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Chapter 1

Notices

1.1 Notices

1.1.1 Notice of Memorandum of Understanding for Oversight of CNSX Markets Inc. Between the Ontario Securities Commission and the British Columbia Securities Commission

**NOTICE OF MEMORANDUM OF UNDERSTANDING
FOR OVERSIGHT OF CNSX MARKETS INC.
BETWEEN THE ONTARIO SECURITIES COMMISSION AND
THE BRITISH COLUMBIA SECURITIES COMMISSION**

The Ontario Securities Commission (**OSC**) has entered into a Memorandum of Understanding (**MOU**) with the British Columbia Securities Commission (**BCSC**) concerning supervision of CNSX Markets Inc (**CSE**). The MOU outlines the manner in which the OSC and the BCSC will cooperate and coordinate their efforts in respect of the oversight of the CSE.

The MOU is subject to the approval of the Minister of Finance.

Questions may be referred to:

Alex Petro
Market Regulation
apetro@osc.gov.on.ca

Ruxandra Smith
Market Regulation
ruxsmith@osc.gov.on.ca

**Memorandum of Understanding (MOU)
for Oversight of CNSX Markets Inc.**

Between

The Ontario Securities Commission (OSC)

and

**The British Columbia Securities Commission (BCSC)
(each a Regulator or, collectively, the Regulators)**

The Regulators hereby agree as follows:

1. Underlying Principles

(I) Scope

- (a) CNSX Markets Inc. (“CSE”) is recognized as an exchange under each of the *Securities Act* (Ontario) and *Securities Act* (British Columbia). Each of the Regulators has issued orders recognizing the CSE subject to terms and conditions.
- (b) This Memorandum of Understanding (“MOU”) outlines the manner in which the Regulators intend to cooperate and coordinate their efforts in respect of the oversight of the CSE.

(II) General Purpose and Objectives

- (a) The Regulators intend to fully cooperate and coordinate with each other in respect of the oversight of the CSE in the interest of fulfilling their respective regulatory mandates, particularly in the areas of investor protection and market integrity.
- (b) The cooperation and coordination by the Regulators under this MOU are intended to ensure that the following objectives are met:
 - (i) each Regulator can meet its respective regulatory mandate;
 - (ii) consistency in the overall oversight approach between the Regulators so that conflicting or incompatible oversight requirements and actions are avoided and oversight gaps are eliminated;
 - (iii) the oversight of the CSE is carried out efficiently and effectively, including that the burden imposed on the CSE under a multiple regulator system is reduced, and the duplication of efforts by the Regulators is minimized.

2. Cooperation between Regulators

- (a) The Regulators will cooperate and coordinate with each other in respect of the oversight of the CSE, including:
 - (i) general supervisory issues, including regulatory, oversight, or other related developments;
 - (ii) issues relevant to the operations, activities, and regulation of the CSE; and
 - (iii) any other areas relevant to overseeing CSE’s compliance with applicable securities laws and the terms and conditions of its recognition orders.
- (b) Coordination between Regulators may be achieved by:
 - (i) clearly defining each Regulator’s respective responsibilities, as set out in this MOU;
 - (ii) sharing information respecting the oversight of the CSE in a timely manner; and
 - (iii) harmonizing regulatory actions with respect to the CSE to the extent possible.

3. Oversight of the CSE

(I) Oversight Program Conducted by Regulators

- (a) Each of the Regulators will establish and conduct an oversight program ("**Oversight Program**") in respect of the CSE.
- (b) The purpose of the Oversight Program is to ensure that the CSE is operating in compliance with applicable Canadian Securities Legislation and the terms and conditions of its recognition orders.
- (c) The Oversight Program will be risk-based and will include the following minimum components:
 - (i) review of information filed by the CSE pursuant to applicable securities laws, including the terms and conditions of the recognition orders issued by each of Regulators;
 - (ii) monitoring of the CSE's compliance with applicable securities laws and the terms and conditions of the recognition orders issued by the Regulators;
 - (iii) approval or non-disapproval of changes to the Rules of CSE and other matters contemplated under applicable securities laws, in accordance with the process outlined in the recognition orders issued by the Regulators; and
 - (iv) periodic on-site reviews.
- (d) Each Regulator agrees to provide the resources necessary to review CSE's compliance with applicable securities laws and terms and conditions of its recognition orders in a timely manner.
- (e) Each Regulator will retain discretion regarding the manner in which an Oversight Program is conducted.
- (f) Each Regulator may organize periodic meetings with the CSE to discuss oversight matters, which may include governance and risk management, listed issuer oversight, trading, rule proposals, approvals required under the recognition orders or applicable securities laws, the Canadian public venture market, operational or strategic trends and challenges, and any other issues. In preparation for these meetings, the Regulator's staff will prepare and circulate a draft agenda to CSE staff, and will then circulate the final agenda and related materials.

(II) Review of proposed rule changes, proposed amendments to the CSE's Form 21-101F1, and information submitted by the CSE

- (a) The Regulators acknowledge that the protocol as set out in the respective recognition orders establishes uniform procedures for the review and approval of all proposed rule changes, proposed F1 Amendments, and information submitted by the CSE.
- (b) Each Regulator agrees to review information submitted by the CSE in a timely manner and accordance with the timelines set out in the protocol of the respective recognition orders.
- (c) Each Regulator will follow its own process for the review or approval of all proposed rule changes, proposed amendments to the CSE's Form 21-101F1 ("**F1 Amendments**"), and information submitted by the CSE as set out in the OSC and BCSC recognition orders and any additional reporting requirements requested of the CSE by either Regulator.
- (d) The Regulators agree to make best efforts to coordinate their review and approval of proposed rule changes, proposed F1 Amendments, and information submitted by the CSE.

(III) Information Sharing

- (a) Each Regulator will, upon request from the other Regulator, provide to that Regulator information concerning the CSE or their oversight activities in respect of the CSE within a reasonable period of time.
- (b) Without limiting the generality of the foregoing, information shared between the Regulators may include:
 - (i) filings and/or material changes related to the operations, business, services, activities, affairs, financial resources, governance, membership, systems, Rules, design or risk controls of the CSE;
 - (ii) results of any oversight activities, including assessments, audits or reviews;

- (iii) decisions, directives or orders or similar regulatory actions with respect to the CSE; and
 - (iv) any other information respecting the oversight of the CSE that a Regulator reasonably requires to discharge its respective regulatory mandate.
- (c) The sharing of any information between the Regulators is subject to applicable law. The Regulators will keep such information confidential to the extent permitted by applicable law and the information will be used by the Regulators only for oversight purposes or otherwise in connection with their respective statutory mandates and responsibilities.
- (d) Each Regulator will provide timely notice to the other Regulator of any proposed changes to legislative, regulatory or legal frameworks with respect to the CSE.

(IV) Coordination on Urgent Matters

- (a) A Regulator that identifies an Urgent Matter (defined as a particular issue or concern which requires urgent action or consideration by the Regulators) will immediately notify the other Regulator by telephone or e-mail, briefly describing the nature and the urgency of the matter.
- (b) Upon identifying or being informed of an Urgent Matter, the Regulators will immediately notify the CSE and organize and convene a teleconference to discuss the Urgent Matter.
- (c) At the initial teleconference, the Regulators and the CSE will discuss the Urgent Matter and possible responses.

4. Contact Persons

- (a) Each Regulator will designate contacts for the purposes of this MOU and shall communicate any updates in respect of the details of such contact persons.
- (b) Each Regulator will provide the CSE with key staff contacts.

5. Waiver

- (a) The provisions of this MOU may be waived by written mutual agreement of the Regulators, with the exception of Article 3, subsection (III)(c).

6. Amendments to this MOU

- (a) This MOU may be amended from time to time by mutual agreement of the Regulators. Any amendments must be in writing and approved by the duly authorized representatives of each Regulator. Any amendment to this MOU is subject to applicable Ministerial or Governmental approvals.
- (b) Any provincial or territorial securities regulatory authority having or soon to have recognized the CSE may become a party to this MOU by obtaining the written consent of the other Regulators. Upon obtaining the consent of the other Regulators, the authority will execute a counterpart of this MOU and provide an original copy of the counterpart to each of the other Regulators.

7. Escalation Process

- (a) Staff of each Regulators agree to act in good faith to resolve, among themselves any disputes or disagreements that arise between them.
- (b) In the event that disputes or disagreements cannot be resolved through discussions among staff, the disputes or disagreements will be escalated for resolution as follows:
 - (i) Within ten (10) business days of an acknowledgement by staff of a failure to resolve a dispute or disagreement, Staff will use their best efforts to arrange for senior staff representatives of the Regulators to discuss the issues and attempt to reach a consensus.
 - (ii) If, after discussions, senior staff representatives of the Regulators are unable to reach a consensus, Staff will, as soon as practicable, escalate the disagreement to the Chairs of the Regulators for discussion.

8. Withdrawal from the MOU

- (a) Either Regulator may withdraw from this MOU at any time upon giving the other Regulator at least ninety (90) days prior written notice. During the notice period, the Regulator wishing to withdraw from this MOU will continue to cooperate in accordance with this MOU.
- (b) A Regulator that withdraws from this MOU will continue to treat information that it obtained under this MOU in the manner prescribed by Article 3, subsection (III)(c).

9. Effective Date and Execution

- (a) This MOU will become effective on the date (the “**Effective Date**”) that all of the following requirements are met:
 - (i) the MOU is signed by both Regulators; and
 - (ii) all applicable Ministerial or governmental approvals are obtained and notice of such approval is provided to both Regulators.
- (b) This MOU may be executed and delivered by the Regulators in one or more counterparts, each of which when so executed and delivered will be deemed to be the original, and those counterparts will together constitute one and the same instrument.

IN WITNESS WHEREOF the duly authorized signatories of the Regulators below have signed this MOU to be effective on the Effective Date of the MOU.

“Grant Vingo”
Acting Chair and Chief Executive Officer
Ontario Securities Commission

“Brenda M. Leong”
Chair and Chief Executive Officer
British Columbia Securities Commission

1.1.2 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of June 30, 2020 has been posted to the OSC Website at www.osc.gov.on.ca.

Table of Concordance

Item Key
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Reformulation

Instrument	Title	Status
51-405	Consideration of an Access Equals Delivery Model for Non-Investment Fund Reporting	<i>Published for comment January 9, 2020</i>
23-325	Trading Fee Rebate Pilot Study	<i>Published January 23, 2020</i>
11-739	Policy Reformulation of Concordance and List of New Instruments (Revised)	<i>Published January 30, 2020</i>
52-112	Proposed NI 52-112 Non-GAAP and Other Financial Measures Disclosure	<i>Published for comment February 13, 2020</i>
94-102	Customer Clearing and Protection of Customer Collateral and Positions	<i>Notice of Ministerial Approval published on February 13, 2020</i>
23-326	Order Protection Rule: Market Share threshold for the period April 1, 2020 to March 31, 2021	<i>Published February 13, 2020</i>
81-502	Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds	<i>Published for comment February 20, 2020</i>
21-328	Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities	<i>Published March 5, 2020</i>
43-310	Confidential Pre-File Review of Prospectuses (for non-investment fund issuers)	<i>Published March 5, 2020</i>
31-103	Amendments to NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to Enhance the Protection of Older and Vulnerable Clients	<i>Published for comment March 5, 2020</i>
45-110	Start-up Crowdfunding Registration and Prospectus Exemptions	<i>Published for comment March 5, 2020</i>
24-102	Amendments to NI 24-102 Clearing Agency Requirements	<i>Commission approval published on March 19, 2020</i>
25-502	Temporary Exemption from Certain Reporting Requirements for Regulated Entities Carry on Business in Ontario – General Order	<i>Published March 26, 2020</i>
81-503	Extension of Certain Filing, Delivery and Prospectus Renewal Requirements of Investment Funds – General Order	<i>Published March 26, 2020</i>

Notices

31-510	Temporary Exemption from Certain Financial Statement and Information Delivery Requirements for Registrants and Unregistered Capital Markets Participants – General Order	<i>Published March 26, 2020</i>
51-502	Temporary Exemption from Certain Corporate Finance Requirements – Notice of General Order	<i>Published March 26, 2020</i>
24-101	Amendments to NI 24-101 Institutional Trade Matching and Settlement – Notice of Amendment	<i>Commission approval published on March 26, 2020</i>
31-357	Blanket Orders/Class Orders in respect of Certain Client Focused Reforms Provisions of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations	<i>Published April 16, 2020</i>
31-103	Relief in respect of Client Focused Reforms Relationship Disclosure Information Provisions of NI 31-103 Registration requirements, Exemptions and Ongoing Registrant Obligations	<i>Published April 16, 2020</i>
13-504	Temporary Relief from Accrual of Late Fees Charged under OSC Rule 13-502 Fees – Notice of General Order	<i>Published April 23, 2020</i>
13-505	Temporary Relief from Accrual of Late Fees Charged under OSC Rule 13-503	<i>Published April 23, 2020</i>
81-504	Temporary Exemption from Borrowing Limit to Accommodate Redemption Requests of Mutual Funds Investing in Fixed Income Securities	<i>Published April 23, 2020</i>
11-788	Statement of Priorities – Request for Comments Regarding Statement of Priorities for Financial Year to end March 31, 2021	<i>Published for Comment April 30, 2020</i>
51-360	Frequently Asked Questions Regarding Filing Extension Relief Granted by Way of a Blanket Order in Response to COVID-19	<i>Published May 7, 2020</i>
51-504	Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials	<i>Published May 7, 2020</i>
51-360	Frequently Asked Questions Regarding Filing Extension Relief Granted by Way of a Blanket Order in Response to COVID-19 (Revised)	<i>Published May 21, 2020</i>
51-505	Ontario Instrument 51-505 Temporary Exemption from Certain Corporate Finance Requirements with Deadlines during the Period from June 2 to August 31, 2020 – General Order	<i>Published May 28, 2020</i>
81-505	Extension of Certain Filing, Delivery and Prospectus Renewal Requirements of Investment Funds with Deadlines during the Period from June 2, to September 30, 2020	<i>Published May 28, 2020</i>
13-506	Ontario Instrument 13-506 Temporary Relief from Accrual of Late Fees Charged under OSC Rule 13-502 Fees, No. 2 – General Order	<i>Published June 4, 2020</i>
13-507	Ontario Instrument 13-507 Temporary Relief from Accrual of Late Fees Charged under OSC Rule 13-503 Fees No. 2	<i>Published June 4, 2020</i>
43-311	Review of Mineral Resource Estimates in Technical Reports	<i>Published June 4, 2020</i>

Notices

45-505	Relief in Respect of the Distribution of Securities Through a Funding Portal Operated by Silver Maple Ventures Inc.- General Order	<i>Published June 4, 2020</i>
21-101	Mandatory Post-Trade Transparency of Trades in Government Debt Securities, Expanded Transparency of Trades in Corporate Debt Securities and Amendments to NI 21-101 Marketplace Operation	<i>Commission approval published June 4, 2020</i>
24-101	Amendments to NI 24-101	<i>Notice of Ministerial Approval published June 4, 2020</i>
44-102	Amendments to NI 44-102 Shelf Distributions – Related to at-the-Market Distributions	<i>Commission approval published on June 4, 2020</i>
24-102	Amendments to NI 24-102 Clearing Agency Requirement	<i>Notice of Ministerial Approval published June 18, 2020</i>
21-101	Amendments to NI 21-101 Marketplace Operation	<i>Commission approval published on June 28, 2020</i>
11-789	Notice of Statement of Priorities for Financial Year to end March 31, 2021	<i>Published June 25, 2020</i>

For further information, contact:

Darlene Watson
Project Specialist
Ontario Securities Commission
416-593-8148

July 16, 2020

1.4 Notices from the Office of the Secretary

1.4.2 Sean Daley and Kevin Wilkerson

1.4.1 Sean Daley et al.

FOR IMMEDIATE RELEASE
July 10, 2020

FOR IMMEDIATE RELEASE
July 10, 2020

**SEAN DALEY; and
SEAN DALEY carrying on business as
the ASCENSION FOUNDATION,
OTO.Money,
SilentVault, and
CryptoWealth;
WEALTH DISTRIBUTED CORP.;
CYBERVISION MMX INC.;
KEVIN WILKERSON; and
AUG ENTERPRISES INC.,
File No. 2019-28**

**SEAN DALEY and
KEVIN WILKERSON,
File No. 2019-39**

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

A copy of the Order dated July 10, 2020 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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

A copy of the Order dated July 10, 2020 is available at www.osc.gov.on.ca.

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1.4.3 Stanislaw A. Pasyk

FOR IMMEDIATE RELEASE
July 14, 2020

STANISLAW A. PASYK,
File No. 2020-17

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

A copy of the Reasons and Decision and the Order dated July 13, 2020 are available at www.osc.gov.on.ca.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Chou Associates Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from self-dealing provisions in section 4.2 of NI 81-102 and subsection 13.5(2)(b) of NI 31-103 to permit mutual funds to sell portfolio assets to an affiliate of the fund's manager – sale is for illiquid securities of a private issuer to help funds reduce funds' overall illiquid asset exposure – independent valuation confirmed sales price is reasonable – proposed sale approved by funds' IRC.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2(1), 19.1.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss 13.5(2)(b), 15.1.

June 25, 2020

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
CHOU ASSOCIATES MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
CHOU RRSP FUND AND
CHOU BOND FUND
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer under section 19.1 of National Instrument 81-102 *Investment Funds (NI 81-102)* and section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*, on behalf of the Funds, for relief from:

- (a) the requirement in section 4.2 of NI 81-102, which prevents an investment fund from purchasing a security from or selling a security to any of the following persons or companies:
 1. The manager, portfolio adviser or trustee of the investment fund;

2. A partner, director or officer of the investment fund or of the manager, portfolio adviser or trustee of the investment fund;
3. An associate or affiliate of a person or company referred to in paragraph 1 or 2;
4. A person or company, having fewer than 100 securityholders of record, of which a partner, director or officer of the investment fund or a partner, director or officer of the manager or portfolio adviser of the investment fund is a partner, director, officer or securityholder,

if such persons or companies are acting as principal (the **Self-Dealing Relief**)

and (b) section 13.5(2)(b)(i) of NI 31-103, which restricts the registered adviser from knowingly causing the purchase or sale of a security from or to the investment portfolio to the investment portfolio of a responsible person (the **Inter-Fund Trade Relief** and together with the Self-Dealing Relief, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

- (a) the Ontario Securities Commission 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 all of the provinces of Canada other than the Jurisdiction (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Defined terms contained in NI 31-103 and NI 81-102 have the same meaning in this decision unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer in respect of the Filer and the Funds.

The Filer

1. The Filer is a corporation under the laws of the Province of Ontario.
2. The Filer is registered as an investment fund manager, portfolio manager and exempt market dealer in Ontario.
3. The Filer is the investment fund manager and portfolio manager of the Funds.
4. The Filer is not in default of securities legislation in any jurisdiction in Canada.

The Funds

5. The Funds are open-ended mutual funds established under the laws of the Province of Ontario. The Funds are reporting issuers in each of the Jurisdictions.
6. The Funds filed a simplified prospectus on September 14, 2019, for which it received a receipt.
7. The investment objective of the Chou RRSP Fund (the **RRSP Fund**) is to provide long-term growth of capital by investing in equity and debt instruments of primarily Canadian businesses.
8. The investment objective of the Chou Bond Fund (the **Bond Fund**) is to provide conservation of principal and income production, along with capital appreciation.
9. The Filer has established an independent review committee (**IRC**) in respect of each of the Funds in accordance with the requirements of National Instrument 81-107 *Independent Review Committee (NI 81-107)*
10. Neither of the Funds is in default of securities legislation of any jurisdiction in Canada.

