate  
Class\*) (formerly Marquest Covered Call Canadian Banks  
Plus Fund (Corporate Class))

Stone Small Companies Fund (formerly Marquest Small  
Companies Fund)

Stone Canadian Resource Fund (formerly Marquest  
Canadian Resource Fund)

Stone Canadian Resource Fund (Corporate Class\*)  
(formerly Marquest Canadian Resource Fund (Corporate  
Class))

Principal Regulator – Ontario

**Type and Date:**

Amended and Restated to Final Simplified Prospectus  
dated December 14, 2018

NP 11-202 Receipt dated January 10, 2019

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #2781940**

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NON-INVESTMENT FUNDS

**Issuer Name:**

Avicanna Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated January 11, 2019  
NP 11-202 Preliminary Receipt dated January 14, 2019

**Offering Price and Description:**

540,484 Common Shares and 270,242 Warrants issuable  
without payment upon the conversion of 540,484 Special  
Warrants

**Underwriter(s) or Distributor(s):**

Sprott Capital Partners GP Inc.  
Paradigm Capital Inc.  
Interward Asset Management Ltd.

**Promoter(s):**

Aras Azadian  
Kyle Langstaff  
Setu Purohit

**Project #2863765**

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**Issuer Name:**

CannBioRex Pharmaceuticals Corp.  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 dated January 8, 2019 to Preliminary Long  
Form Prospectus dated October 9, 2018  
NP 11-202 Preliminary Receipt dated January 9, 2019

**Offering Price and Description:**

Minimum Public Offering: \$5,000,000/ \* Common Shares  
Maximum Public Offering: \$7,000,000/ \* Common Shares  
Price: \$ \* per Common Share

Underwriter(s) or Distributor(s):

Canaccord Genuity Corp.

**Promoter(s):**

–

**Project #2829461**

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**Issuer Name:**

Woodbridge Ventures Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary CPC Prospectus dated January 10, 2019  
NP 11-202 Preliminary Receipt dated January 11, 2019

**Offering Price and Description:**

Minimum Offering: \$450,000 or 4,500,000 Common Shares  
Maximum Offering: \$550,000 or 5,500,000 Common  
Shares Price: \$0.10 per Common Share

Agent's Option (as hereinafter defined)

Incentive Stock Options (as hereinafter defined)

**Underwriter(s) or Distributor(s):**

PI Financial Corp

**Promoter(s):**

Raphael Danon

**Project #2863292**

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**Issuer Name:**

Royal Nickel Corporation  
Principal Regulator – Ontario

**Type and Date:**

Final Short Form Prospectus (NI 44-101) dated January 9,  
2019

NP 11-202 Receipt dated January 9, 2019

**Offering Price and Description:**

\$6,000,240.00  
13,044,000 Common Shares  
\$0.46 per Offered Share

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.  
Laurentian Bank Securities Inc.  
BMO Nesbitt Burns Inc.  
Canaccord Genuity Corp.  
Macquarie Capital Markets Canada Ltd.

**Promoter(s):**

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**Project #2857235**

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Evovest Inc.	Portfolio Manager	January 11, 2019
New Registration	IP Investment Counsel Inc.	Portfolio Manager and Exempt Market Dealer	January 14, 2019
New Registration	Strategic Global Advisors, LLC	Portfolio Manager	January 14, 2019

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## Chapter 13

# SROs, Marketplaces, Clearing Agencies and Trade Repositories

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### 13.3 Clearing Agencies

#### 13.3.1 Fundserv Inc. – New Rules for Service Providers Related to Access Standards – Notice of Approval

##### FUNDSERV INC.

##### NOTICE OF APPROVAL

##### NEW RULES FOR SERVICE PROVIDERS RELATED TO ACCESS STANDARDS

#### Introduction

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and Fundserv Inc. (Fundserv), the Commission approved on January 8, 2019 new Fundserv rules in respect of processing applications by prospective service providers (Final Rules). Proposed rules were published for public comment in a Notice and Request for Comments on April 24, 2018 (Proposed Rules).

#### Reasons for the Rules

The Final Rules clearly establish Fundserv's processes for onboarding new service providers by way of written procedures to ensure that any industry participant, wishing to become a service provider that is connected to the Fundserv network, understands the onboarding process.

#### Summary of Comments and Final Rules

Fundserv received two (2) comment letters in response to the Proposed Rules published in the Notice and Request for Comments. A summary of the comments submitted, together with Fundserv's response, is attached at **Appendix A**.

Minor changes were made to the Proposed Rules. A copy of the Final Rules, as approved by the Commission, are published on our website at <http://www.osc.gov.on.ca>.

## APPENDIX A

## SUMMARY OF COMMENTS AND RESPONSES

Fundserv received two comment letters from: (i) Canadian ETF Association and (ii) Vexo Technologies Solution Corp.

Capitalized terms used and not otherwise defined shall have the meaning given in the Notice and Request for Comments published on our website on April 24, 2018.

Comment	Fundserv Response
<p>A commenter stated that Fundserv should allow new Service Providers to test their services prior to Service Providers marketing their solutions to the industry. Another commenter stated that there should not be a requirement for a new Service Provider Applicant to have a client signed up, at the time of the Application, who is a member of Fundserv.</p>	<p>The Rules do not establish a new process. All existing Service Provider Applicants have come to Fundserv with an application to use the Network with a client and Fundserv has been able to understand their proposed use of the Network. New Service Provider Applicants do not have to have a specific client at the time of the Application, but they must provide sufficient information about their proposed use of the Network. Access to the Network will be provided once the Applicant has satisfied all information requests of Fundserv and a client has agreed to use the Service Provider's system. Members wishing to use a Service Provider Applicant's system must agree to be responsible for all costs associated with the provision of access to the Network provided to the Service Provider.</p>
<p>A commenter stated that the proposed Rules are not fair and transparent; they impose a burden on competition and/or they will unduly discriminate against new Service Providers.</p>	<p>The Rules do not establish a new process, rather they are a codification of Fundserv's long-standing practice. The Rules are intended to provide complete transparency on Fundserv's requirements. Rather than being subjective and anti-competitive, the Rules set out necessary items of prudent due diligence for Fundserv, in accordance with the regulatory and contractual obligations of Fundserv, so that Fundserv can operate in the public interest and fulfil its regulatory obligations as a regulated clearing agency.</p> <p>Fundserv notes that Fundserv operates as a regulated clearing agency (in addition to its other functions) to connect fund manufacturers and dealers. Service Providers may provide services to either category of members, but it is not Fundserv's primary purpose to provide access to Fundserv and the Fundserv Standards to Service Providers.</p>
<p>A commenter stated that information which may be requested by Fundserv under the Rules is unnecessary, specifically regarding which products will be part of the Service Provider's system. In addition, the potential request for a legal opinion is unnecessary and should not be requested of Service Providers. Specifically, a business plan should not be required to be provided.</p>	<p>The information requested is necessary as due diligence for Fundserv, so it can understand the prospective new system which will use the Network and allow Fundserv to make a determination as to whether an applicant can be permitted to securely access the Network.</p> <p>Fundserv clarifies that a legal opinion may be requested, but it will focus on the Service Provider's proposed use of the Network through its system, not on its clients' use of the Network and general compliance with securities laws.</p> <p>Information about the Service Provider's business plan may be necessary to be provided to Fundserv, if the Service Provider has no clients. Fundserv does not intend that the Service Provider provide it with proprietary confidential information, but rather sufficient information so that Fundserv can understand the proposed use of the Network.</p>

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