

The Ontario Securities Commission

# OSC Bulletin

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

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# Chapter 1

## Notices / News Releases

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### 1.5 Notices from the Office of the Secretary

#### 1.5.1 Black Panther Trading Corporation and Charles Robert Goddard

FOR IMMEDIATE RELEASE  
February 21, 2017

IN THE MATTER OF  
THE SECURITIES ACT,  
RSO 1990, c S.5

AND

IN THE MATTER OF  
BLACK PANTHER TRADING CORPORATION and  
CHARLES ROBERT GODDARD

**TORONTO** – The Commission issued an Order in the above named matter which provides that:

1. the Withdrawal Motion be heard in writing; and
2. Jason Woycheshyn is granted leave to withdraw as representative for the Respondents.

A copy of the Order dated February 17, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
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SECRETARY TO THE COMMISSION

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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Goldman, Sachs & Co.

##### Headnote

U.S. registered broker dealer exempted from dealer registration under paragraph 25(1) of the Act for provision of prime brokerage services – relief limited to trades in Canadian securities for institutional permitted clients – relief is subject to sunset clause.

##### Applicable Legislative Provisions

##### Statutes Cited

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

##### Instruments Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 8.5, 8.18, 8.21.

National Instrument 81-102 Investment Funds.

February 16, 2017

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  
GOLDMAN, SACHS & CO.  
(the Filer)

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from dealer registration under section 25(1) of the *Securities Act* (Ontario) (the **Act**) in respect of Prime Services (as defined below) relating to securities of Canadian issuers and that are provided in Canada to Institutional Permitted Clients (as defined below) (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission (**OSC**) is the principal regulator for this Application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 Passport System (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada in which the Filer relies on the exemption found in section 8.18 [*International dealer*] of National Instrument 31-103 *Registration*

*Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* other than the province of Alberta (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

### Interpretation

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

For the purposes of this decision, the following term has the following meaning:

**“Institutional Permitted Client”** shall mean a “permitted client” as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as an Institutional Permitted Client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition.

### Representations

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

1. The Filer is a limited partnership formed under the laws of the State of New York. The head office of the Filer is located at 200 West Street, New York, NY 10282. The Filer is an indirect, wholly-owned subsidiary of The Goldman Sachs Group, Inc. (**GS Group**). GS Group is a bank holding company under the Bank Holding Company Act of 1956 (**BHC Act**) and financial holding company under amendments to the BHC Act. The Board of Governors of the Federal Reserve System (**Federal Reserve Board**, or **FRB**) is the primary regulator of GS Group.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**). This registration and membership permits the Filer to provide Prime Services (as defined below) in the U.S.
3. The Filer is a member of all major U.S. securities exchanges and U.S. commodity futures exchanges, including the New York Stock Exchange and NASDAQ as well as certain other exchanges or alternative marketplaces.
4. The Filer is a part of a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high net worth individuals. Services provided to clients by the Filer include securities brokerage, clearance and settlement services and related financing and record keeping services. The Filer also acts as a dealer and provides underwriting, investment banking, corporate advisory, investment advisory and other related services traditionally provided by a full service broker-dealer, including execution and clearing services, and the carrying of accounts of clients introduced to the Filer by introducing brokers. As a full service broker-dealer, the Filer engages in principal trading in furtherance of its market-making, risk-mitigating hedging and underwriting activities.
5. The Filer provides trade execution services and Prime Services (defined below) through two different business units and the two business units are separated by information barriers. The Filer relies on section 8.18 [*International dealer*] of NI 31-103 to provide trade execution services in respect of “foreign securities” as defined in that section. The Filer also relies on the exemptions found in section 8.5 [*Trades through or to a registered dealer*], in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and in section 8.21 [*Specified debt*] of NI 31-103 to provide limited trade execution services in respect of securities of Canadian issuers.
6. “Prime Services” provided by the Filer principally consists of the following: (a) settlement, clearing and custody of trades; (b) financing of long inventory; (c) securities borrowing and/or lending pursuant to a securities lending agreement or delivering securities on behalf of a client pursuant to a margin agreement, in each case, to facilitate client short sales; and (d) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities.
7. The Filer provides or wishes to provide Prime Services in the Jurisdictions to Institutional Permitted Clients (the **Prime Services Clients**).
8. In the case of a Prime Services Client that is an investment fund subject to Part 6 of National Instrument 81-102 *Investment Funds (NI 81-102)*, the custodianship requirements in Part 6 of NI 81-102 would only permit the Filer to provide the Prime Services to the investment fund as a sub-custodian of the investment fund in respect of portfolio assets held outside Canada.