The Affiliate

11. 2665411 Ontario Inc. (the **Affiliate**) is a corporation under the laws of the Province of Ontario.

Decisions, Orders and Rulings

12. The Affiliate and the Filer are under common ownership by Francis Chou.
13. The Affiliate is not a reporting issuer in any jurisdiction in Canada and is not considered an “investment fund” as that term is defined in securities legislation.

The Proposed Sale

14. The Affiliate is proposing to purchase 242914 common shares of EXCO Resources Inc. (**EXCO**) from the RRSP Fund, and 60136 common shares of EXCO from the Bond Fund (the **Proposed Sale**).
15. EXCO is a private issuer that is not listed for trading on an exchange. The Funds originally acquired the EXCO common shares pursuant to a corporate restructuring in which certain EXCO debt instruments held by the Funds were converted to common shares. The EXCO common shares held by the Funds are considered “illiquid assets” as that term is defined in NI 81-102.
16. The Proposed Sale is primarily to help reduce the amount of illiquid assets held in the Funds’ portfolios, and completion of the Proposed Sale will result in a substantial reduction in the proportion of illiquid assets in each Fund’s portfolio.

Generally

17. The Affiliate is proposing to purchase the EXCO shares as principal under the Proposed Sale. Absent the Self-Dealing Relief, the Affiliate would not be permitted to purchase the EXCO shares from the Funds.
18. The Filer is the portfolio manager of the Funds and is therefore a “responsible person” to the Funds as that term is defined in NI 31-103. Absent the Inter-Fund Trade Relief, the Filer, would not be permitted to cause the Funds to sell the EXCO shares to the Affiliate under the Proposed Sale.
19. The Filer has retained Duff & Phelps, LLC, (the **Valuator**), a firm which is independent of the Filer and the Affiliate, to provide an independent valuation of the EXCO common shares held by the Fund, and the Valuator’s report is updated on quarterly basis. The proposed price to be paid for the EXCO common shares by the Affiliate under the Proposed Sale, is within the fair market valuation range provided by the Valuator as of December 31, 2019 in its most recent valuation report dated March 17, 2020. The proposed price is also consistent with how the EXCO shares are valued in the Funds’ portfolios.
20. The Filer also submits that the proposed price to be paid for the EXCO common shares by the Affiliate under the Proposed Sale is higher than the price of EXCO common shares trades on the over the counter (**OTC**) market, and therefore higher than the price that would likely be offered by an arm’s length third party.
21. Pursuant to section 5.1 of NI 81-107, the Proposed Sale was referred to the Funds’ IRC. After reasonable inquiry, the IRC concluded on February 21, 2020 that the Proposed Sale will achieve a fair and reasonable result for the Funds.
22. The Filer submits that the Proposed Sale is in the best interests of the Funds to reduce the amount of illiquid investments held by each of the Funds.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that, at the time of the Proposed Sale:

1. The EXCO common shares are not listed for trading on an exchange.
2. There have been no changes to the material terms of the Proposed Sale, including the purchase price for the EXCO common shares.
3. The IRC approval of the Proposed Sale has not been revoked.
4. The Filer receives no remuneration with respect to the Proposed Sale. With respect to the delivery of securities, the only expenses that may be incurred by the Funds are nominal administrative charges levied by the custodian and/or recordkeeper of the Funds for recording the trades and/or any charges by a dealer in transferring the securities.

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5. The Filer will keep written records of the Proposed Sale including the value assigned to the EXCO shares delivered to the Affiliate, for 5 years after the end of each Fund's fiscal year in with the Proposed Sale takes place, the most recent two years in a reasonably accessible place.

"Neeti Varma"
Manager, Investment Funds and
Structured Products
ONTARIO SECURITIES COMMISSION

2.1.2 Fiera Investments LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger and change of manager – merger approval required because the mergers do not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 Investment Funds – manager of a continuing fund is not an affiliate of the manager of the terminating fund – unitholders of the terminating fund are provided with timely and adequate disclosure regarding the merger and change of manager.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(a), 5.5(1)(b), 19.1.

June 17, 2020

**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
FIERA INVESTMENTS LP
(the Filer)**

AND

**FIERA CANADIAN BOND FUND,
LOOMIS SAYLES GLOBAL DIVERSIFIED CORPORATE BOND FUND,
LOOMIS SAYLES STRATEGIC MONTHLY INCOME FUND,
FIERA STRATEGIC BALANCED REGISTERED FUND,
FIERA INTRINSIC BALANCED REGISTERED FUND,
FIERA CANADIAN DIVIDEND REGISTERED FUND,
FIERA U.S. DIVIDEND REGISTERED FUND,
FIERA CORE GLOBAL EQUITY REGISTERED FUND,
FIERA CANADIAN PREFERRED SHARE REGISTERED FUND,
OAKMARK U.S. EQUITY REGISTERED FUND, AND
OAKMARK INTERNATIONAL EQUITY REGISTERED FUND
(the Trust Funds)**

AND

**FIERA CANADIAN BOND CLASS,
LOOMIS SAYLES GLOBAL DIVERSIFIED CORPORATE BOND CLASS,
FIERA STRATEGIC BALANCED CLASS,
FIERA INTRINSIC BALANCED CLASS,
FIERA CANADIAN DIVIDEND CLASS,
FIERA U.S. DIVIDEND CLASS,
FIERA CORE GLOBAL EQUITY CLASS,
FIERA CANADIAN PREFERRED SHARE CLASS,
OAKMARK U.S. EQUITY CLASS, AND
OAKMARK INTERNATIONAL EQUITY CLASS
(the Class Funds and, together with the Trust Funds, 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**) approving:

- a. the change of manager of the Funds from the Filer to Canoe Financial LP (**Canoe**) (the **Change of Manager**) pursuant to paragraph 5.5(1)(a) of National Instrument 81-102 - *Investment Funds (NI 81-102)*; and
- b. the mergers of the Funds into certain mutual funds managed or to be managed by Canoe (each, a **Canoe Continuing Fund** and together, the **Canoe Continuing Funds**) pursuant to paragraph 5.5(1)(b) of NI 81-102 (the **Mergers**).

(collectively, the **Approvals 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;
- b. The Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 - *Passport System (MI 11-102)* is intended to be relied upon in each of Alberta, British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Northwest Territories, Nunavut and Yukon (together with the Jurisdiction, the **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, MI 11-102, and NI 81-102 have the same meaning if used in this decision, unless otherwise defined.

In addition:

Closing means the closing of the Proposed Transaction (as defined below), which is expected to occur on or about June 26, 2020.

Representations

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

The Filer

1. The Filer is a limited partnership formed under the laws of Ontario. The general partner of the Filer is Fiera Investments Limited (the **General Partner**), a corporation incorporated under the laws of Ontario.
2. The Filer's head office is located in Toronto, Ontario.
3. The Filer is the investment fund manager and portfolio manager of the Funds, as well as the trustee of the Trust Funds, with the exception of Loomis Sayles Strategic Monthly Income Fund, whose portfolio manager is Loomis, Sayles & Company, L.P.
4. The Filer is registered in all provinces and territories in the category of exempt market dealer. The Filer is also registered in Québec, Ontario and Newfoundland and Labrador in the category of investment fund manager, and in Ontario in the category of mutual fund dealer and portfolio manager.
5. The Filer is not in default of securities legislation in any of the Canadian Jurisdictions.

The Funds

6. Each of the Trust Funds is a mutual fund formed as a trust established under the laws of Ontario pursuant to the Amended and Restated Master Declaration of Trust dated as of May 5, 2006, as amended (the **Declaration of Trust**).
7. Each of the Class Funds represents a distinct investment portfolio corresponding to certain classes of shares of Fiera Investments Capital Corporation (**FIC**), a mutual fund corporation governed by the *Business Corporations Act* (Ontario).

8. With the exception of Loomis Sayles Strategic Monthly Income Fund, Fiera Canadian Bond Fund and Loomis Sayles Global Diversified Corporate Bond Fund (each a **Single Trust Fund** and collectively, the **Single Trust Funds**), each of the Trust Funds has a corresponding Class Fund with similar investment objectives into which it invests substantially all its portfolio assets. Each of Fiera Canadian Bond Class and Loomis Sayles Global Diversified Corporate Bond Class has a corresponding Single Trust Fund with similar investment objectives into which it invests substantially all its portfolio assets. Loomis Sayles Strategic Monthly Income Fund does not have a corresponding Class Fund.
9. Three classes of each Class Fund are currently offered by prospectus, namely (i) Return of Capital, (ii) Dividend, and (iii) Compound Growth. Certain classes of mutual funds shares of some Class Funds were previously offered by prospectus, such as the Capital Gains class, and certain other classes of mutual fund shares of the Class Funds were never offered to the public, such as the Inter-Fund class, which was used to track investments from the relevant Trust Funds into the Class Funds. Each of the classes of each Class Fund is further subdivided into three series available to the public, Series A, F, and I, and some classes of certain Class Funds were subdivided into other series which still exist, but are no longer available for purchase under the prospectus.
10. The Funds are currently offered for sale in every province and territory of Canada under a simplified prospectus, annual information form and fund facts documents dated June 14, 2019, as amended and restated on July 12, 2019 and further amended by Amendment No. 1 dated October 18, 2019, and further amended by Amendment No. 2 dated April 17, 2020, prepared in accordance with the requirements of National Instrument 81-101 - *Mutual Fund Prospectus Disclosure* (**NI 81-101**).
11. On May 15, 2020, the Canadian Securities Administrators issued exemptive relief in favour of the Filer and the Funds pursuant to which the lapse date of the Funds' simplified prospectus was postponed to on or before August 31, 2020.
12. Each Fund is a reporting issuer under the applicable securities legislation of each of the Jurisdictions and is not in default of securities legislation in any of the Canadian Jurisdictions.
13. Each Trust Fund is a "registered investment" under the *Income Tax Act* (Canada) (**Tax Act**) and, except for one Trust Fund, all Funds qualify as a mutual fund trust under the Tax Act.
14. As FIC is a mutual fund corporation under the Tax Act, the shares of each of the Class Funds are qualified investments for registered plans.

Canoe

15. Canoe is a limited partnership established under the laws of Alberta. The general partner of Canoe is Canoe Financial Corp., a corporation incorporated under the laws of Alberta. Canoe's head office is located in Calgary, Alberta.
16. Canoe is registered as an exempt market dealer in each of the provinces and territories of Canada, as a portfolio manager in Alberta, Ontario and Québec, as an investment fund manager in Alberta, Newfoundland and Labrador, Ontario and Québec, and as a derivatives portfolio manager in Québec.
17. Canoe is the manager of certain open-ended investment funds (**Canoe Mutual Funds**) that are formed as either (i) a trust under the laws of Alberta, or (ii) an investment in a series of shares of a class of Canoe 'GO CANADA!' Fund Corp. (**Canoe Fund Corp.**), a corporation established under the *Business Corporations Act* (Alberta), and a unit (**CTF Unit**) of Canoe Trust Fund (**CTF**), a fund that is formed as a trust (collectively, a **Canoe Portfolio Class Fund**). Canoe is also the manager of certain closed-ended investment funds (with the **Canoe Mutual Funds**, the **Canoe Funds**).
18. Canoe's primary business is to act as investment fund manager for the Canoe Funds and to act as portfolio manager for certain Canoe Funds.
19. Canoe is not in default of securities legislation in any of the Canadian Jurisdictions.

Canoe Mutual Funds

20. Each of the existing Canoe Mutual Funds is a mutual fund constituted as a trust and governed by a master declaration of trust (each, a **Canoe Mutual Fund Trust**) or is a Canoe Portfolio Class Fund.
21. Canoe acts as investment fund manager of the Canoe Mutual Funds and as trustee of the Canoe Mutual Fund Trusts.
22. The existing Canoe Mutual Funds are reporting issuers under the securities legislation of each of the provinces and territories of Canada.

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23. The securities of the existing Canoe Mutual Funds are qualified for distribution by simplified prospectus governed by NI 81-101.
24. Securities of the existing Canoe Mutual Funds, other than Canoe Defensive Global Balanced Fund, are currently offered under a simplified prospectus and annual information form each dated August 2, 2019, as it may be amended from time to time. Securities of Canoe Defensive Global Balanced Fund are currently offered under a simplified prospectus, annual information form and fund facts documents each dated April 9, 2020, as it may be amended from time to time.
25. Provided the Proposed Transaction closes and the applicable Mergers involving the New Canoe Fund (as defined below) receive all necessary securityholder and regulatory approvals, Canoe will create the New Canoe Fund and qualify securities of the New Canoe Fund for distribution under a simplified prospectus governed by NI 81-101.
26. Securities of the existing Canoe Mutual Funds, other than Canoe Defensive Global Balanced Fund, are qualified investments for registered plans. Securities of Canoe Defensive Global Balanced Fund and the New Canoe Fund are expected to be qualified investments for registered plans.
27. The existing Canoe Mutual Funds are not in default of securities legislation in any of the Canadian Jurisdictions.

The Proposed Transaction

28. The Filer has entered into an agreement with Canoe (the **Purchase Agreement**) pursuant to which Canoe has agreed to acquire the rights to manage the Funds from the Filer (the **Proposed Transaction**).
29. A press release announcing the Proposed Transaction was issued and disseminated on April 9, 2020 and a related material change report, and amendments to the simplified prospectus, annual information form and fund facts documents of the Funds were filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**) in connection with the Proposed Transaction on April 20, 2020.
30. As part of the Proposed Transaction, Canoe intends to, amongst other things, change the investment fund manager of the Funds, trustee of the Trust Funds, and portfolio manager of the Funds (other than Loomis Sayles Strategic Monthly Income Fund) and, on or about July 3, 2020 (the **Merger Date**), merge the Funds into the Canoe Continuing Funds as more fully described in the following table (each, a **Merger** and collectively, the **Mergers**):

	Fund	Canoe Continuing Fund
Merger 1	Fiera Canadian Bond Class	Canoe Bond Advantage Portfolio Class, which consists of Canoe Bond Advantage Class and units of Canoe Trust Fund
Merger 2	Loomis Sayles Global Diversified Corporate Bond Class	Canoe Global Income Portfolio Class, which consists of Canoe Global Income Class and units of Canoe Trust Fund
Merger 3	Fiera Canadian Preferred Share Class	Canoe Preferred Share Portfolio Class, a new Canoe Portfolio Class Fund to be created prior to the Merger Date consisting of Canoe Preferred Share Class and units of Canoe Trust Fund
Merger 4	Fiera Intrinsic Balanced Class	Canoe Defensive Global Balanced Fund
Merger 5	Fiera Canadian Dividend Class	Canoe Premium Income Fund
Merger 6	Fiera U.S. Dividend Class	Canoe Defensive U.S. Equity Portfolio Class, which consists of Canoe Defensive U.S. Equity Class and units of Canoe Trust Fund

	Fund	Canoe Continuing Fund
Merger 7	Fiera Strategic Balanced Class	Canoe North American Monthly Income Portfolio Class, which consists of Canoe North American Monthly Income Class and units of Canoe Trust Fund
Merger 8	Fiera Core Global Equity Class	Canoe Global Equity Fund
Merger 9	Oakmark U.S. Equity Class	Canoe Defensive U.S. Equity Portfolio Class, which consists of Canoe Defensive U.S. Equity Class and units of Canoe Trust Fund
Merger 10	Oakmark International Equity Class	Canoe Defensive International Equity Fund
Merger 11	Fiera Canadian Bond Fund	Canoe Bond Advantage Portfolio Class, which consists of Canoe Bond Advantage Class and units of Canoe Trust Fund
Merger 12	Loomis Sayles Global Diversified Corporate Bond Fund	Canoe Global Income Fund
Merger 13	Loomis Sayles Strategic Monthly Income Fund	Canoe Global Income Fund
Merger 14	Fiera Canadian Preferred Share Registered Fund	Canoe Preferred Share Portfolio Class, a new Canoe Portfolio Class Fund to be created prior to the Merger Date consisting of Canoe Preferred Share Class and units of Canoe Trust Fund
Merger 15	Fiera Intrinsic Balanced Registered Fund	Canoe Defensive Global Balanced Fund
Merger 16	Fiera Canadian Dividend Registered Fund	Canoe Premium Income Fund
Merger 17	Fiera U.S. Dividend Registered Fund	Canoe Defensive U.S. Equity Portfolio Class, which consists of Canoe Defensive U.S. Equity Class and units of Canoe Trust Fund
Merger 18	Fiera Strategic Balanced Registered Fund	Canoe North American Monthly Income Portfolio Class, which consists of Canoe North American Monthly Income Class and units of Canoe Trust Fund
Merger 19	Fiera Core Global Equity Registered Fund	Canoe Global Equity Fund
Merger 20	Oakmark U.S. Equity Registered Fund	Canoe Defensive U.S. Equity Portfolio Class, which consists of Canoe Defensive U.S. Equity Class and units of Canoe Trust Fund
Merger 21	Oakmark International Equity Registered Fund	Canoe Defensive International Equity Fund

31. In accordance with the provisions of National Instrument 81-107 - *Independent Review Committee for Investment Funds (NI 81-107)*, the Filer referred the Proposed Transaction, including the Change of Manager and the Mergers to the Independent Review Committee (**IRC**) of the Funds for its review. On May 4, 2020, the IRC advised the Filer that, after reasonable inquiry, the Proposed Transaction achieves a fair result for the Funds.