9. Prime Services Clients seek Prime Services from the Filer in order to separate the execution of a trade from the clearing, settlement, custody and financing of a trade. This allows the Prime Services Client to use many executing brokers, without maintaining an active, ongoing custody account with each executing broker. It also allows the Prime Services Client to consolidate settlement, clearing, custody and financing of securities in an account with the Filer.
10. The Filer's Prime Services Clients directly select their executing brokers. The Filer does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades. Prime Services Clients send trade orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits such executing broker to execute the trade for Prime Services Clients.
11. The Filer provides the Prime Services after the execution of the trade, but any commitment to provide financing or to lend or borrow securities in relation to a trade may be made prior to the execution of the trade. The executing broker will communicate trade details to a Prime Services Client and the Filer or Filer's clearing agent, as applicable. A Prime Services Client will also communicate trade details to the Filer. For trades executed on a Canadian marketplace, the Filer will typically need to clear and settle the trades through a participant of the Canadian depository, clearing and settlement hub, CDS Clearing and Depository Services Inc.
12. The Filer exchanges money or securities and hold the money or securities in an account for each Prime Services Client. If the Filer is clearing and settling the trade through a clearing agent, the Filer's clearing agent exchanges money or securities and holds the money or securities in an omnibus account for the Filer, which in turn maintains a record of the position held for the Prime Services Client on its books and records.
13. On or following settlement, the Filer provides the other Prime Services as set out in paragraph 6.
14. The Filer enters into written agreements with all of its Prime Services Clients for the provision of Prime Services.
15. On September 2, 2011, in CSA Staff Notice 31-327 *Broker-Dealer Registration in the Exempt Market Dealer Category*, the Canadian Securities Administrators (**CSA**) stated that they had concerns with firms applying for registration in and with firms registered in the category of exempt market dealer (**EMD**) who were carrying on brokerage activities, including trading listed securities.
16. The Filer was registered as an EMD and was subject to the requirements of NI 31-103.
17. On February 7, 2013, in CSA Staff Notice 31-333 *Follow-up to Broker-Dealer Registration in the Exempt Market Dealer Category*, the CSA stated that they would be publishing amendments to NI 31-103 that would prohibit exempt market dealers from trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement (the **Rule Amendments**).
18. The Rule Amendments came into effect on July 11, 2015. At that time, the Filer agreed to surrender its EMD registration. Since the implementation of the Rule Amendments, only investment dealers that are dealer-members of the Investment Industry Regulatory Organization of Canada (**IIROC**) or firms relying on an applicable exemption from the dealer registration requirement are permitted to engage in trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement in the Jurisdictions.
19. The Filer currently relies on the "international dealer exemption" under section 8.18 [*International dealer*] of NI 31-103 in the ten Canadian provinces and Yukon Territory to provide Prime Services in respect of "foreign securities" as defined in section 8.18 of NI 31-103. The Filer also relies on the "international adviser exemption" as set out in section 8.26 [*International adviser*] under NI 31-103 in the ten Canadian provinces and Yukon Territory and on the "permitted client non-resident investment fund manager" exemption under Part 2 of Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* in Ontario for the other services it provides.
20. The Filer is not registered under NI 31-103, is in the business of trading, and, in the absence of the Exemption Sought, cannot provide the full range of Prime Services in the Jurisdictions in respect of securities of Canadian issuers without registration, except as permitted under section 8.5 [*Trades through or to a registered dealer*], under the exemptions found in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and under section 8.21 [*Specified debt*] of NI 31-103.
21. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934* (the **1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**). The Filer has been approved by the SEC pursuant to SEC Rule 15c3-1 to use the alternative method of computing net capital contained in Appendix E to SEC