32. The Filer is not entitled to rely upon the approval of the applicable IRC in lieu of securityholder approval for the Mergers due to the fact that the requirement of section 5.3(2) of NI 81-102, that all the conditions of section 5.6 of NI 81-102 be met, cannot be fulfilled, notably because:
- a. the Funds and Canoe Continuing Funds do not have the same or affiliated managers;
 - b. the Funds and Canoe Continuing Funds would not be considered by a reasonable person to have substantially similar investment objectives, other than in the case of Mergers 3, 5, 8, 9, 10, 14, 16, 19, 20 and 21;
 - c. the Funds and Canoe Continuing Funds would not be considered by a reasonable person to have substantially similar fee structures;
 - d. the Mergers involving each of Fiera Canadian Preferred Share Registered Fund, Fiera Intrinsic Balanced Registered Fund, Fiera Canadian Dividend Registered Fund, Fiera U.S. Dividend Registered Fund, Fiera Strategic Balanced Registered Fund, Fiera Core Global Equity Registered Fund, Oakmark U.S. Equity Registered Fund and Oakmark International Equity Registered Fund (each, a **Registered Fund**), being Merger 14 through Merger 21, will not be implemented as a “qualifying exchange” within the meaning of section 132.2 of the Tax Act or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act; and
 - e. the materials to be sent to certain securityholders of the Funds in respect of certain Mergers will not include the current simplified prospectus or the most recently filed fund facts document(s) for the series of the Canoe Continuing Funds into which the applicable series of the Funds are merging into because:
 - i. the applicable series of the Canoe Continuing Funds (the **Hard Capped Series**) will not be qualified for distribution under a prospectus, will not be available for sale subsequent to the Mergers (the **Hard Capped Mergers**) and, in certain instances, are being created solely to facilitate the Mergers; or
 - ii. the series of Canoe Preferred Share Portfolio Class (the **New Canoe Fund**) will only be created and qualified for distribution under a prospectus if the Proposed Transaction closes and the applicable Mergers receive all necessary securityholder and regulatory approvals (the **New Canoe Fund Mergers**).
33. Pursuant to section 5.1(1)(b) of NI 81-102 and section 9.1 of the Declaration of Trust in respect of the Fiera Trust Funds, special meetings of the securityholders of the Funds were held on June 12, 2020 (the **Meetings**), for the purpose of seeking approval, *inter alia*, of matters relating to the Proposed Transaction with Canoe. Investors in the Funds were asked to vote on the proposed Change of Manager and, in the case of the Trust Funds, on the change of trustee from Fiera to Canoe (the **Change of Trustee**). In addition, investors in each Fund were asked to approve the relevant Merger (the Change of Manager, Change of Trustee and Mergers are collectively referred to as the **Transaction Approval Changes**).
34. At the Meetings, investors in each Fund voted to approve the Change of Manager and each relevant Merger. In the case of the Trust Funds, investors in each Trust Fund voted to approve the Change of Trustee.
35. The notice of Meetings and the joint management information circular in respect of the Meetings (the **Meeting Materials**) describing the Transaction Approval Changes were sent to securityholders of the Funds on May 22, 2020 and copies thereof were filed on SEDAR following the mailing in accordance with the Legislation. The Meeting Materials contained sufficient information regarding the business, management and operations of Canoe, including details of its officers and directors, and all information necessary to allow securityholders of the Funds to make an informed decision about the Transaction Approval Changes. All other information and documents necessary to comply with applicable proxy solicitation requirements of the Legislation for the Meetings were also mailed to securityholders of the Funds, including fund facts document(s) of the Canoe Continuing Funds, other than as described in paragraph 37 below.
36. As a result, upon Closing, and subject to receipt of all necessary regulatory and securityholder approvals and the satisfaction of all other required conditions precedent set out in the Purchase Agreement, including approval of the Mergers, the Change of Manager will occur.
37. Also effective upon Closing, Fiera Capital Corporation, the Filer’s parent company, will become sub-advisor of certain Canoe Continuing Funds in accordance with the terms of a sub-advisory agreement between Canoe and Fiera Capital Corporation.

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38. Fund facts document(s) relating to the applicable series of each Canoe Continuing Fund were mailed to securityholders of the corresponding series of each Fund in all instances, other than fund facts document(s) for the New Canoe Fund (for which no fund facts document(s) were mailed but prospectus-level disclosure will be provided in the Meeting Materials) and for the Hard Capped Series (for which the fund facts document(s) specified in paragraph 38 were mailed).
39. In respect of the Hard Capped Mergers, the following Hard Capped Series will not be qualified for distribution under a prospectus, will not be available for sale subsequent to the Mergers and, in certain instances, are being created solely to facilitate the Mergers. Because a current simplified prospectus and fund facts document(s) are not available for the Hard Capped Series, securityholders of each of the corresponding series of the Funds were sent fund facts document(s) relating to the following series of securities of the applicable Canoe Continuing Fund:

Fund	Class	Series Currently Held	Hard Capped Series Received pursuant to Merger	Series of Fund Facts Received	Canoe Continuing Fund		
Fiera Intrinsic Balanced Class	Capital Gains	H	HN	A	Canoe Defensive Global Balanced Fund		
		U	AN				
	Return of Capital	H	HN				
	Dividend	H	HN				
	Compound Growth	H	HN				
U		AN					
Fiera Intrinsic Balanced Registered Fund	-	H	HN				
		U	AN				
Fiera Canadian Bond Class	Capital Gains	H	HN			A	Canoe Bond Advantage Portfolio Class, which consists of Canoe Bond Advantage Class and units of Canoe Trust Fund
		U	AN				
	Return of Capital 6	H	HN				
	Return of Capital	H	HN				
		U	AN				
	Dividend 6	H	HN				
	Dividend	H	HN				
		U	AN				
Compound Growth	H	HN					
	U	AN					
Fiera Canadian Bond Fund	-	H	HN				
Loomis Sayles Global Diversified Corporate Bond Class	Capital Gains	H	HN	A	Canoe Global Income Portfolio Class, which consists of Canoe Global Income Class and units of Canoe Trust Fund		
	Return of Capital	H	HN				
	Dividend	H	HN				
	Compound Growth	H	HN				
		U	AN				

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Fund	Class	Series Currently Held	Hard Capped Series Received pursuant to Merger	Series of Fund Facts Received	Canoe Continuing Fund
Loomis Sayles Global Diversified Corporate Bond Fund	-	H	HN	A	Canoe Global Income Fund
Fiera Canadian Dividend Class	Capital Gains	H	HN	A	Canoe Premium Income Fund
		U	AN		
	Return of Capital	H	HN	F	
		HF	FN		
	Dividend	H	HN	A	
		HF	FN	F	
		U	AN	A	
	Compound Growth	H	HN	A	
HF		FN	F		
Fiera Canadian Dividend Registered Fund	-	H	HN	A	
		HF	FN	F	
		U	AN	A	
Fiera U.S. Dividend Class	Dividend	U	AN	A	Canoe Defensive U.S. Equity Portfolio Class, which consists of Canoe Defensive U.S. Equity Class and units of Canoe Trust Fund
Fiera Core Global Equity Class	Capital Gains	H	AV	A	Canoe Global Equity Fund
	Return of Capital	H	AV		
		U	AN		
	Dividend	H	AV		
		U	AN		
	Compound Growth	H	AV		
U		AN			
Fiera Core Global Equity Registered Fund	-	H	AV	A	
Loomis Sayles Strategic Monthly Income Fund	-	H	HN	A	Canoe Global Income Fund

40. In respect of the New Canoe Fund Mergers, Canoe will only create the New Canoe Fund if the Transaction closes and the necessary securityholder and regulatory approvals are obtained in respect of the New Canoe Fund Mergers. As such, a current simplified prospectus and fund facts documents are not currently available for the New Canoe Fund. Instead of delivering these documents, the Filer included information in respect of the New Canoe Fund in the Meeting

Materials, including its investment objectives and strategies (the objectives of which will be substantially similar to those of Fiera Canadian Preferred Share Class and Fiera Canadian Preferred Share Registered Fund), fees and expenses, purchase options and distribution policy. The Filer believes that with this information, together with the information contained in the fund facts of the relevant series of Fiera Canadian Preferred Share Class and Fiera Canadian Preferred Share Registered Fund that each securityholder of such Funds received when their initial investment was made, securityholders in Fiera Canadian Preferred Share Class and Fiera Canadian Preferred Share Registered Fund will have access to prospectus-level disclosure with respect to the New Canoe Fund.

41. In order to effect the Hard Capped Mergers and the New Canoe Fund Mergers, securities of the Canoe Continuing Funds will be distributed to securityholders of the relevant Funds in reliance on the prospectus exemption contained in section 2.11 of NI 45-106.

Details of the Mergers

42. The specific steps to implement the Mergers are described below. The result of the Mergers is that securityholders of a Fund will receive securities of a Canoe Continuing Fund.
43. The total value of the securities of each Canoe Continuing Fund offered to securityholders of the relevant Fund will have a value that is equivalent to the net asset value of the Fund calculated on the date immediately preceding the date of the Merger.
44. The management fee of each relevant series of each Canoe Continuing Fund is the same as, or lower than, the management fee of the corresponding series of its corresponding Fund.
45. The Canoe Continuing Funds have all adopted a fixed administration fee structure while the Funds have a floating expense structure. The Meeting Materials delineate the differences in the management and administration fees and expense structures between the Funds and the Canoe Continuing Funds.
46. The investment objective of certain Funds may not be substantially similar to the investment objective of their corresponding Canoe Continuing Funds. Where applicable, the Meeting Materials delineate any differences in investment objectives between each Fund and the relevant Canoe Continuing Fund into which it will be merged.
47. No sales charges will be payable by securityholders of the Funds in connection with the Mergers.
48. The Merger of each of Loomis Sayles Global Diversified Corporate Bond Fund, Loomis Sayles Strategic Monthly Income Fund, Fiera Canadian Dividend Class, Fiera Intrinsic Balanced Class, Fiera Core Global Equity Class and Oakmark International Equity Class into its corresponding Canoe Continuing Fund is expected to be completed as a tax-deferred transaction under the Tax Act. As a result, these Funds and their securityholders will not realize any net capital gains on these Mergers.
49. The Merger of each Registered Fund into its corresponding Canoe Continuing Fund is not expected to be completed as a "qualifying exchange" or a tax-deferred transaction. The Filer and Canoe propose to effect these Mergers on a taxable basis because the tax-deferred option that would be available is not desirable. In deciding to proceed with these Mergers on a taxable basis, the Filer and Canoe weighed the impact of the Mergers on each Registered Fund and its corresponding Canoe Continuing Fund, and on the unitholders in each Registered Fund and its corresponding Canoe Continuing Fund, and determined that the negative effects of these Mergers were greater on the corresponding Canoe Continuing Funds and the securityholders of such Canoe Continuing Fund than on the Registered Funds and the unitholders of such Registered Funds should the Mergers proceed on a tax-deferred basis. Because the Registered Funds are solely held by investors in registered plans, there is no negative impact on the unitholders of a Registered Fund in proceeding with a taxable merger. On the other hand, a tax-deferred merger would result in accrued gains from each Registered Fund being ultimately realized in its corresponding Canoe Continuing Fund. Further, any loss carryforwards in the corresponding Canoe Continuing Funds would be realized or lost in a tax-deferred merger. Thus, the Filer and Canoe have determined that the negative impact on the corresponding Canoe Continuing Funds - of not being able to use their available loss carryforwards to offset future capital gains - outweighs the impact on investors in the Registered Funds, who will not experience any negative impact in proceeding with a taxable merger.
50. It is expected that the Mergers involving Fiera Canadian Bond Class, Loomis Sayles Global Diversified Corporate Bond Class, Fiera Canadian Preferred Share Class, Fiera U.S. Dividend Class, Fiera Strategic Balanced Class, Oakmark U.S. Equity Class and Fiera Canadian Bond Fund will each be completed as a primarily tax-deferred transaction. It is expected that the transfer of each Fund's portfolio to CTF will be a "qualifying exchange" and that securityholders will only realize a nominal capital gain or capital loss on the subsequent redemption of a portion of the value of the CTF Unit to subscribe for shares of Canoe Fund Corp.

Decisions, Orders and Rulings

51. The Filer is not entitled to rely upon the approval of the applicable IRC in lieu of securityholder approval for the Mergers due to the fact that, as identified above, one or more conditions of section 5.6 of NI 81-102 will not be met, as required by section 5.3(2) of NI 81-102.
52. Subject to the Proposed Transaction closing and to the discretion of Canoe not to proceed with any Merger, it is expected that each Merger will be implemented if approved by securityholders of the relevant Fund, regardless of whether another Merger is approved by securityholders of the other Funds.
53. With the exception of the Mergers involving Canoe Defensive International Equity Fund and Canoe Defensive U.S. Equity Class, the Mergers will not be considered a material change for any of the other Canoe Continuing Funds.
 - a. Because the total assets under management (**AUM**) of Oakmark International Equity Class and Oakmark International Equity Registered Fund corresponds to approximately \$83.4 million, and the AUM of Canoe Defensive International Equity Fund corresponds to approximately \$83.5 million as at April 30, 2020, these proposed Mergers may constitute a material change for Canoe Defensive International Equity Fund.
 - b. Because the total AUM of Fiera U.S. Dividend Class, Fiera U.S. Dividend Registered Fund, Oakmark U.S. Equity Class and Oakmark U. S. Equity Registered Fund corresponds to approximately \$120.7 million, and the AUM of Canoe Defensive U.S. Equity Class corresponds to approximately \$125.5 million as at April 30, 2020, these proposed Mergers may constitute a material change for Canoe Defensive International Equity Fund.
54. The Funds have complied with Part 11 of National Instrument 81-106 *Investment Fund Continuous Disclosure* in connection with any decision made by the board of directors of the General Partner of the Filer to proceed with the Transaction, including the Change of Manager, the Change of Trustee and the Mergers.

Steps for the Mergers

55. It is expected that the following steps will occur prior to the Merger Date:
 - a. To the extent required, each Single Trust Fund (except for the Fiera Canadian Bond Fund, which will liquidate all securities in its portfolio) that is merging into a Canoe Portfolio Class Fund or Canoe Mutual Fund Trust will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the Canoe Portfolio Class Fund or Canoe Mutual Fund Trust, as applicable. As a result, a Single Trust Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives and investment strategies for a brief period of time prior to the Merger Date.
 - b. To the extent required, each Class Fund that is merging into a Canoe Portfolio Class Fund or Canoe Mutual Fund Trust will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the Canoe Portfolio Class Fund or Canoe Trust Fund, as applicable. As a result, each Class Fund may temporarily hold cash or money market instruments and, in certain instances, securities and will not be fully invested in accordance with its investment objectives and investment strategies for a brief period of time prior to the Merger Date.
 - c. Prior to the Merger Date, FIC will use the cash generated in the previous step or securities forming part of its portfolio to repay its debt, which consists of limited recourse notes that are redeemable on demand by each Registered Fund (the **Registered Debt**) and redeem the shares of each underlying Class Fund held by each Registered Fund. On or before the Merger Date, FIC will also pay sufficient capital gains dividends to its securityholders, including the Registered Funds, so that it will not have a net tax liability in respect of capital gains realized by the Class Funds and sufficient ordinary dividends to securityholders, including the Registered Funds, so that it will not have a net tax liability on Canadian dividends received by the Class Funds for its taxation year ended on the Merger Date. Any remaining tax liability will be paid from the assets of the Funds. As a result, the Registered Funds will temporarily hold cash, money market instruments and, in certain instances, securities and will not be invested in accordance with their investment objectives and investment strategies prior to the Merger Date.
56. It is expected that merger types A, B, C, and D described below will be undertaken in order, with each Merger occurring immediately after the conclusion of the preceding Merger. It is also expected that merger types E and F described below will occur simultaneously and immediately after the conclusion of Merger D.

Merger A. Registered Fund merging into a Canoe Portfolio Class Fund

- i. The value of each Registered Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.
- ii. Each Registered Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that each Registered Fund will not be subject to tax for the taxation year ended on the Merger Date.
- iii. On the Merger Date, CTF will acquire the assets of each Registered Fund (consisting of cash, or with respect to the Fiera Canadian Preferred Share Class, assets, received on the repayment of the Registered Debt and redemption of the Registered Fund's shares of FIC) in exchange for CTF Units. The number of CTF Units received by each Registered Fund will be equal to the number of individual investor accounts holding units of the Registered Fund.
- iv. The Canoe Portfolio Class Fund will not assume any liabilities from the Registered Funds and each Registered Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.
- v. The CTF Units received by each Registered Fund will have an aggregate net asset value equal to the value of the assets that the CTF is acquiring from the Registered Fund, and the CTF Units will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.
- vi. Immediately thereafter, the Registered Fund will be terminated and, upon termination, each securityholder of each Registered Fund will receive their proportionate share of the assets of the Registered Fund in specie, being a CTF Unit with equal value to their securities of the Registered Fund. Immediately following this distribution of the Registered Fund's assets to a securityholder, 0.01% of the value of each securityholder's CTF Unit will subsequently be redeemed to subscribe for shares of Canoe Fund Corp. of the equivalent series of the Canoe Portfolio Class Fund to the series of the Registered Fund previously owned by the securityholder.
- vii. The merger will occur on a taxable basis and the parties will not make any election under section 132.2 of the Tax Act.
- viii. As soon as reasonably possible following each Merger, and in any case within 60 days following the Merger Date, the applicable Registered Fund will be wound-up.

Merger B. Registered Fund merging into a Canoe Mutual Fund Trust

- i. The value of each Registered Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.
- ii. Each Registered Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that each Registered Fund will not be subject to tax for the taxation year ended on the Merger Date.
- iii. On the Merger Date, the applicable Canoe Mutual Fund Trust will acquire the assets of the applicable Registered Fund (consisting of cash received on the repayment of the Registered Debt and redemption of the Registered Fund's shares of its underlying Class Fund) in exchange for units of the Canoe Mutual Fund Trust.
- iv. Each applicable Canoe Mutual Fund Trust will not assume any liabilities from the applicable Registered Fund and the Registered Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.
- v. The units of the Canoe Mutual Fund Trust received by the applicable Registered Fund will have an aggregate net asset value equal to the value of the assets that the Canoe Mutual Fund Trust is acquiring from the Registered Fund, and the Canoe Mutual Fund Trust units will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.
- vi. Immediately thereafter, the Registered Fund will be terminated and, upon termination, each securityholder of each Registered Fund will receive their proportionate share of the assets of the Registered Fund in specie, being units of the Canoe Mutual Fund Trust with equal value to their units of the Registered Fund.

- vii. The merger will occur on a taxable basis and the parties will not make any election under section 132.2 of the Tax Act.
- viii. As soon as reasonably possible following each merger, and in any case within 60 days following the Merger Date, the applicable Registered Fund will be wound-up.

Merger C. Single Trust Fund merging into a Canoe Portfolio Class Fund (where a significant number of investors have an accrued gain position)

- i. The value of each Single Trust Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.
- ii. Each Single Trust Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that the Single Trust Fund will not be subject to tax for the taxation year ended on the Merger Date.
- iii. On the Merger Date, CTF will acquire the investment portfolio and other assets of each Single Trust Fund (including available cash in respect of the sale of any securities as part of the preliminary steps) in exchange for CTF Units. The number of CTF Units received by each Single Trust Fund will be equal to the aggregate of (i) the number of individual investor accounts holding units of the Single Trust Fund directly, and (ii) the number of individual investor accounts holding shares of a Class Fund representing units of the Single Trust Fund.
- iv. The Canoe Portfolio Class Fund will not assume any liabilities from the Single Trust Funds and each Single Trust Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.
- v. The CTF Units received by each Single Trust Fund will have an aggregate net asset value equal to the value of the investment portfolio and other assets that the CTF is acquiring from the Single Trust Fund, and the CTF Units will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.
- vi. Immediately thereafter, the Single Trust Fund will be terminated and, upon termination, each securityholder of each Single Trust Fund will receive their proportionate share of the assets of the Single Trust Fund in specie, being a CTF Unit with equal value to their units of the Single Trust Fund. Immediately following this distribution of the Single Trust Fund's assets to a securityholder, 0.01% of the value of each securityholder's CTF Unit will subsequently be redeemed to subscribe for shares of Canoe Fund Corp. of the equivalent series of the Canoe Portfolio Class Fund to the series of the Single Trust Fund previously owned by the securityholder.
- vii. CTF and each Single Trust Fund will take all necessary steps, including the making of a joint election, so that the mergers will occur on a tax-deferred basis under section 132.2 of the Tax Act to the extent of CTF's acquisition of the investment portfolio.
- viii. As soon as reasonably possible following the merger, and in any case within 60 days following the Merger Date, the Single Trust Funds will be wound-up.

Merger D. Single Trust Fund merging into a Canoe Mutual Fund Trust

- i. The value of each Single Trust Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.
- ii. Each Single Trust Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that the Single Trust Fund will not be subject to tax for the taxation year ended on the Merger Date.
- iii. On the Merger Date, the applicable Canoe Mutual Fund Trust will acquire the investment portfolio and other assets of the applicable Single Trust Fund (including available cash in respect of the sale of any securities as part of the preliminary steps) in exchange for units of the Canoe Mutual Fund Trust.
- iv. Each applicable Canoe Mutual Fund Trust will not assume any liabilities from the applicable Single Trust Fund and the Single Trust Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.
- v. The units of the Canoe Mutual Fund Trust received by the applicable Single Trust Fund will have an aggregate net asset value equal to the value of the investment portfolio and other assets that the Canoe

Mutual Fund Trust is acquiring from the Single Trust Fund, and the Canoe Mutual Fund Trust units will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.

- vi. Immediately thereafter, the Single Trust Fund will be terminated and, upon termination, each securityholder of each Single Trust Fund will receive their proportionate share of the assets of the Single Trust Fund in specie, being units of the Canoe Mutual Fund Trust with equal value.
- vii. The applicable Single Trust Fund and Canoe Mutual Fund Trust will take all necessary steps, including the making of a joint election, so that the Merger will occur on a tax-deferred basis under section 132.2 of the Tax Act.
- viii. As soon as reasonably possible following each Merger, and in any case within 60 days following the Merger Date, the Single Trust Fund will be wound-up.

Merger E. Class Fund merging into a Canoe Portfolio Class Fund

It is expected that the following steps will occur simultaneously with the steps described in Merger F, below, immediately after the conclusion of Merger D:

- i. Any CTF Units held by FIC as a consequence of a previous merger described in Merger C, above, will be redeemed by CTF for cash.
- ii. The value of each Class Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.
- iii. On the Merger Date, CTF will acquire the investment portfolio and other assets of the applicable Class Fund (including any units of a Canoe Trust Fund received by FIC in respect of a previous Merger described in Merger D, above) from FIC in exchange for CTF Units. The number of CTF Units received by FIC in respect of a Class Fund will be equal to the number of individual investor accounts holding shares of such Class Fund that is merging into a Canoe Portfolio Class Fund.
- iv. Each applicable Canoe Portfolio Class Fund will not assume any liabilities from FIC in respect of the applicable Class Fund and FIC will retain sufficient assets to satisfy the estimated liabilities in respect of the Class Fund, if any, as of the Merger Date.
- v. The CTF Units received by FIC in respect of the applicable Class Fund will have an aggregate net asset value equal to the value of the investment portfolio and other assets that the CTF is acquiring from FIC in respect of the Class Fund, and the CTF Units will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.
- vi. Immediately thereafter, each securityholder of the Class Fund will exchange all of their securities of the Class Fund for a CTF Unit with equal value, and 0.01% of the value of each securityholder's CTF Unit will subsequently be redeemed to subscribe for shares of Canoe Fund Corp. of the equivalent series of the Canoe Portfolio Class Fund to the series of the Class Fund previously owned by the securityholder (corresponding to the appropriate investment strategy).
- vii. CTF and FIC will take all necessary steps, including the making of a joint election, so that the merger will occur on a tax-deferred basis under section 132.2 of the Tax Act to the extent of CTF's acquisition of the investment portfolio.

Merger F. Class Fund merging into Canoe Mutual Fund Trust

It is expected that the following steps will occur simultaneously with the steps described in Merger E immediately after the conclusion of Merger D.

- i. The value of each Class Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.
- ii. On the Merger Date, the applicable Canoe Mutual Fund Trust will acquire the investment portfolio and other assets of the applicable Class Fund from FIC, in exchange for units of the Canoe Mutual Fund Trust.

Decisions, Orders and Rulings

- iii. Each applicable Canoe Mutual Fund Trust will not assume any liabilities from FIC in respect of the applicable Class Fund and FIC will retain sufficient assets to satisfy its estimated liabilities in respect of the Class Fund, if any, as of the Merger Date.
 - iv. The units of the applicable Canoe Mutual Fund Trust received by FIC in respect of the Class Fund will have an aggregate net asset value equal to the value of the investment portfolio and other assets that the Canoe Mutual Fund Trust is acquiring from FIC in respect of the Class Fund, and the units of the Canoe Mutual Fund Trust will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.
 - v. Immediately thereafter each securityholder of the Class Fund will exchange all of their securities of the Class Fund for units of the applicable Canoe Mutual Fund Trust (corresponding to the appropriate investment strategy) with equal value.
 - vi. The applicable Canoe Mutual Fund Trust and FIC will take all necessary steps, including the making of a joint election, so that the merger will occur on a tax-deferred basis under section 132.2 of the Tax Act.
 - vii. As soon as reasonably possible following the Mergers, and in any case within 60 days following the Merger Date, FIC will be wound-up.
57. It is expected that, to the extent that a particular securityholder holds a CTF Unit prior to the Mergers or holds an interest in two or more of (i) a Registered Fund that is merging into a Canoe Portfolio Class Fund, (ii) a Single Trust Fund that is merging into a Canoe Portfolio Class Fund, and (iii) a Class Fund that is merging into a Canoe Portfolio Class Fund, and such interests are held in a single investment account, the securityholder may be entitled to receive more than one CTF Unit as a consequence of the Mergers described in A, C, and E above, as applicable. In such case, immediately following the steps for the Mergers, all of the securityholder's CTF Units will be consolidated into a single CTF Unit.
58. Following receipt of the written consent of all the shareholders of the common shares of FIC and the completion of the steps in Merger E and Merger F, articles of dissolution for FIC will be filed to effect the dissolution of FIC in accordance with section 237 of the *Business Corporations Act* (Ontario).
59. At the time of each of the Mergers, the assets of each Fund will be acceptable to the corresponding Canoe Continuing Fund.

Rationale for Approvals Sought

Change of Manager

60. Other than with respect to the changes related to the Proposed Transaction and disclosed in the Meeting Materials, the Proposed Transaction is not expected to have any material impact on the business, operations or affairs of the Funds or the securityholders of the Funds and Canoe intends to manage and administer the Funds in a similar manner as the Filer until the Merger Date.
61. All material agreements regarding the administration of the Funds will either be amended and restated by Canoe or be terminated and Canoe will enter into new agreements with the relevant service provider, as required. Subject to obtaining any necessary approvals as of Closing, Canoe will become the successor trustee of the Trust Funds, investment fund manager of the Funds and portfolio manager of the Funds (with the exception of Loomis Sayles Strategic Monthly Income Fund). The Filer will cease to act as portfolio manager of the Funds but its parent company Fiera Capital Corporation will be appointed as sub-advisor to certain Canoe Continuing Funds.

Mergers

62. The Filer and/or Canoe and not the Funds, will bear all costs and expenses associated with calling and holding the Meetings and implementing the Mergers.
63. Following the Mergers, each Canoe Continuing Fund will benefit from a larger profile in the marketplace by potentially attracting more securityholders and enabling it to maintain a "critical mass" as a result of its greater size, with the exception of the Merger of Fiera Canadian Preferred Share Registered Fund and Fiera Canadian Preferred Share Class into Canoe Preferred Share Portfolio Class, which will only be created if the Transaction closes and the Change of Manager, Change of Trustee and the Merger receive all necessary approvals, and the possible exception of the Merger of Oakmark International Equity Class and Oakmark International Equity Registered Fund into Canoe Defensive International Equity Fund where the Funds may have a portfolio of greater value than the corresponding Canoe Continuing Fund.

Decisions, Orders and Rulings

64. With respect to the Mergers of Fiera Canadian Preferred Share Class and Fiera Canadian Preferred Share Registered Fund into the New Canoe Fund (Mergers 3 and 14, above), Fiera Canadian Dividend Class and Fiera Canadian Dividend Registered Fund into Canoe Premium Income Fund (Mergers 5 and 16), Fiera Core Global Equity Class and Fiera Core Global Equity Registered Fund into Canoe Global Equity Fund (Mergers 8 and 19), Oakmark U.S. Equity Registered Fund and Oakmark U.S. Equity Class into Canoe Defensive U.S. Equity Portfolio Class (Mergers 9 and 20), and Oakmark International Equity Class and Oakmark International Equity Registered Fund into Canoe Defensive International Equity Fund (Mergers 10 and 21), the investment objectives and investment strategies of the Canoe Continuing Funds will be substantially similar to those of the Funds.
65. Securityholders of the Funds received detailed information about the Change of Manager, the Change of Trustee, and the Mergers in the Meeting Materials and may redeem their securities prior to the Transaction Approval Changes should they wish to do so.
66. No commission or other fee will be charged to securityholders of the Funds on the issue or exchange of securities of the Funds into the Canoe Continuing Funds.

Impact of the Approvals Sought

67. Neither the Funds nor the Canoe Funds will bear any of the costs and expenses including any portfolio realignment costs, associated with the Proposed Transaction, including the Mergers, the Change of Trustee, and the Change of Manager, except for certain fees and expenses with respect to the IRC of the Funds. Any costs and expenses associated with the Proposed Transaction will be borne by the Filer and/or Canoe, as determined between the parties.
68. Upon Closing, the individuals currently comprising the IRC of the Funds will automatically cease to be members of the IRC by operation of paragraph 3.10(1)(c) of NI 81-107. Canoe intends that the new members of the IRC of the Funds will be the same individuals that currently comprise the IRC of the Canoe Funds.
69. The Filer considers that the experience and integrity of each of the members of Canoe's current management team is apparent by their education and years of experience in the investment industry. Following the Proposed Transaction, it is expected that all of the current officers and directors of Canoe will continue on in their current capacities and that they will continue to have the requisite integrity and experience as contemplated under subparagraph 5.7(1)(a)(v) of NI 81-102.
70. The Closing will not adversely affect Canoe's financial position or its ability to fulfill its regulatory obligations.
71. Canoe and the Filer are not related parties. Except pursuant to the Proposed Transaction, there are no relationships between Canoe and the Filer (or their respective affiliates), other than a sub-advisory agreement between Canoe and the parent company of the Filer, Fiera Capital Corporation, dated as of February 22, 2019, as amended on June 6, 2019 and November 1, 2019, which will also be amended at Closing, whereby Fiera Capital Corporation acts as sub-advisor to certain Canoe Mutual Funds.
72. The Approvals Sought are not detrimental to the protection of investors in the Funds.

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 Approvals Sought are granted.

"Darren McKall"
Investment Funds & Structured Products Branch
Ontario Securities Commission

2.1.3 Arrow Capital Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief permitting alternative mutual funds to process purchases and redemptions of units on a weekly basis – net asset value is calculated on a daily basis – subject to conditions regarding disclosure in the simplified prospectus and fund facts documents – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 9.3(1), 10.3(1), 19.1.

June 17, 2020

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
ARROW CAPITAL MANAGEMENT INC.
(the Filer)

AND

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS,
ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS,
EAST COAST INVESTMENT GRADE INCOME FUND,
WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS
(the Existing Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Existing Funds, of which the Filer is the investment fund manager, and similarly structured investment funds managed by the Filer (the **Future Funds** and together with the Existing Funds, the **Funds** or individually, a **Fund**), for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that exempts a Fund from subsection 9.3(1) and subsection 10.3(1) of National Instrument 81-102 *Investment Funds (NI-81-102)* to permit each Fund to process purchase and redemption orders for its securities, as described in their simplified prospectus and fund facts documents, on a weekly basis at their net asset value (**NAV**) per security calculated as at the last Valuation Date (as defined below) of each week in which the purchase or redemption order for such securities is received;

(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 subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in each of the other provinces and territories of Canada (collectively, the **Other Jurisdictions**) (together with the Jurisdiction, the **Canadian Jurisdictions**).

Interpretation

Terms defined in NI 81-102, National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

AIF means an annual information form of a Fund prepared in accordance with Form 81-102F2 – Contents of Annual Information Form under National Instrument 81-101 *Mutual Fund Prospectus Disclosure (NI 81-101)*, as the same may be amended from time to time;

Alternative Fund means a Fund that is an alternative mutual fund under NI 81-102;

Prospectus means a simplified prospectus of a Fund prepared in accordance with Form 81-101F1 – Contents of Simplified Prospectus under NI 81-101 as the same may be amended from time to time.

Representations

This decision is based on the following facts represented by the Filer on behalf of itself and the Funds:

The Filer

1. The Filer is a corporation existing under the laws of Ontario having its registered head office in Toronto, Ontario.
2. The Filer is the investment fund manager and portfolio manager of each Existing Fund. The Filer, or an affiliate, will be the investment fund manager and portfolio manager of the Future Funds.
3. The Filer is registered in the following categories in the Canadian Jurisdictions as indicated below:
 - (a) Ontario: Portfolio Manager (**PM**), Investment Fund Manager (**IFM**); Exempt Market Dealer (**EMD**) and Commodity Trading Manager under the *Commodity Futures Act* (Ontario);
 - (b) Alberta: EMD;
 - (c) British Columbia: EMD;
 - (d) Quebec: EMD and IFM; and
 - (e) Newfoundland and Labrador: IFM.
4. The Filer is not in default of securities legislation in any of the Canadian Jurisdictions.

The Funds

5. The Funds are or will be open-ended public Alternative Funds governed by NI 81-102.
6. The Funds are or will be organized as trusts or as part of a mutual fund corporation established under the laws of the Province of Ontario.
7. The Funds will distribute securities in each of the Canadian Jurisdictions pursuant to a Prospectus, AIF and fund facts documents, prepared and filed in accordance with NI 81-101 and accordingly, each Fund, is, or will be, a reporting issuer in the Canadian Jurisdictions where the Exemption Sought is relied upon.
8. The Funds are not in default of applicable securities legislation in any of the Canadian Jurisdictions.
9. In a notice of special meeting and management information circular mailed to unitholders of the East Coast Investment Grade Income Fund (the **East Coast Fund**) dated May 13, 2020, the Filer proposed to unitholders of the East Coast Fund to restructure the East Coast Fund by converting it to an open-end alternative mutual fund from a closed-end investment fund whose units are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol ECF.UN (the **Restructuring**). Unitholders approved the Restructuring at a special meeting of unitholders held on June 12, 2020. As part of the Restructuring, the name of the East Coast Fund will be changed to Arrow EC Income Advantage Alternative Fund from East Coast Investment Grade Income Fund. The units will be de-listed from the TSX as part of the Restructuring.

Decisions, Orders and Rulings

10. The East Coast Fund has filed a Prospectus, AIF and fund facts documents such that the East Coast Fund will become an alternative mutual fund to which NI 81-102 applies in that the East Coast Fund has fundamental investment objectives that permits it to borrow, sell securities short and invest in specified derivatives in a manner not permitted for non-alternative mutual funds under NI 81-102.
11. The NAV of each Fund will be calculated at the close of regular trading, normally 4:00pm (Eastern Time), on a day the Toronto Stock Exchange is open (a **Valuation Date**).

Exemption Sought

12. The Filer will calculate the NAV for each Fund on each Valuation Date in order to meet its obligations under National Instrument 81-106 *Investment Fund Continuous Disclosure* regarding the use of derivatives, including the obligation to daily mark-to-market the value of its derivatives.
13. Subsections 9.3(1) and 10.3(1) of NI 81-102 require that the purchase price and redemption price of a security of a mutual fund to which a purchase order and redemption order pertains, respectively, be the NAV per security next determined after receipt by each Fund of the purchase order and redemption order, respectively.
14. As will be described in each Fund's Prospectus and fund facts documents, each Fund will process purchase and redemption orders for its securities on a weekly basis at their NAV per security calculated as at the last Valuation Date of each week in which the purchase order for such securities is received.
15. The Filer has determined that effecting such purchases and redemptions on a weekly basis, strikes the best balance between the needs of a securityholder to invest or access its assets in a timely and orderly manner, and the need to minimize the impact of such transactions on other securityholders in each Fund.
16. The Filer believes that weekly purchases and redemptions will reduce portfolio turnover resulting in lower transaction costs in the form of brokerage commissions and the bid-ask spread. Further, it has determined that weekly redemptions will protect each Fund from having to reduce positions at less than ideal times during potentially challenging market conditions. This will ensure that all securityholders of each Fund will be treated fairly in instances where a Fund is not able to unwind its portfolio holdings in an orderly manner to honour the redemption requests at the time.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that each Fund:

1. processes, and discloses in its Prospectus and in the "Quick Facts" section of its fund facts document that it processes, purchase and redemption orders for its securities on a weekly basis at their NAV per security calculated as at the last Valuation Date of the week in which the purchase order for such securities is received (the **Transaction Processing Frequency**); and
2. discloses in the "Who should invest in the Fund?" section of the Part B of its Prospectus and in the "Who is this Fund for?" section of its fund facts document, the Transaction Processing Frequency and that the Fund is only suitable for investors who can accept the Transaction Processing Frequency.

"Darren McKall"
Investment Funds & Structured Products Branch
Ontario Securities Commission

2.1.4 HEXO Corp. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for exemptive relief to permit issuer and underwriter, acting as agent for the issuer, to enter into an equity distribution agreement to make “at the market” (ATM) distributions of common shares over the facilities of the TSX, NYSE or other marketplaces – ATM distribution to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions – issuer will issue a press release and file agreements on SEDAR – application for relief from prospectus delivery requirement – delivery of prospectus not practicable in circumstances of an ATM distribution – relief from prospectus delivery requirement has effect of removing two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus – application for relief from certain prospectus form requirements – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document – condition not to rely on previous relief granted – decision will terminate 25 months after the date of issuance of a receipt for the shelf prospectus – decision and application also held in confidence by the decision maker until the earlier of, entrance into of an equity distribution agreement, waiver of confidentiality or 90 days from the date of the decision.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71, 147.

Applicable Rules

National Instrument 44-101 Short Form Prospectus Distributions, Part 8 and Item 20 of Form 44-101F1.

National Instrument 44-102 Shelf Distributions, ss. 6.3, 6.7, Part 9, ss. 2.1, 2.2 of Appendix A.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

April 8, 2020

**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
HEXO CORP.
(the Issuer),**

**ALTACORP CAPITAL INC.
(the Canadian Agent)**

AND

**OPPENHEIMER & CO. INC.
(the U.S. Agent and together with the Canadian Agent,
the Agents, and together with the Issuer, the Filers)**

DECISION

Background

The Ontario Securities Commission (the **Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the following relief (the **Exemption Sought**):

- a) that the requirement that a dealer, not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies, send or deliver to the purchaser the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Agents or any other Toronto Stock Exchange (the **TSX**) participating organization or other marketplace participant acting as selling agent for the Agents (each, a **Selling Agent**) in connection with any at-the-market distribution (each, an **ATM Distribution** and collectively, the **ATM Offering**), as defined in National Instrument 44-102 - *Shelf Distributions (NI 44-102)* of common shares (**Common Shares**) of the Issuer in Canada and the United States (the **U.S.**) pursuant to an equity distribution agreement (the **Equity Distribution Agreement**) to be entered into between the Issuer and the Agents; and
- b) that the requirements to include in a base shelf prospectus, a prospectus supplement or an amendment thereto:
- (i) a forward-looking issuer certificate in the form specified in section 2.1 or section 2.4, as applicable, of Appendix A to NI 44-102;
 - (ii) a forward-looking underwriter certificate in the form specified in section 2.2 or section 2.4, as applicable, of Appendix A to NI 44-102; and
 - (iii) a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in Item 20 of Form 44-101F1 - *Short Form Prospectus*; (collectively, the **Prospectus Form Requirements**)

do not apply to the Shelf Prospectus (as defined below), the Prospectus Supplement (as defined below) or an amendment thereto provided that the Issuer include in the Prospectus Supplement or an amendment thereto the form of issuer certificate and form of underwriter certificate and include in the Prospectus Supplement or an amendment thereto the revised description of a purchaser's statutory rights of withdrawal and remedies for rescission or damages described below, in each case (other than with respect to the underwriter certificate) superseding and replacing the corresponding language in the Shelf Prospectus solely with regards to an ATM Offering.