Rule 15c3-1, and therefore files such supplemental and alternative reports as may be prescribed by the SEC. The Alternative Net Capital (**ANC**) method provides large broker-dealers meeting specified criteria, such as the Filer, with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. The Filer, who uses the ANC method, must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.

22. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
23. SEC Rule 15c3-1 is designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject, and the Filer is in compliance with SEC Rule 15c3-1 and is in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
24. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 (the **FOCUS Report**), which is the financial and operational report containing a net capital calculation, and a compliance report annually with the SEC and FINRA pursuant to SEC Rule 17a-5(d). The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)*. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submissions of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.
25. The Filer is subject to regulations of the FRB, the SEC and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, under applicable SEC rules and under FINRA Rule 4210. The Filer is in compliance in all material respects with applicable U.S. Margin Regulations.
26. As a bank holding company, GS Group is subject to consolidated risk-based regulatory capital requirements which are computed in accordance with the applicable risk-based capital regulations of the FRB. GS Group is required by the FRB and the Federal Deposit Insurance Company (**FDIC**) to submit an annual plan that describes its strategy for a rapid and orderly resolution in the event of a material distress or failure (resolution plan). GS Group is also required by the FRB to submit, on an annual basis, a global recovery plan that outlines the steps that management could take to reduce risk, maintain sufficient liquidity and conserve capital in times of prolonged stress.
27. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of the Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
28. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**) and, subject to the eligibility criteria of SIPC, Prime Services Clients' assets held by the Filer are insured by SIPC against loss due to insolvency.
29. The Filer is in compliance in all material respects with U.S. securities laws. Subject to the matter to which the Exemption Sought relates, the Filer is not in default of securities legislation in any jurisdiction in Canada.

30. The Filer submit that the Exemption Sought would not be prejudicial to the public interest because:
- (a) the Filer is regulated as a broker-dealer under the securities legislation of the U.S., and is subject to the requirements listed in paragraphs 21 to 28,
  - (b) the availability of and access to Prime Services is important to Canadian institutional investors who are active participants in the international marketplace,
  - (c) the Filer will provide Prime Services in the Jurisdictions only to Institutional Permitted Clients;
  - (d) the OSC has entered into a memorandum of understanding with the SEC regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the U.S. and Canada; and
  - (e) the OSC has entered into a memorandum of understanding with FINRA to provide a formal basis for the exchange of regulatory information and investigative assistance.
31. At the request of the Alberta Securities Commission, the Filer will not rely on subsection 4.7(1) of MI 11-102 to passport this decision into Alberta.
32. The Filer is a "market participant" as defined under subsection 1(1) of the Act. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the Act, which include the requirement to keep such books, records and other documents as are necessary for the proper recording of business transactions and financial affairs and the transactions executed on behalf of others and to deliver such records to the OSC if required.

**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 so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a broker-dealer under the securities legislation of the U.S., which permits the Filer to provide the Prime Services in the U.S.;
- (c) is a member of FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit, provision of margin, financial reporting to the SEC and FINRA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Prime Services in the Jurisdictions in respect of securities of Canadian issuers to Institutional Permitted Clients;
- (g) does not execute trades in securities of Canadian issuers with or for Prime Services Clients, except as permitted under applicable Canadian securities laws;
- (h) does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades;
- (i) notifies the OSC of any regulatory action initiated after the date of this decision in respect of the Filer, or any predecessors or specified affiliates of the Filer, by completing and filing with the OSC Appendix "A" hereto within ten days of the commencement of any such action; provided that the Filer may also satisfy this condition by filing with the OSC within ten days of the date of this decision a notice making reference to and incorporating by reference the disclosure made by the Filer pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, and any updates to such disclosure that may be made from time

to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD 'Regulatory Action Disclosure Reporting Page';

- (j) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (k) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;
- (l) submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (m) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*;
- (n) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and
- (o) pays the increased compliance and case assessment costs of the principal regulator due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

This decision shall expire five years after the date hereof.