The Decision Maker has also received a request from the Filers for a decision that the Application and this decision (together, the **Confidential Material**) be kept confidential and not be made public until the earlier of: (a) the date on which the Filers publicly announce the ATM Offering; (b) the date on which the Filers first enter into the Equity Distribution Agreement; (c) the date any of the Filers advise the Decision Maker that there is no longer any need for the Confidential Material to remain confidential; and (d) the date that is 90 days after the date of this decision (the **Confidentiality Relief**).

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

- a) the Ontario Securities Commission is the principal regulator for this application; and
- b) the Filers have provided notice that paragraph 4.7(1)(c) 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, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the Northwest Territories (together with the Jurisdiction, the **Reporting Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*, National Instrument 21-101 - *Marketplace Operation (NI 21-101)*, MI 11-102 or NI 44-102 have the same meaning if used in this decision, unless otherwise defined. Unless otherwise noted, all dollar figures in this decision refer to Canadian dollars.

Representations

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

The Issuer

1. The Issuer is a corporation incorporated under the *Business Corporations Act* (Ontario). The head office of the Issuer is located at 3000 Solandt Road, Ottawa, Ontario, K2K 2X2.

Decisions, Orders and Rulings

2. The Issuer changed its head office from 490 Boulevard St-Joseph, Suite 204, Gatineau, Québec, J8Y 3Y7 to 3000 Solandt Road, Ottawa, Ontario, K2K 2X2 on December 6, 2019. Accordingly, the principal regulator for the Issuer under the National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**) changed from the Autorité des marchés financiers (the **AMF**) to the Decision Maker on December 6, 2019.
3. The Issuer is a reporting issuer in the Reporting Jurisdictions and is not in default of securities legislation in any of the jurisdictions of Canada.
4. The Common Shares are listed on the TSX and the New York Stock Exchange (the **NYSE**) in each case under the trading symbol "HEXO".
5. The Issuer is subject to reporting obligations under the *Securities Exchange Act of 1934 (U.S.)* (the **1934 Act**), and files its continuous disclosure documents with the U.S. Securities and Exchange Commission (the **SEC**).
6. The Issuer filed an amended and restated short form base shelf prospectus in the Reporting Jurisdictions on December 14, 2018 amending and restating the short form base shelf prospectus filed by the Issuer in the Reporting Jurisdictions on November 19, 2018 (the **Shelf Prospectus**), for which the AMF issued a receipt on December 20, 2018.
7. The Issuer filed a registration statement on Form F-10 with the SEC on December 20, 2018 under the multi-jurisdictional disclosure system providing for the distribution from time to time of Common Shares, warrants, subscription receipts and units having an aggregate offering price of up to US\$598,880,000 (based on a maximum aggregate offering price of \$800,000,000 under the Shelf Prospectus and the Bank of Canada daily exchange rate on December 13, 2018 of US\$0.7486 per \$1.00).

The Agents

8. The Canadian Agent is a corporation incorporated under the laws of the Province of Alberta, with its head office in Calgary, Alberta.
9. The Canadian Agent is registered as an investment dealer under the securities legislation of each of the Reporting Jurisdictions, a member of the Investment Industry Regulatory Organization of Canada and a participating organization of the TSX.
10. The U.S. Agent is a corporation incorporated under the laws of New York, with its head office in New York, New York.
11. The U.S. Agent is a broker-dealer registered with the SEC under the 1934 Act.
12. None of the Agents are in default of any requirements under applicable securities legislation in any of the jurisdictions of Canada.

Proposed ATM Offering

13. Subject to mutual agreement on terms and conditions, the Filers propose to enter into the Equity Distribution Agreement for the purpose of the ATM Offering involving the periodic sale of Common Shares by the Issuer through the Agents, as agents, under the shelf prospectus procedures prescribed by Part 9 of NI 44-102.
14. Under the proposed Equity Distribution Agreement, the Issuer may conduct one or more ATM Distributions subject to the 10% limitation set out in subsection 9.1(1) of NI 44-102.
15. If the Equity Distribution Agreement is entered into, the Issuer will immediately do both of the following:
 - a) issue and file a news release pursuant to section 3.2 of NI 44-102 announcing the Equity Distribution Agreement and indicating that the Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and specifying where and how purchasers of Common Shares under the ATM Offering may obtain copies; and
 - b) file the Equity Distribution Agreement on SEDAR.
16. Prior to making an ATM Distribution, the Issuer will have filed, in each of the Reporting Jurisdictions and with the SEC, a prospectus supplement describing the terms of the ATM Offering, a description of any exemptions granted by the Canadian securities regulatory authorities in any of the Reporting Jurisdictions (including for greater certainty, the Exemption Sought) including the terms of the Equity Distribution Agreement and otherwise supplementing the disclosure in the Shelf Prospectus (the **Prospectus Supplement**).

17. The Issuer will not, during the period that the Shelf Prospectus is effective, distribute by way of one or more ATM Distributions a total market value of Common Shares that exceeds 10% of the aggregate market value of Common Shares such aggregate market value calculated in accordance with section 9.2 of NI 44-102 and as at the last trading day of the month before the month in which the first ATM Distribution is made.
18. The Issuer will conduct ATM Distributions only through one or more of the Agents (as agent) directly or through a Selling Agent, and only through methods constituting “at-the-market distributions” within the meaning of NI 44-102, including sales made on the TSX, the NYSE, or another “marketplace” (as defined in NI 21-101) upon which the Common Shares are listed, quoted or otherwise traded (each, a **Marketplace**).
19. The Canadian Agent will act as the sole agent of the Issuer in connection with an ATM Distribution directly or through one or more Selling Agents on the TSX or any other Marketplace in Canada (a **Canadian Marketplace**), and will be paid an agency fee or commission by the Issuer in connection with such sales. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller’s commission for effecting the trades on behalf of the Canadian Agent. The Canadian Agent will sign an agent’s certificate, in the form set out in paragraph 36 below, in the Prospectus Supplement.
20. A purchaser’s rights and remedies under applicable securities legislation against the Canadian Agent, as agent of an ATM Distribution through a Canadian Marketplace, will not be affected by a decision to effect the sale directly or through a Selling Agent.
21. The aggregate number of Common Shares sold on one or more Canadian Marketplaces pursuant to an ATM Distribution on any trading day will not exceed 25% of the trading volume of the Common Shares on all Canadian Marketplaces on that day.
22. The Equity Distribution Agreement will provide that, at the time of each sale of Common Shares pursuant to an ATM Distribution, the Issuer will represent to the Agents that the Shelf Prospectus, as supplemented by the Prospectus Supplement, including the documents incorporated by reference in the Shelf Prospectus (which shall include any news release that has been designated and filed as a Designated News Release (as defined below)) and any subsequent amendment or supplement to the Shelf Prospectus or the Prospectus Supplement (together, the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Issuer and the Common Shares being distributed. The Issuer will, therefore, be unable to proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Issuer or the Common Shares.
23. During the period after the date of the Prospectus Supplement and before the termination of any ATM Distribution, if the Issuer disseminates a news release disclosing information that, in the Issuer’s determination, constitutes a “material fact” (as such term is defined in the Legislation), the Issuer will identify such news release as a “designated news release” for the purposes of the Prospectus. This designation will be made on the face page of the version of such news release filed on SEDAR (any such news release, a **Designated News Release**). The Prospectus Supplement will provide that any such Designated News Release will be deemed to be incorporated by reference into the Prospectus. A Designated News Release will not be used to update disclosure in the Prospectus by the Issuer in the event of a “material change” (as such term is defined in the Legislation).
24. If, after the Issuer delivers a sell notice to the Agents directing the Agents to sell Common Shares on the Issuer’s behalf pursuant to the Equity Distribution Agreement (a **Sell Notice**), the sale of the Common Shares specified in the Sell Notice, taking into consideration prior sales under the ATM Offering, would constitute a material fact or material change, the Issuer will suspend sales under the Equity Distribution Agreement until either: (a) it has filed a Designated News Release or material change report, as applicable, or amended the Prospectus; or (b) circumstances have changed such that a sale would no longer constitute a material fact or material change.
25. In determining whether the sale of the number of Common Shares specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account a number of factors, including, without limitation:
 - a) the parameters of the Sell Notice, including the number of Common Shares proposed to be sold and any price or timing restrictions that the Issuer may impose with respect to the particular ATM Distribution;
 - b) the percentage of the outstanding Common Shares that the number of Common Shares proposed to be sold pursuant to the Sell Notice represents;
 - c) sales under earlier Sell Notices;
 - d) trading volume and volatility of the Common Shares;

- e) recent developments in the business, operations or capital of the Issuer; and
 - f) prevailing market conditions generally.
26. It is in the interest of the Issuer and the Agents to minimize the market impact of sales under an ATM Distribution. Therefore, the Agents will closely monitor the market's reaction to trades made on any Marketplace pursuant to an ATM Distribution in order to evaluate the likely market impact of future trades. The Agents have experience and expertise in managing sell orders to limit downward pressure on trading prices. If either of the Agents have concerns as to whether a particular sell order placed by the Issuer may have a significant effect on the market price of the Common Shares, the Agents will recommend against effecting the trades pursuant to the sell order at that time.

Disclosure of Common Shares Sold in ATM Offering

27. The Issuer will disclose the number and average price of Common Shares sold pursuant to the ATM Offering, as well as gross proceeds, commissions and net proceeds, in its annual and interim financial statements and management's discussion and analysis filed on SEDAR.

Prospectus Delivery Requirement

28. Pursuant to the Prospectus Delivery Requirement, a dealer effecting a trade of securities offered under a prospectus is required to deliver a copy of the prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) to the purchaser within prescribed time limits.
29. Delivery of a prospectus is not practicable in the circumstances of an ATM Distribution, because neither the Agents nor a Selling Agent effecting the trade will know the identity of the purchasers.
30. The Prospectus (together with all documents incorporated by reference therein) will be filed and readily available electronically via SEDAR to all purchasers under the ATM Offering. As stated in paragraph 15 above, the Issuer will issue a news release that specifies where and how copies of the Prospectus may be obtained.
31. The liability of an issuer or an underwriter (or others) for a misrepresentation in a prospectus pursuant to the civil liability provisions of the Legislation will not be affected by the grant of an exemption from the Prospectus Delivery Requirement because purchasers of securities offered by a prospectus during the period of distribution have a right of action for damages or rescission, without regard to whether or not the purchaser relied on the misrepresentation or in fact received a copy of the prospectus.

Withdrawal Right and Right of Action for Non-Delivery

32. Pursuant to the Legislation, an agreement to purchase a security in respect of a distribution to which the prospectus requirement applies is not binding upon the purchaser if the dealer from whom the purchaser purchases the security receives, not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any amendment to the prospectus, a notice in writing evidencing the intention of the purchaser not to be bound by the agreement of purchase and sale (the **Withdrawal Right**).
33. Pursuant to the Legislation, a purchaser of securities to whom a prospectus was required to be sent or delivered in compliance with the Prospectus Delivery Requirement, but was not so sent or delivered, has a right of action for rescission or damages against the dealer who did not comply with the Prospectus Delivery Requirement (the **Right of Action for Non-Delivery**).
34. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of the ATM Offering because of the impracticability of delivering the Prospectus to a purchaser of Common Shares thereunder.

Modified Certificates and Statements

35. To reflect the fact that an ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following issuer certificate (with appropriate modifications in respect of the filing of an amendment prescribed by section 2.4 of Appendix A to NI 44-102), such issuer certificate to supersede and replace the issuer certificate included in the Shelf Prospectus solely with regard to the ATM Offering:

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities under the prospectus and this supplement, will, as of that date, constitute full, true and plain disclosure of all material facts relating

to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

36. Also to reflect the fact that the ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following underwriter certificate (with appropriate modifications in respect of the filing of an amendment prescribed by section 2.4 of Appendix A to NI 44-102):

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities under the prospectus and this supplement, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

37. A different statement of purchasers' rights than that required by the Legislation is necessary in order to allow the Prospectus to accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, the Prospectus Supplement will state the following, with the date reference completed:

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment thereto are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Common Shares under an at-the-market distribution by the Company will not have the right to withdraw from an agreement to purchase the Common Shares and will not have remedies of rescission or, in some jurisdictions, revision of the price, or damages for non-delivery of the prospectus, because the prospectus, prospectus supplements relating to the Common Shares purchased by the purchaser and any amendment relating to Common Shares purchased by such purchaser will not be delivered as permitted under a decision dated [♦], 2020 and granted pursuant to National Policy 11-203 - Process for Exemptive Relief Applications in Multiple Jurisdictions.

Securities legislation in certain of the provinces and territories of Canada also provides purchasers with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contains a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Common Shares under an at-the-market distribution by the Company may have against the Company or the Agents for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery and the decision referred to above.

Purchasers should refer to any applicable provisions of securities legislation of the purchaser's province or territory and the decision referred to above for the particulars of these rights or consult with a legal adviser.

38. The Prospectus Supplement will disclose that, in respect of the ATM Offering under the Prospectus Supplement, the statement prescribed in paragraph 37 above supersedes and replaces the statement of purchasers' rights included in the Shelf Prospectus.

Prior Relief

39. The Issuer and CIBC World Markets Inc. and CIBC World Markets Corp. as filers previously obtained an exemptive relief decision dated November 19, 2019 from the AMF as principal regulator (and evidencing the decision of the Decision Maker in Ontario as a dual application under NP 11-203) in respect of a proposed at-the-market distribution offering by the Issuer through CIBC World Markets Inc. as Canadian agent and CIBC World Markets Corp. as U.S. agent (the Prior Relief). The Prior Relief was granted on the same grounds as the Exemption Sought.

40. The Issuer does not intend to rely on the Prior Relief.

Decision

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

Decisions, Orders and Rulings

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted provided that:

- a) at least one of the following is true:
 - (i) during the 60-day period ending not earlier than 10 days prior to the commencement of an ATM Distribution, the Common Shares have traded, in total, on one or more Marketplaces, as reported on a consolidated market display:
 - A) an average of at least 100 times per trading day, and
 - B) with an average trading value of at least \$1,000,000 per trading day;
 - (ii) at the commencement of an ATM Distribution, the Common Shares are subject to Regulation M under the 1934 Act and are an “actively-traded security” as defined thereunder;
- b) the Issuer does not, during the period that the Shelf Prospectus is effective, distribute by way of the ATM Offering a total market value of Common Shares that exceeds 10% of the aggregate market value of Common Shares, such aggregate market value calculated in accordance with section 9.2 of NI 44-102 and as at the last trading day of the month before the month in which the first distribution is made under an ATM Distribution;
- c) the Issuer complies with the disclosure requirements set out in paragraphs 27 and 35 through 38 above;
- d) the Issuer and Agents respectively comply with the representations made in paragraphs 15, 17, 18 and 19, and 21 through 26 above; and
- e) the Issuer will not rely on the Prior Relief.

This decision will terminate 25 months from November 20, 2018.

The further decision of the Decision Maker is that the Confidentiality Relief in respect of the Exemptions Sought is granted.

As to the Exemptions Sought from the Prospectus Delivery Requirement and the Confidentiality Relief:

“Cecilia Williams”
Commissioner
Ontario Securities Commission

“Mary Anne De Monte-Whelan”
Commissioner
Ontario Securities Commission

As to the Exemptions Sought from the Prospectus Delivery Requirement, the Prospectus Form Requirements and the Confidentiality Relief:

“Marie-France Bourret”
Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Sean Daley et al. – ss. 127(8), 127(1)

IN THE MATTER OF
SEAN DALEY; and
SEAN DALEY carrying on business as
the ASCENSION FOUNDATION,
OTO.Money,
SilentVault, and
CryptoWealth;
WEALTH DISTRIBUTED CORP.;
CYBERVISION MMX INC.;
KEVIN WILKERSON; and
AUG ENTERPRISES INC.

File No. 2019-28

Lawrence P. Haber, Commissioner and Chair of the Panel

July 10, 2020

ORDER
(Subsection 127(8) and 127(1) of
Securities Act, RSO 1990 c S.5)

WHEREAS on July 10, 2020, the Ontario Securities Commission (**Commission**) held a hearing by teleconference;

ON HEARING the submissions for representatives for Staff of the Commission and Sean Daley, and no one appearing on behalf of the remaining respondents;

IT IS ORDERED THAT:

1. the hearing to extend the Temporary Order dated August 6, 2019 will be heard on September 14, 2020 at 11:00 a.m. or on such other date and time as may be agreed by the parties and set by the Office of the Secretary, and the following parties shall adhere to the following timelines:
 - a. Staff shall serve and file any updated materials no later than September 4, 2020;
 - b. the Respondents shall serve and file any responding affidavits by no later than September 8, 2020;
 - c. Staff shall serve and file any reply affidavits and updated written submissions, by no later than September 10, 2020;
 - d. The Respondents shall serve and file any written submissions, by no later than September 11, 2020; and
2. the Temporary Order is extended until September 15, 2020.

“Lawrence P. Haber”

2.2.2 Sean Daley and Kevin Wilkerson

IN THE MATTER OF
SEAN DALEY and
KEVIN WILKERSON

File No. 2019-39

Lawrence P. Haber, Commissioner and Chair of the Panel

July 10, 2020

ORDER

WHEREAS on July 10, 2020, the Ontario Securities Commission (**Commission**) held a hearing by teleconference;

ON HEARING the submissions of the representatives for Staff of the Commission (**Staff**) and Sean Daley, and no one appearing on behalf of Kevin Wilkerson, (together, the **Respondents**);

IT IS ORDERED THAT:

1. Mr. Daley's motion regarding disclosure is scheduled for August 27, 2020 at 10:00 a.m., or on such other date and time as may be agreed by the parties and set by the Office of the Secretary, and the parties shall adhere to the following timeline for the delivery of motion materials:
 - a. Mr. Daley shall serve and file motion materials no later than July 31, 2020;
 - b. Staff shall serve and file any responding affidavits by no later than August 10, 2020;
 - c. Mr. Daley shall serve and file any reply affidavits and a memorandum of fact and law by no later than August 17, 2020; and
 - d. Staff shall serve and file a memorandum of fact and law by no later than August 21, 2020;
2. By no later than August 14, 2020, the Respondents shall:
 - a. file and serve a witness list on all parties;
 - b. serve a summary of each witnesses' anticipated evidence on all parties; and
 - c. indicate any intention to call an expert witness, including providing the expert's name and stating the issues on which the expert will give evidence;
3. the Third Attendance in this in this proceeding is scheduled for September 14, 2020 at 10:00 a.m. or on such other date and time as may be agreed by the parties and set by the Office of the Secretary.

"Lawrence P. Haber"

2.2.3 Stanislaw A. Pasyk – ss. 127(1), 127(10)

IN THE MATTER OF
STANISLAW A. PASYK

File No. 2020-17

Timothy Moseley, Vice Chair and Chair of the Panel

July 13, 2020

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

WHEREAS the Ontario Securities Commission (the **Commission**) held a hearing in writing to consider a request by Staff of the Commission (**Staff**) for an order imposing sanctions against Stanislaw A. Pasyk (**Pasyk**) pursuant to subsections 127(1) and 127(10) of the Act;

ON READING the materials filed by Staff, and on considering the consent of Pasyk to the order requested by Staff dated May 7, 2020;

IT IS ORDERED THAT:

1. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Pasyk shall cease permanently, except that this order does not preclude Pasyk from trading in securities or derivatives in a registered retirement savings plan, registered education savings plan, any registered retirement income funds, and/or tax-free savings account (as defined in the *Income Tax Act*, RSC, 1985, c 1 (5th Supp)) in which he has a beneficial ownership, provided that he carries out any permitted trading through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name or his spouse's name only, or from disposing to members of his immediate family the securities he currently owns of his spouse's medical professional corporation at which he is employed;
2. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Pasyk shall be prohibited permanently, except that this order does not preclude Pasyk from purchasing securities or derivatives in a registered retirement savings plan, registered education savings plan, any registered retirement income funds, and/or tax-free savings account (as defined in the *Income Tax Act*) in which he has a beneficial ownership, provided that he carries out any permitted acquisitions through a registered dealer (which dealer must be given a copy of this order) and through accounts opened in his name or his spouse's name only;
3. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Pasyk permanently;
4. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Pasyk resign any positions that he holds as a director or officer of any issuer or registrant;
5. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Pasyk be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and
6. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Pasyk be prohibited permanently from becoming or acting as a registrant or promoter.

"Timothy Moseley"

2.4 Rulings

2.4.1 Marex Spectron International Limited – s. 38 of the CFA

Headnote

Application for a ruling pursuant to section 38 of the Commodity Futures Act granting relief from the dealer registration requirement set out in section 22 of the CFA and the trading restrictions in section 33 of the CFA in connection with certain trades in Exchange-Traded Futures on Non-Canadian Exchanges where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients – relief subject to sunset clause.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 38.

July 10, 2020

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20,
AS AMENDED
(the CFA)**

AND

**IN THE MATTER OF
MAREX SPECTRON INTERNATIONAL LIMITED**

**RULING
(Section 38 of the CFA)**

UPON the application (the **Application**) of Marex Spectron International Limited (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for

- (a) a ruling of the Commission, pursuant to section 38 of the CFA, that trades by the Applicant in Exchange-Traded Futures, including Block Trades, on Non-Canadian Exchanges, where the Applicant is acting as agent in such trades to, from or on behalf of Permitted Clients, are not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA;
- (b) a ruling of the Commission, pursuant to section 38 of the CFA, that trades by a Permitted Client in Exchange-Traded Futures on Non-Canadian Exchanges, where the Applicant acts in respect of such trades on behalf of the Permitted Client pursuant to the above ruling, are not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA;

(collectively, the **Requested Relief**);

AND WHEREAS for the purposes of this ruling and exemption (collectively, the **Decision**):

- (a) The following terms shall have the following meanings:
 - (i) **“Block Trade”** means a trade in a large quantity of Exchange-Traded Futures entered into between ECPs (in this case, via an introducing broker) pursuant to a privately negotiated transaction that, pursuant to the applicable rules of a Non-Canadian Exchange, are permitted to be executed on the Non-Canadian Exchange apart from the public auction market established by the Non-Canadian Exchange subject to meeting specified quantity thresholds (which are different large amounts depending on the particular Non-Canadian Exchange) and provided that the price of the trade is entered and reported on the Non-Canadian Exchange within a specified period of time following the trade;
 - (ii) **“CFTC”** means the U.S. Commodity Futures Trading Commission;
 - (iii) **“dealer registration requirement in the CFA”** means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

- (iv) “**ECP**” means an eligible contract participant as that term is defined in the U.S. *Commodity Exchange Act*;
 - (v) “**Exchange-Traded Futures**” means commodity futures contracts or commodity futures options that trade on one or more organized exchanges located outside of Canada and that are cleared through one or more clearing corporations located outside of Canada;
 - (vi) “**FCA**” means the Financial Conduct Authority in the U.K.;
 - (vii) “**FINRA**” means the Financial Industry Regulatory Authority in the U.S.;
 - (viii) “**NI 31-103**” means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;
 - (ix) “**NFA**” means the National Futures Association in the U.S.;
 - (x) “**Non-Canadian Exchange**” means an exchange located outside of Canada;
 - (xi) “**OSA**” means the *Securities Act (Ontario)*;
 - (xii) “**Permitted Client**” means a client in Ontario that is a “permitted client” as that term is defined in section 1.1 of NI 31-103;
 - (xiii) “**SEC**” means the U.S. Securities and Exchange Commission;
 - (xiv) “**specified affiliate**” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*;
 - (xv) “**trading restrictions in the CFA**” means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA;
 - (xvi) “**U.K.**” means the United Kingdom of Great Britain and Northern Ireland; and
 - (xvii) “**U.S.**” means United States of America; and
- (b) Terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Applicant having represented to the Commission as follows:

The Applicant

1. The Applicant is incorporated under the laws of England and Wales, with its head office in London, England, and branch offices in the U.S., Norway, and one in Calgary, Alberta.
2. The principal business of the Applicant is providing:
 - a. brokerage services for over-the-counter and futures transactions in energy and environmental commodities to various financial institutions and utilities; and
 - b. in relation to customers who are deemed “US Persons”, as defined under applicable U.S. law, introducing services for ECPs.
3. The Applicant is authorized by the FCA under the *U.K. Financial Services and Markets Act 2000* (as amended, including those amendments introduced by the *Financial Services Act 2012*) (the **FSMA**), to carry on a range of regulated activities within the U.K. (FCA register no. 193027). The Applicant is currently licensed in the U.K. to deal with eligible counterparties and professional clients with respect to its permitted activities. The Applicant is currently authorized to carry on certain regulated activities in the U.K. in relation to certain specified investments, including the following: (a) advising on investments (except on pension transfers and pension opt outs) in relation to futures, options and over-the-counter derivatives; (b) advising on P2P agreements; (c) arranging (bringing about) deals in futures, options and over-the-counter derivatives; (d) dealing in options and over-the-counter derivatives as agent; (e) making

arrangements with a view to transactions in futures, options and over-the-counter derivatives; and (f) operating an organised trading facility. As is the case with all firms authorized in the U.K., the Applicant's current U.K. regulatory status remains subject to variation and the possible imposition of regulatory limitations or requirements and is described as at the date of the Application.

4. The Applicant has "passported" its U.K. regulatory permissions into the other member states of the European Economic Area (EEA). In relation to the Applicant's futures services, the Applicant utilizes its EEA passport to the extent that it may provide commodity futures services into other EEA member states. The Applicant also uses its one EEA branch office (in Norway) which has been established under its EEA passport in this regard, albeit that this branch office is intended to be closed by the end of 2020. As part of its Brexit planning, the Applicant has established an affiliate in Ireland which will continue to service EEA clients in the event that the Applicant loses its ability to service such client under the terms of the trade deal between the UK and the EU.
5. The Applicant is registered as an overseas independent introducing broker (IB) with the CFTC and is a member of the NFA. The Applicant is not a broker-dealer registered with the SEC and does not conduct a securities business in the U.S.
6. The Applicant is not a member of any exchange, but it is considered to be a "broker participant" by and has entered into a broker clearing agreement with each of the following U.S. exchanges: Intercontinental Exchange (ICE), CME Group (which includes the CME and NYMEX exchanges), and the Nodal Exchange.
7. Pursuant to its registrations and memberships, the Applicant may (*inter alia*) broker Exchange-Traded Futures in the U.K. and in all EEA Member States and is authorized to act as an introducing broker in the U.S. to handle customer orders, to effect Block Trades and, if applicable, to introduce customers to an executing broker registered as a futures commission merchant. The rules of the FCA, CFTC and NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, including confirmations and statements, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, client identification, account-opening requirements, suitability requirements, anti-money laundering checks, dealing and handling customer order obligations, including managing conflicts of interest and best execution. These rules require the Applicant to treat Permitted Clients consistently with the Applicant's U.K., EEA, and U.S. customers with respect to transactions made on exchanges in the U.K., EEA, and U.S. In respect of Exchange-Traded Futures, the Applicant does not provide direct execution, except to effect Block Trades, or clearing services and is not authorized to receive or hold client money in any jurisdiction.
8. The Applicant is in compliance in all material respects with U.K. and U.S. securities and commodity futures laws.

Regulatory status in Ontario and Alberta

9. The Applicant is not registered in any capacity under the CFA or the OSA. Until recently, the Applicant relied on an exemption from registration under the CFA entitled *Re Marex Spectron International Limited* dated May 22, 2018 (the **Existing CFA Decision**). The Existing CFA Decision included a sunset provision that provided that the Decision would terminate on, among other dates, six months after the date of registration of the Applicant under the *Securities Act* (Alberta) (the **ASA**).
10. The Applicant is unable to rely on the exemption from the dealer registration requirement provided under section 6(b) of the Alberta Securities Commission Blanket Order 91-507 *Over-the-Counter Trades in Derivatives* (**Blanket Order 91-507**) because Blanket Order 91-507 does not apply to firms engaging in Block Trades. Accordingly, the Applicant obtained registration as a restricted dealer with certain terms and conditions under the ASA on or about July 7, 2019.
11. The Applicant is seeking a new exemption from registration under the CFA that is updated to reflect the fact that it is now a registered firm in Alberta. The Applicant does not otherwise rely on any exemption from registration in Canada.
12. Subject to the ruling requested and as set out in paragraph 9, the Applicant is not in default of securities legislation or commodity futures legislation in any jurisdiction in Canada.

The Applicant's activities in Ontario

13. The Applicant offers certain of its Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures, primarily through Block Trades, and in connection with such trades, the Applicant would act as an introducing broker and effect trades in Exchange-Traded Futures, including Block Trades, on Non-Canadian Exchanges.
14. The Applicant will handle the negotiation of the Exchange-Traded Futures, match buyers and sellers at the best possible price, execute trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same

manner that it would carry out these activities on behalf of its U.K., EEA, and U.S. clients, all of which are ECPs. The Applicant will follow the same know-your-customer, suitability, and order handling procedures that it follows in respect of its U.K., EEA, and U.S. clients. Permitted Clients in Ontario will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of the regulators, self-regulatory organizations and exchanges located in the U.K., EEA, and U.S. In Ontario, Permitted Clients will have the same contractual rights against the Applicant as U.K. clients of the Applicant.

15. The Applicant is required under FCA rules to categorise its clients using three categories (who are afforded a descending level of regulatory protection): (1) retail clients; (2) professional clients; and (3) eligible counterparties. Permitted Clients would generally fall into the categories of "professional clients" and "eligible counterparties". The levels of regulatory protection afforded to these categories of clients are substantially similar to those afforded to Permitted Clients under the CFA.
16. In transacting Block Trades for its customers, the Applicant, as the introducing broker, will match a buyer and a seller (both ECPs) in a privately negotiated trade for a large quantity of Exchange-Traded Futures. Pursuant to the rules of the applicable Non-Canadian Exchange, the trade is permitted to be executed apart from the public auction market established by the Non-Canadian Exchange. Once the terms of the trade are agreed upon between the buyer and the seller, the trade is submitted by the Applicant to the exchange to be publicly reported within the required time period for Block Trades. Once submitted to the Non-Canadian Exchange, the clearing and settlement process by and through the customer's futures commission merchant will commence independently of the Applicant's involvement in the transaction.
17. The Applicant will not maintain an office, sales force or physical place of business in Ontario.
18. The Applicant will introduce trades in Exchange-Traded Futures in Ontario only to and from persons and companies who qualify as Permitted Clients.
19. The Applicant will only offer Permitted Clients in Ontario the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.
20. The Exchange-Traded Futures to be traded by Permitted Clients in Ontario will be limited to Exchange-Traded Futures for energy and environmental products.
21. Permitted Clients of the Applicant will be able to execute trades in Exchange-Traded Futures through the Applicant by contacting the Applicant's client order handling desk.
22. In the case of a trade in Exchange-Traded Futures that is a Block Trade involving a Permitted Client as a buyer or a seller, the Applicant, as the introducing broker, will match the Permitted Client in a privately negotiated trade, which will be executed apart from the public auction market established by the applicable Non-Canadian Exchange and submitted for public reporting to the Non-Canadian Exchange within the required time period applicable for Block Trades. Once submitted to the Non-Canadian Exchange, the clearing and settlement process by and through the Permitted Client's futures commission merchant in accordance with the rules and customary practices of the exchange will commence independent of the Applicant's involvement in the transaction. In no case will the Applicant enter into a give-up agreement with any executing broker registered as a futures commission merchant or clearing broker unless such firm (i) is registered with the applicable regulatory bodies in the jurisdiction in which it executes the trades in Exchange-Traded Futures and (ii) is registered or has obtained an exemption from the dealer registration requirement in the CFA from the Commission. Additionally, the Applicant will not enter into any give-up agreement with any executing broker registered as a futures commission merchant or clearing broker located in the U.S., unless such firm is registered with the SEC and/or CFTC, as applicable, and is registered or has obtained an exemption from the dealer registration requirement in the CFA from the Commission.
23. In the case of a trade in Exchange-Traded Futures that is not a Block Trade involving a Permitted Client, the Applicant will perform introducing functions, as the introducing broker, and will arrange to have the Permitted Client's order executed on the relevant Non-Canadian Exchange by an executing broker registered as a futures commission merchant in accordance with the rules and customary practices of the exchange. The executing broker will act to "give-up" the transacted trades to the Permitted Client's clearing broker. In such circumstances, the Permitted Client would be a client of both the Applicant and the executing broker. The Applicant will not enter into a give-up agreement with any executing broker registered as a futures commission merchant or clearing broker unless such firm (i) is registered with the applicable regulatory bodies in the jurisdiction in which it executes the trades in Exchange-Traded Futures and (ii) is registered or has obtained an exemption from the dealer registration requirement in the CFA from the Commission. Additionally, the Applicant will not enter into any give-up agreement with any executing broker registered as a futures commission merchant or clearing broker located in the U.S., unless such firm is registered with the SEC and/or CFTC, as applicable, and is registered or has obtained an exemption from the dealer registration requirement in

the CFA from the Commission. Where the Applicant is listed as the executing broker in the relevant give-up agreement, the Applicant would remain responsible for all executions on the relevant Non-Canadian Exchange.

24. Clearing brokers and executing brokers will be subject to the rules of the exchanges of which each is a member and any relevant regulatory requirements, including requirements under the CFA, as applicable. Under an industry-standard give-up agreement, an executing broker and the Permitted Client's clearing broker will represent that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's trades in Exchange-Traded Futures will be executed and cleared. The Permitted Client will enter into such give-up agreement. The Applicant will not enter into a give-up agreement with any clearing broker located in (i) the U.S. unless such clearing broker is registered with the CFTC and/or the SEC, as applicable, and is registered or has obtained an exemption from the dealer registration requirement from the Commission, or (ii) the U.K. unless such clearing broker is authorised by the FCA and is registered or has obtained an exemption from the dealer registration requirement from the Commission.
25. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures for Permitted Client orders that are submitted to the exchange in the name of the recognized exchange member and clearing broker. A Permitted Client of the Applicant is responsible to its clearing broker for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Permitted Client's clearing broker is in turn responsible to the clearing corporation/division for payment.
26. Permitted Clients will pay commissions for trades to the Applicant for its role as introducing broker and Permitted Clients will be responsible to pay any commissions to the executing brokers or clearing brokers directly, if applicable.

Relief Requested

27. The Applicant is not registered under the OSA or the CFA.
28. The Applicant requires the Decision in order to offer its Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures, including Block Trades, and in connection with such trades the Applicant would act as an introducing broker and effect trades in Exchange-Traded Futures, including Block Trades, on Non-Canadian Exchanges.
29. Absent this Decision, the trading restrictions in the CFA apply with respect to the Applicant's trades in Exchange-Traded Futures unless, among other things, an Exchange-Traded Future is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no Non-Canadian Exchanges have been recognized or registered under the CFA.
30. If the Applicant were registered under the CFA as a "futures commission merchant", it could rely upon certain exemptions from the trading restrictions in the CFA to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to grant the ruling requested:

IT IS RULED pursuant to section 38 of the CFA that the Applicant is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicant is acting as agent in such trades to, from or on behalf of Permitted Clients provided that:

- (a) the Applicant only acts as agent in trades in Exchange-Traded Futures to, from or on behalf of clients in Ontario who are Permitted Clients;
- (b) the executing broker and clearing broker have each represented to the Applicant, and the Applicant has taken reasonable steps to verify, that the broker is appropriately registered under the CFA, or has been granted exemptive relief from the registration requirements in the CFA, in connection with the Permitted Client effecting trades in Exchange-Traded Futures; provided that these requirements will not apply in the context of a Block Trade if the Applicant does not know and cannot reasonably determine the identity of the clearing broker at the time of the trade and would not have an opportunity to obtain such representations or take such steps;
- (c) Permitted Clients of the Applicant will only be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges;

- (d) if the Applicant is still registered with the Alberta Securities Commission at the time of the trading activity, the Applicant will treat Permitted Clients in Ontario consistently with the Applicant's Alberta clients with respect to transactions made on Non-Canadian Exchanges;
- (e) at the time trading activity is engaged in, the Applicant:
 - (i) has its head office or principal place of business in the U.K. and with at least one regulated branch office in the U.S.;
 - (ii) if the Applicant is still registered with the Alberta Securities Commission at the time of the trading activity, is in compliance with the terms and conditions of its restricted dealer registration under the ASA, as they may be amended from time to time;
 - (iii) is authorized and regulated by the FCA;
 - (iv) is registered in the category of introducing broker with the CFTC;
 - (v) is a member firm of the NFA; and
 - (vi) engages in the business of an introducing broker in Exchange-Traded Futures in the U.K. and U.S.;
- (f) the Applicant has provided to the Permitted Client in Ontario the following disclosure in writing:
 - (i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;
 - (ii) a statement that the Applicant's head office or principal place of business is located in London, England;
 - (iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Ontario;
 - (iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and
 - (v) the name and address of the Applicant's agent for service of process in Ontario;
- (g) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto;
- (h) the Applicant notifies the Commission of any regulatory action initiated after the date of this ruling in respect of the Applicant, or, to the best of the Applicant's knowledge and after reasonable inquiry, any predecessors or specified affiliates of the Applicant, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of any such action; provided that this condition shall not be required to be satisfied for so long as the Applicant remains a restricted dealer in good standing under Alberta securities law and in compliance with its obligation to file and update Form 33-109F6 *Registration Information (Form 33-109F6)*;
- (i) the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 Fees as if the Applicant relied on the international dealer exemption in section 8.18 [*International Dealer*] of NI 31-103;
- (j) by December 1st of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to this Decision by filing Form 13-502F4 *Capital Markets Participation Fee Calculation*;
- (k) this Decision will terminate on the earliest of:
 - (i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;
 - (ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law

(as defined in the OSA) that affects the dealer registration requirement in the CFA or the trading restrictions in the CFA; and

- (iii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges where the Applicant acts in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients pursuant to the above ruling.

“Timothy Moseley”
Vice-Chair
Ontario Securities Commission

“Heather Zordel”
Commissioner
Ontario Securities Commission

APPENDIX A

**SUBMISSION TO JURISDICTION AND
APPOINTMENT OF AGENT FOR SERVICE
INTERNATIONAL DEALER OR INTERNATIONAL ADVISER
EXEMPTED FROM REGISTRATION UNDER THE
COMMODITY FUTURES ACT, ONTARIO**

1. Name of person or company ("International Firm"):
2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:
3. Jurisdiction of incorporation of the International Firm:
4. Head office address of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

Name:

E-mail address:

Phone:

Fax:
6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

 Section 8.18 [*international dealer*]

 Section 8.26 [*international adviser*]

 Other [specify]:
7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
 - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

Decisions, Orders and Rulings

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

(Signature of the International Firm or authorized signatory)

(Name of signatory)

(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [*Insert name of International Firm*] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

(Signature of the Agent for Service or authorized signatory)

(Name of signatory)

(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

<https://www.osc.gov.on.ca/filings>

APPENDIX B

NOTICE OF REGULATORY ACTION¹

1. Has the firm, or any predecessors or specified affiliates of the firm, entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	_____	_____
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	_____	_____
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	_____	_____
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	_____	_____
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	_____	_____
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	_____	_____
(g) Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	_____	_____

¹ Terms defined for the purposes of Form 33-506F6 *Firm Registration* to Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) *Registration Information* have the same meaning if used in this Appendix except that any reference to "firm" means the person or company relying on relief from the requirement to register as an adviser or dealer under the *Commodity Futures Act* (Ontario).

Decisions, Orders and Rulings

If yes, provide the following information for each action:

Name of entity	
Type of action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm:
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

<https://www.osc.gov.on.ca/filings>

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Stanislaw A. Pasyk – ss. 127(1), 127(10)

Citation: *Pasyk (Re)*, 2020 ONSEC 18

Date: 2020-07-13

File No. 2020-17

IN THE MATTER OF STANISLAW A. PASYK

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

Hearing: In Writing

Decision: July 13, 2020

Panel: Timothy Moseley Vice Chair and Chair of the Panel

Submissions: Vivian Lee For Staff of the Commission
Emily Lam For Stanislaw A. Pasyk

REASONS AND DECISION

I. OVERVIEW

- [1] Stanislaw A. Pasyk was convicted in the Ontario Court of Justice of fraud over \$5,000.¹ In pleading guilty to the offence, Mr. Pasyk admitted that he made misleading or false statements to investors in a company of which he was the sole owner and operating mind, and that he misused most of the more than \$1 million he raised. Mr. Pasyk has since repaid the investors in full.
- [2] Staff of the Ontario Securities Commission seeks an order permanently prohibiting Mr. Pasyk from participating in Ontario's capital markets, subject to limited exceptions to allow Mr. Pasyk to trade for his personal account. Staff relies on the inter-jurisdictional enforcement provision in s. 127(10) of the *Securities Act*² (the **Act**), which provides that an order may be made under s. 127(1) of the Act against a person who has been convicted of an offence arising from a course of conduct related to securities.
- [3] Mr. Pasyk consents to the order requested by Staff.
- [4] I find that Mr. Pasyk was convicted of an offence arising from a course of conduct related to securities, and that it is in the public interest to make the order requested by Staff and consented to by Mr. Pasyk.

II. FACTUAL BACKGROUND

- [5] Between March 8, 2011 and July 3, 2017, Mr. Pasyk was the sole owner and operating mind of A4 Diamonds Inc.
- [6] During that time, Mr. Pasyk, either directly or through recruiting agents, approached at least 66 Ontario residents and convinced them to purchase shares of A4 Diamonds. Those investors contributed a total of \$1,035,150.
- [7] Mr. Pasyk told various investors that:

¹ Contrary to s. 380.1 of the *Criminal Code*, RSC, 1985, c C-46

² RSO 1990, c S.5

- a. A4 Diamonds was a diamond mining company, with mining claims over rich veins of diamonds;
- b. investors would earn substantial returns in a short time;
- c. A4 Diamonds would soon be listed on a stock exchange; and
- d. invested funds would be used for exploration and mining, and not for himself.

[8] Of the \$1,035,150 raised, only \$58,198 was used for A4 Diamonds's business purposes. More than half of the funds were transferred into Mr. Pasyk's personal bank account. Other large amounts were withdrawn in cash or used for purposes unrelated to A4 Diamonds.

[9] Mr. Pasyk admitted that he used the investor funds to finance his lifestyle, pay the mortgage on his home, and fund other unrelated businesses.

[10] On February 21, 2019, Mr. Pasyk pled guilty to fraud over \$5,000.

III. LEGAL FRAMEWORK

[11] Subsection 127(1) of the Act empowers the Commission to make various orders against an individual if in the Commission's opinion it is in the public interest to do so.

[12] Paragraph 127(10)1 of the Act explicitly authorizes an order under s. 127(1) where a person has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives.

IV. ANALYSIS AND CONCLUSION

[13] Mr. Pasyk's conviction for fraud arises out of his course of conduct relating to the securities of A4 Diamonds. The test in s. 127(10)1 of the Act is therefore satisfied.

[14] While Mr. Pasyk has made full restitution to investors, and has consented to the order requested by Staff, his misconduct was serious. Fraud is one of the most egregious violations of securities law. It causes direct harm to individual investors and it undermines confidence in the capital markets.

[15] It is in the public interest to limit Mr. Pasyk's future participation in the capital markets on the terms that Staff has proposed and to which Mr. Pasyk consents. I will issue an order reflecting those terms, which are as follows:

- a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Mr. Pasyk shall cease permanently, except that he shall not be precluded from trading in securities or derivatives in a registered retirement savings plan, registered education savings plan, any registered retirement income funds, and/or tax-free savings account (as defined in the *Income Tax Act*³) in which he has a beneficial ownership, provided that he carries out any permitted trading through a registered dealer (which dealer must be given a copy of the order that I will issue) and through accounts opened in his name or his spouse's name only, or from disposing to members of his immediate family the securities he currently owns of his spouse's medical professional corporation at which he is employed;
- b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Mr. Pasyk shall be prohibited permanently, except that he shall not be precluded from purchasing securities or derivatives in a registered retirement savings plan, registered education savings plan, any registered retirement income funds, and/or tax-free savings account (as defined in the *Income Tax Act*) in which he has a beneficial ownership, provided that he carries out any permitted acquisitions through a registered dealer (which dealer must be given a copy of the order that I will issue) and through accounts opened in his name or his spouse's name only;
- c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Mr. Pasyk permanently;
- d. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Mr. Pasyk must resign any positions that he holds as a director or officer of any issuer or registrant;

³ RSC, 1985, c 1 (5th Supp)

Reasons: Decisions, Orders and Rulings

- e. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Mr. Pasyk is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and
- f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Mr. Pasyk is prohibited permanently from becoming or acting as a registrant or promoter.

Dated at Toronto this 13th day of July, 2020.

“Timothy Moseley”

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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
Cannabis One Holdings Inc.	July 7, 2020	
Lendified Holdings Inc.	July 9, 2020	
MJ Bioscience Corp.	July 7, 2020	July 9, 2020
Pure Global Cannabis Inc.	July 8, 2020	
Torque Esports Corp.	June 22, 2020	July 9, 2020
Transnational Cannabis Ltd.	July 7, 2020	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Reservoir Capital Corp.	June 18, 2020	July 7, 2020
Nabis Holdings Inc.	June 18, 2020	July 8, 2020

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
3 Sixty Risk Solutions Ltd.	18 June 2020	
DelphX Capital Markets Inc.	16 June 2020	
Imaging Dynamics Company Ltd.	17 June 2020	
Harborside Inc.	16 June 2020	
Nabis Holdings Inc.	18 June 2020	July 8, 2020
Reservoir Capital Corp.	18 June 2020	July 7, 2020
RYU Apparel Inc.	17 June 2020	
SponsorsOne Inc.	22 June 2020	

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Chapter 7

Insider Reporting

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

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

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

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:

Sprott Physical Gold Trust
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus (NI 44-102) dated July 6, 2020
NP 11-202 Receipt dated July 7, 2020

Offering Price and Description:

U.S.\$2,000,000,000 Trust Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3076374

Issuer Name:

TD One-Click Aggressive ETF Portfolio
TD One-Click Conservative ETF Portfolio
TD One-Click Moderate ETF Portfolio

Type and Date:

Preliminary Long Form Prospectus dated Jul 10, 2020
NP 11-202 Final Receipt dated Jul 10, 2020

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3070481

Issuer Name:

Mackenzie Global Low Volatility Equity Fund
Mackenzie US Core Equity Fund
Principal Regulator – Ontario

Type and Date:

Preliminary Simplified Prospectus dated Jul 8, 2020
NP 11-202 Final Receipt dated Jul 9, 2020

Offering Price and Description:

Series IG units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #3068377

Issuer Name:

BetaPro Crude Oil Daily Bull ETF
BetaPro Crude Oil -1x Daily Bear ETF
Horizons Gold ETF
Principal Regulator - Ontario

Type and Date:

Amendment #6 to Final Long Form Prospectus dated July 6 2020
NP 11-202 Final Receipt dated Jul 9, 2020

Offering Price and Description:

ETF Shares

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2975186

Issuer Name:

Encasa Canadian Equity Fund (now, Encasa Equity Fund)
Principal Regulator - Ontario

Type and Date:

Amendment #2 to Final Simplified Prospectus dated June 30, 2020
NP 11-202 Final Receipt dated Jul 7, 2020

Offering Price and Description:

Series A Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2981510

NON-INVESTMENT FUNDS

Issuer Name:

Argonaut Gold Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated July 10, 2020
NP 11-202 Preliminary Receipt dated July 10, 2020

Offering Price and Description:

\$110,001,900.00 - 43,138,000 Common Shares
Price: \$2.55 per Common Share

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CORMARK SECURITIES INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
LAURENTIAN BANK SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
CIBC WORLD MARKETS INC.
PARADIGM CAPITAL INC.
PI FINANCIAL CORP.
RBC DOMINION SECURITIES INC.

Promoter(s):

-

Project #3081040

Issuer Name:

Bee Vectoring Technologies International Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus dated July 3, 2020
NP 11-202 Preliminary Receipt dated July 7, 2020

Offering Price and Description:

\$30,000,000.00 - COMMON SHARES, PREFERRED
SHARES, DEBT SECURITIES, SUBSCRIPTION
RECEIPTS, WARRANTS, UNITS

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3080622

Issuer Name:

Cineplex Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated July 7, 2020
NP 11-202 Preliminary Receipt dated July 7, 2020

Offering Price and Description:

\$*
*% Convertible Unsecured Subordinated Debentures
Price: \$1,000.00 per Debenture

Underwriter(s) or Distributor(s):

SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.

Promoter(s):

-

Project #3080783

Issuer Name:

Dye & Durham Limited
Principal Regulator - Ontario

Type and Date:

Amendment dated July 10, 2020 to Preliminary Long Form
Prospectus dated June 29, 2020
NP 11-202 Preliminary Receipt dated July 10, 2020

Offering Price and Description:

\$150,000,000.00
* Common Shares
Price: \$* per Share

Underwriter(s) or Distributor(s):

CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
INFOR FINANCIAL INC.
RAYMOND JAMES LTD.

Promoter(s):

-

Project #3077862

Issuer Name:

Filo Mining Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated July 13, 2020
NP 11-202 Preliminary Receipt dated July 13, 2020

Offering Price and Description:

5,500,000 Common Shares - \$10,175,000.00
Price: \$1.85 per Offered Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3081012

Issuer Name:

Graycliff Exploration Ltd.
Principal Regulator - British Columbia

Type and Date:

Amendment dated July 8, 2020 to Preliminary Long Form Prospectus dated April 9, 2020

NP 11-202 Preliminary Receipt dated July 8, 2020

Offering Price and Description:

0.00

Underwriter(s) or Distributor(s):

-

Promoter(s):

Gary Handley

Project #3007391

Issuer Name:

Kadestone Capital Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Long Form Prospectus dated July 8, 2020

NP 11-202 Preliminary Receipt dated July 9, 2020

Offering Price and Description:

Minimum Offering: \$2,000,000.00 or 2,500,000 Offered Shares

Maximum Offering: \$15,000,000.00 or 18,750,000 Offered Shares

Price: \$0.80 per Offered Share

Underwriter(s) or Distributor(s):

LEEDE JONES GABLE INC.

Promoter(s):

Travis Chen

Project #3081370

Issuer Name:

Padlock Partners UK Fund I
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated July 10, 2020

NP 11-202 Preliminary Receipt dated July 10, 2020

Offering Price and Description:

Minimum: \$15,000,000.00 of Class A Units, Class F Units and/or Class C Units

Maximum: \$40,000,000.00 of Class A Units, Class F Units and/or Class C Units

Underwriter(s) or Distributor(s):

CIBC WORLD MARKETS INC.

Promoter(s):

-

Project #3081966

Issuer Name:

Rupert Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated July 13, 2020

NP 11-202 Preliminary Receipt dated July 13, 2020

Offering Price and Description:

C\$14,736,694.40 - 4,605,217 Common Shares

Price C\$3.20 per Offered Share

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #3081001

Issuer Name:

The Descartes Systems Group Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus dated July 8, 2020

NP 11-202 Preliminary Receipt dated July 8, 2020

Offering Price and Description:

US\$1,000,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3081186

Issuer Name:

Cargojet Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated July 9, 2020

NP 11-202 Receipt dated July 9, 2020

Offering Price and Description:

\$100,000,000.00 - 5.25% Listed Senior Unsecured Hybrid Debentures Due June 30, 2026

Price: \$1,000 per Debenture

Underwriter(s) or Distributor(s):

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

SCOTIA CAPITAL INC.

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

CANACCORD GENUITY CORP.

LAURENTIAN BANK SECURITIES INC.

RAYMOND JAMES LTD.

ALTACORP CAPITAL INC.

ACUMEN CAPITAL FINANCE PARTNERS LIMITED

BEACON SECURITIES LIMITED

CORMARK SECURITIES INC.

Promoter(s):

-

Project #3074614

Issuer Name:

Chemtrade Logistics Income Fund
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated July 10, 2020
NP 11-202 Receipt dated July 10, 2020

Offering Price and Description:

\$500,000,000.00 - Units, Subscription Receipts, Debt Securities, Warrants

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3074175

Issuer Name:

Cineplex Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated July 9, 2020
NP 11-202 Receipt dated July 9, 2020

Offering Price and Description:

\$275,000,000.00 - 5.75% Convertible Unsecured Subordinated Debentures
Price: \$1,000.00 per Debenture

Underwriter(s) or Distributor(s):

SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.

Promoter(s):

-

Project #3080783

Issuer Name:

Dye & Durham Limited
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated July 13, 2020
NP 11-202 Receipt dated July 13, 2020

Offering Price and Description:

\$150,000,000.00 - 20,000,000 Common Shares
Price: \$7.50 per Share

Underwriter(s) or Distributor(s):

CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
INFOR FINANCIAL INC.
RAYMOND JAMES LTD.

Promoter(s):

-

Project #3077862

Issuer Name:

Exro Technologies Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated July 7, 2020
NP 11-202 Receipt dated July 8, 2020

Offering Price and Description:

Minimum Offering: \$4,300,000.00 (6,142,857 Units)
Maximum Offering: \$8,000,000.00 (11,428,571 Units)
Price: \$0.70 per Unit

Underwriter(s) or Distributor(s):

Gravitas Securities Inc.

Promoter(s):

-

Project #3075306

Issuer Name:

Frontenac Mortgage Investment Corporation
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated July 9, 2020 to Final Long Form Prospectus dated May 26, 2020
NP 11-202 Receipt dated July 13, 2020

Offering Price and Description:

Unlimited Number of Common Shares
Price: \$30.00 per Common Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

W.A. ROBINSON ASSET MANAGEMENT LTD.

Project #3055756

Issuer Name:

Gold Terra Resource Corp.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated July 9, 2020
NP 11-202 Receipt dated July 9, 2020

Offering Price and Description:

\$6,320,000.00 - 18,000,000 Common Shares
Price: \$0.30 per Common Share
\$0.415 per Flow-Through Common Share

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.
BEACON SECURITIES LIMITED
STIFEL NICOLAUS CANADA INC.

Promoter(s):

-

Project #3076836

Issuer Name:

National Bank of Canada
Principal Regulator - Quebec

Type and Date:

Final Shelf Prospectus dated July 9, 2020
NP 11-202 Receipt dated July 9, 2020

Offering Price and Description:

\$5,000,000,000.00 - Medium Term Notes – Debt Securities
(Unsubordinated Indebtedness)

Underwriter(s) or Distributor(s):

NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
RBC DOMINION SECURITIES INC.
RAYMOND JAMES LTD.
RICHARDSON GMP LIMITED
WELLINGTON-ALTUS PRIVATE WEALTH INC.

Promoter(s):

-

Project #3071084

Issuer Name:

Osino Resources Corp.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated July 8, 2020
NP 11-202 Receipt dated July 8, 2020

Offering Price and Description:

Offering: \$15,400,000 - 14,000,000 Units
\$1.10 per Unit

Underwriter(s) or Distributor(s):

STIFEL NICOLAUS CANADA INC.
BEACON SECURITIES LIMITED
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
M PARTNERS INC.

Promoter(s):

Heye Daun
Alan Friedman

Project #3076459

Issuer Name:

Park Lawn Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated July 9, 2020
NP 11-202 Receipt dated July 9, 2020

Offering Price and Description:

\$75,000,000.00 - 5.75% Listed Senior Unsecured
Debentures due December 31, 2025

Price: \$1,000 per Debenture

Underwriter(s) or Distributor(s):

CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
ACUMEN CAPITALFINANCE PARTNERS LIMITED
CORMARKSECURITIES INC.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
STIFEL NICOLAUS CANADA INC.

Promoter(s):

-

Project #3076273

Issuer Name:

Premium Brands Holdings Corporation
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated July 9, 2020
NP 11-202 Receipt dated July 9, 2020

Offering Price and Description:

\$120,043,300.00 - 1,391,000 Common Shares and
\$150,000,000.00 - 4.20% Convertible Unsecured
Subordinated Debentures

Underwriter(s) or Distributor(s):

NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
CORMARK SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
INDUSTRIAL ALLIANCE SECURITIES INC.
DESJARDINS SECURITIES INC.

Promoter(s):

-

Project #3076727

Issuer Name:

Sprott Physical Gold Trust
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated July 6, 2020
NP 11-202 Receipt dated July 7, 2020

Offering Price and Description:

U.S.\$2,000,000,000 Trust Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3076374

Issuer Name:

StorageVault Canada Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated July 13, 2020
NP 11-202 Receipt dated July 13, 2020

Offering Price and Description:

\$75,000,000.00 - 5.75% Senior Unsecured Hybrid
Debentures

Price: \$1,000.00 per Debenture

Underwriter(s) or Distributor(s):

SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
CORMARK SECURITIES INC.
RAYMOND JAMES LTD.
STIFEL NICOLAUS CANADA INC.
INDUSTRIAL ALLIANCE SECURITIES INC.

Promoter(s):

-

Project #3077850

Issuer Name:

Thomson Reuters Corporation
TR Finance LLC
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus (NI 44-102) dated July 6, 2020
NP 11-202 Receipt dated July 7, 2020

Offering Price and Description:

US\$3,000,000,000 - Debt Securities (unsecured)

Underwriter(s) or Distributor(s):

Thomson Reuters Applications Inc.
Thomson Reuters (Tax & Accounting) Inc.

Promoter(s):

-

Project #3075025

Issuer Name:

TR Finance LLC
Thomson Reuters Corporation
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated July 6, 2020
NP 11-202 Receipt dated July 7, 2020

Offering Price and Description:

US\$3,000,000,000 - Debt Securities (unsecured)

Underwriter(s) or Distributor(s):

Thomson Reuters Applications Inc.
Thomson Reuters (Tax & Accounting) Inc.

Promoter(s):

-

Project #3075028

Issuer Name:

TriStar Gold Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated July 6, 2020
NP 11-202 Receipt dated July 7, 2020

Offering Price and Description:

\$8,010,000.00 - 26,700,000 Units

Underwriter(s) or Distributor(s):

CORMARK SECURITIES INC.
RED CLOUD SECURITIES INC.
CANACCORD GENUITY CORP.

Promoter(s):

-

Project #3074737

Issuer Name:

Just Energy Group Inc.
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Shelf Prospectus dated December 16, 2019
Withdrawn on July 8, 2020

Offering Price and Description:

\$1,000,000,000.00 - Common Shares, Preferred Shares.
Subscription Receipts, Warrants, Debt Securities, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #3000853

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Blue Deer Capital Partners Inc.	Exempt Market Dealer	July 7, 2020
Name Change	From: Robson Capital Partners Corp. To: Nvestry Capital Inc.	Exempt Market Dealer	June 26, 2020
Voluntary Surrender	Ontario Wealth Management Corporation	Exempt Market Dealer	July 7, 2020
New Registration	Clifton Blake Securities Ltd.	Exempt Market Dealer	July 9, 2020
Change in Registration Category	Galibier Capital Management Ltd.	From: Portfolio Manager and Investment Fund Manager To: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	July 9, 2020
Change in Registration Category	Brookfield Investment Management (Canada) Inc.	From: Portfolio Manager, Exempt Market Dealer and Investment Fund Manager To: Portfolio Manager and Exempt Market Dealer	July 10, 2020

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Proposed Amendments to Swap Counterparty Margin Requirements – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS TO SWAP COUNTERPARTY MARGIN REQUIREMENTS

IIROC is publishing for public comment proposed amendments to Dealer Member Rule subsections 100.2(j) and 100.2(k) and IIROC Rule section 5442 relating to swap counterparty margin requirements (“proposed amendments”). The main purpose of the proposed amendments is to address undue burden on Dealer Member capital by making IIROC Rules pertaining to margin grace period allowances more consistent, and aligning with industry practice. More specifically, the proposed amendments would allow Dealer Members one business day grace period to collect additional collateral to cover any market value deficiency on swap transactions with Acceptable Counterparties and Related Entities. A copy of the IIROC Notice including the text of the proposed amendments is also published on our website at <http://www.osc.gov.on.ca>. The comment period ends on August 17, 2020.

13.3 Clearing Agencies

13.3.1 CDS Clearing and Depository Services Inc. – Material Amendments to CDS External Procedures Related to Interest Charges – Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS EXTERNAL PROCEDURES RELATED TO INTEREST CHARGES

The Ontario Securities Commission is publishing for a 30-day public comment period, material amendments to the CDS External Procedures relating to interest charges.

The purpose of the proposed procedure amendments is to clarify the existing provisions relating to interest rebate and interest charge on participants' cash collateral deposits.

The comment period ends on August 17, 2020.

A copy of the [CDS Notice](http://www.osc.gov.on.ca) is published on our website at <http://www.osc.gov.on.ca>.

NOTICE AND REQUEST FOR COMMENT

MATERIAL AMENDMENTS TO CDS EXTERNAL PROCEDURES

Participant cash collateral interest rate rebate and negative interest charges

A. DESCRIPTION OF THE PROPOSED CDS EXTERNAL PROCEDURE AMENDMENTS

The Canadian Depository for Securities (“CDS”) is proposing amending its External Procedure Documents entitled “Participating in CDS Services” and “New York Link Participant Procedures” (collectively, the “External Procedures”) in order to clarify the existing provisions relating to interest rebate and interest charge on participants' cash collateral deposits.

CDS proposes that the text *in blue* below be added in the External Procedures:

- **Participating in CDS Services - Section 15.1.3 - Interest Rebates / *Charges***

Participants with cash contributions in the CNS Participant Fund, CNS Default Fund, and Supplemental Liquidity Fund are eligible to receive interest on these funds on a semi-annual basis.

Interest is payable within 45 calendar days from the end of each semiannual period, ending March 31 and September 30, provided that the participants' obligations to CDS have been fulfilled.

The interest rate is the rate earned by CDS in its current account on the first day of each month. The calculation of the interest payable *to the participants* is based on the participant's pro-rata share of total cash on deposit, averaged over the six month period. *If a negative interest rate is charged to CDS, the negative interest will be passed through and charged back to the participant based on the participant's pro-rata share of total cash on deposit, averaged over the six month period.*

- **New York Link Participant Procedures - Section 6.3 - CDS participant fund for New York Link (administered by CDS)**

New York Link participants must also contribute to a participant fund administered by CDS.

CDS calculates the participant fund requirement monthly.

All participant fund requirements may be satisfied in the form of eligible collateral. For more information, refer to Participating in CDS Services.

If a requested collateral contribution is not delivered by the specified deadline, the participant may be fined or suspended.

Cash is used to satisfy a CDS participant fund for New York Link contribution. For more information, see Delivering U.S. dollar cash as collateral in Participating in CDS Services.

Making initial collateral contributions

There is no minimum collateral contribution required from each participant.

Making monthly collateral contributions

Participants are notified of their collateral contribution requirements on a monthly basis.

Collateral contribution requirements may be satisfied by delivering a collateral contribution to CDS in the form of eligible collateral and within the collateral limits.

All collateral contribution requirements must be delivered by 10:00 a.m. ET (8:00 a.m. MT, 7:00 a.m. PT) on the day it is due. If CDS does not receive the required collateral contribution by the specified deadline, the participant is fined. If the collateral contribution is still outstanding by 11:00 a.m. ET (9:00 a.m. MT, 8:00 a.m. PT), the participant is suspended.

Participant cash contributions to the CDS participant fund for New York Link are eligible to earn interest. *The calculation of the interest payable to the participants is based on the participant's pro-rata share of total cash on deposit, averaged over the six month period. If a negative interest rate is charged to CDS, the negative*

interest will be passed through and charged back to the participant based on the participant's pro-rata share of total cash on deposit, averaged over the six month period.

The proposed amendments are also provided in Appendix "A" to this Notice.

B. NATURE AND PURPOSE OF THE PROPOSED CDS PROCEDURE AMENDMENTS

CDS is proposing to modify the "Interest Rebates" section of its External Procedures, in order to clarify that, to the extent CDS is being charged any negative interest on its CAD accounts and USD accounts where the cash contributions to the CNS Participant Fund, the CNS Default Fund, the Supplemental Liquidity Fund and CDS Participant Fund for New York Link are deposited, such negative interest will be considered a charge that will be passed through to the participants.

The interest rate earned by CDS on cash collateral is distributed to participants based on their pro-rata share of total cash on deposit. To date CDS has not had a situation where interest rates have been negative. However, with the recent Covid-19 pandemic circumstances, and the impact of such pandemic on the volatility of the Canadian and American financial markets, CDS recognizes that there is a possibility of negative interest rates being charged to CDS by its banks (including Bank of Canada and any US commercial bank holding USD cash collateral contributions) in the future.

In the event CDS must charge back any negative interests to the participants, CDS will promptly communicate the information via the Bulletin process to ensure timely communication of the situation to all participants.

C. IMPACT OF THE PROPOSED CDS PROCEDURE AMENDMENTS

In the event a negative interest rate is charged to CDS by its banks (including Bank of Canada and any US commercial bank holding USD cash collateral contributions), CDS would pass through this charge to the participant.

C.1 Competition

The proposed amendments to the External Procedures will apply to all CDS Participants with cash contributions in the CNS Participant Fund, CNS Default Fund, Supplemental Liquidity Fund and CDS

Participant Fund for New York Link. If CDS is committed to distributing to the Participants the net amount of any interests received by CDS from its banks on the invested collateral of the Participants, the Participants must logically bear the risk of being charged any negative interests.

C.2 Risks and Compliance Costs

The proposed External Procedures amendments are intended to clarify interest fluctuations due to market volatility. Some CDS Participants may see some impacts of the negative interest rate charge. However, as stated in the CDS Rules, this burden may be partially offset since CDS Participants generally receive the net amount of any interest, dividend or income received by CDS on the invested collateral of the Participants, in accordance with the details included in the External Procedures, provided the Participant's obligations to CDS have been fulfilled.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

The proposed amendments to the External Procedures are entirely consistent with all relevant international standards. These amendments are intended to support CDS' observance that due to market volatility there is a possibility of negative interest rates being charged to CDS by its banks.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

CDS legal, risk management and operations representatives have prepared documents describing the proposed amendments to External Procedures.

D.2 Procedure Drafting Process

The proposed amendments were drafted by representatives of CDS Operations Team and the Risk Management team, in consultation with CDS Legal team.

CDS procedure amendments were reviewed and approved by CDS's strategic development review committee (SDRC) on June 25, 2020. The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS participant community.

D.3 Issues Considered

In drafting the amendments to the External Procedures, CDS' primary consideration was to clarify that, in the event a negative interest rate is charged to CDS, this negative interest will be passed through and charged back to the participant.

D.4 Consultation

Users responsible for providing comments/updated to the External Procedures were consulted to ensure effective implementation. The proposed procedure amendments were presented to the SDRC on June 25, 2020. The project office managed the various work streams deliverables including Operational process, Risk models/measurements, various Committees, external procedures and rule changes, to be presented for Board approval (when applicable) and for Public Comment.

D.5 Alternatives Considered

In considering the proposed External Procedures amendments, CDS determined that the pass through charge was consistent with interest earned by CDS, and interest payment is distributed based on the participant's pro-rata share of total cash on deposit. The negative interest will then be charged back in the same manner.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Securities Act (Ontario), by the British Columbia Securities Commission pursuant to Section 24(d) of the Securities Act (British Columbia) and by the Autorité des marchés financiers ("AMF") pursuant to section 169 of the Securities Act (Québec). In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the Payment Clearing and Settlement Act. The Ontario Securities Commission, the British Columbia Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators". The amendments to CDS Participant External Procedures are expected to become effective on a date to be determined by CDS (such date expected to be in **Q3 2020**), such date to fall subsequent to approval of the amendments by the Recognizing Regulators following public notice and comment and be contingent on completion of appropriate testing and applicable notice to CDS participants.

E. TECHNOLOGICAL SYSTEMS CHANGES

The proposed amendments to the External Procedures are not expected to have an impact on technological systems, or require changes to such systems for CDS, CDS participants, or other market participants.

F. COMPARISON TO OTHER CLEARING AGENCIES

Given the nature of the proposed amendments, CDS is of the view that a comparative analysis with other clearinghouses is not required. However, CDS notes that Canadian Derivative Clearing Corporation (CDCC) references negative interest rates in its Operations Manual.

In addition to the foregoing, CDS notes that a few other clearing counterparties have included the notion of negative interests into their rules or procedures:

Eurex Clearing 3.4.4

*"Eurex Clearing AG may determine from time to time to either pay interest or charge negative interest on Eligible Margin Assets in the form of cash actually delivered by a Clearing Member or a Basic Clearing Member (or Clearing Agent acting for the account of the Basic Clearing Member) to Eurex Clearing AG in respect of Margin. Eurex Clearing AG publishes information on the calculation of interest rates or negative interest rates as well as any changes to the applicable calculation method due to extraordinary market conditions or market disruptions on its website (www.eurexclearing.com). Such information will be amended from time to time and published accordingly. **When determining to charge negative interest, Eurex Clearing AG shall consider the currently applicable benchmark interest rates and interest rates charged by the central banks or commercial banks. Any income on Eligible Margin Assets in form of Securities actually delivered by a Clearing Member or a Basic Clearing Member to Eurex Clearing AG in respect of Margin shall be subject to the specific provisions of the Elementary Clearing Model Provisions, the ISA Provisions or the Basic Clearing Member Provisions"***

LCH Limited - Section 10 (f)

*“Interest calculated on a basis determined from time to time by the Clearing House in accordance with the Procedures may at the Clearing House’s discretion (but subject to the provisions of the Default Rules and to Regulation 66(d) be paid, or, in the case of **negative interest rates, be charged**, on amounts standing to the credit of any of the Member’s Proprietary Accounts and/or Client Accounts.”*

LCH.Clearnet LLC - Regulation 306

*“Interest shall accrue on an amount equal to the Clearing House’s contingent obligation to repay a Clearing Member’s Contribution from the time such Contributions are paid until such time that they are repaid to the Clearing Member or until such time that they (or any portion thereof) are applied or offset under Regulation 308, Regulation 310 or as otherwise provided under the Rulebook, in such manner as provided by the Procedures, and at a rate of interest linked to the Fed Funds Rate published on a particular day (or, in relation to any day for which a Fed Funds Rate is not available, the Fed Funds Rate most recently published before such day), but determined by the Clearing House in its sole discretion in light of market conditions at each applicable time by the Clearing House, and notified by the Clearing House to the Clearing Members. **In the event that the Fed Funds Rate is negative, interest shall be payable by the Clearing Members to the Clearing House .”***

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Anne Fiddes, VP Integrated Operations
Telephone: 416-285-1031
[Email: CDSrelationshipmgmt@tmx.com](mailto:CDSrelationshipmgmt@tmx.com)

Relationship Management
[Email: CDSrelationshipmgmt@tmx.com](mailto:CDSrelationshipmgmt@tmx.com)
CDS Clearing and Depository Services Inc.
100 Adelaide Street West
Toronto, Ontario
M5H 1S3

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

Philippe Lebel
Corporate Secretary and
Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640 Laurier boulevard, suite 400
Québec (Québec) G1V 5C1

Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Télécopieur: (514) 864-8381
Courrier électronique:
consultation-en-cours@lautorite.qc.ca

Fax: 416-595-8940
[email: marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

CDS will make available to the public, upon request, all comments received during the comment period.

Canadian dollar cash withdrawals

If a request for a cash withdrawal is received by 10 a.m. ET:

- Amounts less than or equal to \$10 million may be withdrawn after 10 a.m. ET on the next business day following the withdrawal request¹
- Amounts greater than \$10 million may be withdrawn after 10 a.m. ET two business days following the withdrawal request

15.1.2 Delivering U.S. dollar cash as collateral

To deposit U.S. dollar cash as collateral for USD collateral pools and/or participant funds other than the CDS participant fund for New York Link, initiate a Fedwire payment to the following CDS account.

Bank	Harris National Association
Telegraphic ID	HARRIS CHGO
Account number	203-212-6
ABA number	071000288
FAO	CDS Clearing and Depository Services Inc. (include the Participant Fund ID)

To deposit U.S. dollar cash as collateral for the CDS participant fund for New York Link, initiate a Fedwire payment to the following CDS account.

Bank	Wells Fargo Bank, N.A.
SWIFT code	WFBIUS6S
Account number	4597225077
ABA number	121000248
FAO	CDS Clearing and Depository Services Inc. (include the Participant Fund ID)

CDS monitors the accounts to ensure that the funds are deposited to CDS's account. CDS then enters the cash value received in the Collateral Management System.

15.1.3 Interest rebates and charges

Participants with cash contributions in the CNS Participant Fund, CNS Default Fund and Supplemental Liquidity Fund are eligible to receive interest on these funds on a semi-annual basis.

Interest is payable within 45 calendar days from the end of each semi-annual period, ending March 31 and September 30, provided that the participants' obligations to CDS have been fulfilled.

The interest rate is the rate earned by CDS in its current account on the first day of each month. The calculation of the interest payable to the participants is based on the participant's pro rata share of total cash on deposit, averaged over the six month period. If a negative interest rate is charged to CDS, the negative interest will be passed through and charged back to the participant based on the participant's pro-rata share of total cash on deposit, averaged over the six month period.

¹ Cash collateral withdrawals may be subject to CDS's own banking restrictions. CDS will confirm by 10:30 a.m. ET to any participant with a withdrawal request if that request cannot be fulfilled by the next business day following the withdrawal request.

15.1.4 Making collateral contributions

Securities used as collateral are pledged using the Pledge to CDS Menu function from the participant's ledgers (non-risk account) to the CAL assigned for that pool, funds or Supplemental Liquidity Fund. Pledges are confirmed only if all the required edits are satisfied. Settlement of the pledge moves the securities into the CAL and the securities are then managed by CDS in its role as the administrator.

Participants may substitute other securities into their CAL and release the original contribution back to their ledgers. A participant must maintain sufficient value of securities in their CAL at all times.

The calculations required for given activities are made on an individual security basis. When collateral administrators calculate their collateral contributions, the calculation must use the current market price, a margin discount factor and an accrued interest calculation, if any, for each security contributed. The applicable value of a security that is contributed as collateral is calculated as follows:

$$\text{Applicable value} = \text{Market value} - (\text{Market value} \times \text{Margin}) + \text{Accrued interest}$$

Each collateral administrator is responsible for ensuring that the applicable value of their collateral contributions meets or exceeds their required contribution.

CHAPTER 6 NEW YORK LINK PARTICIPANT FUNDS
CDS participant fund for New York Link (administered by CDS)

Making initial collateral contributions

There is no minimum collateral contribution required from each participant. **Making monthly collateral contributions**

Participants are notified of their collateral contribution requirements on a monthly basis. Collateral contribution requirements may be satisfied by delivering a collateral contribution to CDS in the form of eligible collateral and within the collateral limits.

All collateral contribution requirements must be delivered by 10:00 a.m. ET (8:00 a.m. MT, 7:00 a.m. PT) on the day it is due. If CDS does not receive the required collateral contribution by the specified deadline, the participant is fined. If the collateral contribution is still outstanding by 11:00 a.m. ET (9:00 a.m. MT, 8:00 a.m. PT), the participant is suspended.

Participant cash contributions to the CDS participant fund for New York Link are eligible to earn interest. The calculation of the interest payable to the participants is based on the participant's pro-rata share of total cash on deposit, averaged over the six month period. If a negative interest rate is charged to CDS, the negative interest will be passed through and charged back to the participant based on the participant's pro-rata share of total cash on deposit, averaged over the six month period.

6.3.1 DTC and NSCC settlements components

The CDS participant fund for New York Link is made up of the following components:

- [DTC settlements component](#) on page 31
- [NSCC settlements component](#) on page 32.

DTC settlements component

The DTC settlements component of the CDS participant fund for New York Link covers the risk of default for the New York Link participant with the largest payment obligation to DTC. In a default situation, CDS must pay DTC the amount owed by the New York Link participant by the end-of-day.

Canadian dollar cash withdrawals

If a request for a cash withdrawal is received by 10 a.m. ET:

- Amounts less than or equal to \$10 million may be withdrawn after 10 a.m. ET on the next business day following the withdrawal request¹
- Amounts greater than \$10 million may be withdrawn after 10 a.m. ET two business days following the withdrawal request

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The interest rate is the rate earned by CDS in its current account on the first day of each month. The calculation of the interest payable to the participants is based on the participant's pro rata share of total cash on deposit, averaged over the six month period. If a negative interest rate is charged to CDS, the negative interest will be passed through and charged back to the participant based on the participant's pro-rata share of total cash on deposit, averaged over the six month period.

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The calculations required for given activities are made on an individual security basis. When collateral administrators calculate their collateral contributions, the calculation must use the current market price, a margin discount factor and an accrued interest calculation, if any, for each security contributed. The applicable value of a security that is contributed as collateral is calculated as follows:

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