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

"Monica Kowal"  
Vice Chair  
Ontario Securities Commission

"D. Grant Vingo"  
Vice Chair  
Ontario Securities Commission

APPENDIX "A"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates<sup>1</sup> 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)?	___	___

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	

<sup>1</sup> In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

**Decisions, Orders and Rulings**

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3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates 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>

## 2.1.2 UBS Securities LLC

### Headnote

U.S. registered broker dealer exempted from dealer registration under paragraph 25(1) of the Act for provision of prime brokerage services – relief limited to trades in Canadian securities for institutional permitted clients – relief is subject to sunset clause.

### Applicable Legislative Provisions

#### Statutes Cited

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

#### Instruments Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 8.5, 8.18, 8.21.

National Instrument 81-102 Investment Funds.

February 16 , 2017

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  
UBS SECURITIES LLC  
(the Filer)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from dealer registration under section 25(1) of the *Securities Act* (Ontario) (the **Act**) in respect of Prime Services (as defined below) relating to securities of Canadian issuers and that are provided in Canada to Institutional Permitted Clients (as defined below) (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission (**OSC**) is the principal regulator for this Application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada in which the Filer relies on the exemption found in section 8.18 [*International dealer*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) other than the province of Alberta (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

### Interpretation

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

For the purposes of this decision, the following term has the following meaning:

**“Institutional Permitted Client”** shall mean a “permitted client” as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition, unless that person or company qualifies as an Institutional Permitted Client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition.

### **Representations**

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

1. The Filer is a limited liability company organized under the laws of the State of Delaware, United States of America (**U.S.**). Its head office is located at 1285 Avenue of the Americas, New York, NY 10019, U.S. The Filer is an indirect wholly owned subsidiary of UBS AG, a publicly owned Swiss banking corporation.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**). This registration and membership permits the Filer to provide the Prime Services (as defined below) in the U.S.
3. The Filer is a member of a number of major U.S. securities exchanges, including the New York Stock Exchange and NASDAQ. The Filer is a Foreign Approved Participant of the Montreal Exchange and a Registered Futures Commission Merchant of ICE Futures Canada, Inc. The Filer is also a member of the Chicago Board of Trade, the Chicago Mercantile Exchange, ICE Futures Exchange, and other principal U.S. commodity exchanges and trades through affiliated or unaffiliated member firms on other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.
4. The Filer provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending, investment banking and derivatives dealing for governments, corporate and financial institutions. The Filer also conducts proprietary trading activities.
5. The Filer provides trade execution services and Prime Services (defined below) through two different business units and the two business units are separated by information barriers. The Filer relies on section 8.18[*International dealer*] of NI 31-103 to provide trade execution services in respect of “foreign securities” as defined in that section. The Filer also relies on the exemptions found in section 8.5 [*Trades through or to a registered dealer*], in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and in section 8.21 [*Specified debt*] of NI 31-103 to provide limited trade execution services in respect of securities of Canadian issuers.
6. “Prime Services” provided by the Filer principally consists of the following: (a) settlement, clearing and custody of trades; (b) financing of long inventory; (c) securities borrowing and/or lending pursuant to a securities lending agreement or delivering securities on behalf of a client pursuant to a margin agreement, in each case, to facilitate client short sales; and (d) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities.
7. The Filer provides or wishes to provide Prime Services in the Jurisdictions to Institutional Permitted Clients (the Prime Services Clients).
8. In the case of a Prime Services Client that is an investment fund subject to Part 6 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), the custodianship requirements in Part 6 of NI 81-102 would only permit the Filer to provide the Prime Services to the investment fund as a sub-custodian of the investment fund in respect of portfolio assets held outside Canada.
9. Prime Services Clients seek Prime Services from the Filer in order to separate the execution of a trade from the clearing, settlement, custody and financing of a trade. This allows the Prime Services Client to use many executing brokers, without maintaining an active, ongoing custody account with each executing broker. It also allows the Prime Services Client to consolidate settlement, clearing, custody and financing of securities in an account with the Filer.
10. The Filer’s Prime Services Clients directly select their executing brokers. The Filer does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades. Prime Services Clients send trade orders to the executing broker who carries out the trade. The executing broker will be an

appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits such executing broker to execute the trade for Prime Services Clients.

11. The Filer provides the Prime Services after the execution of the trade, but any commitment to provide financing or to lend or borrow securities in relation to a trade may be made prior to the execution of the trade. The executing broker will communicate trade details to a Prime Services Client and the Filer or the Filer's clearing agent, as applicable. A Prime Services Client will also communicate trade details to the Filer. For trades executed on a Canadian marketplace, the Filer will typically need to clear and settle the trades through a participant of the Canadian depository, clearing and settlement hub, CDS Clearing and Depository Services Inc.
12. The Filer exchanges money or securities and holds the money or securities in an account for each Prime Services Client. If the Filer is clearing and settling the trade through a clearing agent, the Filer's clearing agent exchanges money or securities and holds the money or securities in an omnibus account for the Filer, which in turn maintains a record of the position held for the Prime Services Client on its books and records.
13. On or following settlement, the Filer provides the other Prime Services as set out in paragraph 6.
14. The Filer enters into written agreements with all of its Prime Services Clients for the provision of Prime Services.
15. On September 2, 2011, in CSA Staff Notice 31-327 *Broker-Dealer Registration in the Exempt Market Dealer Category*, the Canadian Securities Administrators (**CSA**) stated that they had concerns with firms applying for registration in and with firms registered in the category of exempt market dealer (**EMD**) who were carrying on brokerage activities, including trading listed securities.
16. The Filer was registered as an EMD in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan and was subject to the requirements of NI 31-103.
17. On February 7, 2013, in CSA Staff Notice 31-333 *Follow-up to Broker-Dealer Registration in the Exempt Market Dealer Category*, the CSA stated that they would be publishing amendments to NI 31-103 that would prohibit EMDs from trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement (the **Rule Amendments**).
18. The Rule Amendments came into effect on July 11, 2015. At that time, the Filer agreed to surrender its EMD registration. Since the implementation of the Rule Amendments, only investment dealers that are dealer-members of the Investment Industry Regulatory Organization of Canada (**IIROC**) or firms relying on an applicable exemption from the dealer registration requirement are permitted to engage in trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement in the Jurisdictions.
19. The Filer relies on the international dealer exemption under section 8.18 of NI 31-103 in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan to provide Prime Services in respect of "foreign securities" as defined in section 8.18 of NI 31-103.
20. The Filer is not registered under NI 31-103, is in the business of trading, and in the absence of the Exemption Sought, cannot provide the full range of Prime Services in the Jurisdictions in respect of securities of Canadian issuers without registration, except as permitted under section 8.5 [*Trades through or to a registered dealer*], under the exemptions found in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and under section 8.21 [*Specified debt*] of NI 31-103.
21. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934* (the **1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**).
22. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist. The Filer does not guarantee the debt of any third party.
23. SEC Rule 15c3-1 is designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject, and the Filer is in compliance with SEC Rule 15c3-1 and is in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA

pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.

24. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 (the **FOCUS Report**), which is the financial and operational report containing a net capital calculation, and a compliance report annually with the SEC and FINRA pursuant to SEC Rule 17a-5(d). The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)*. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submissions of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.
25. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T and under applicable SEC rules and under FINRA Rule 4210. The Filer is in compliance in all material respects with applicable U.S. Margin Regulations.
26. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of the Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
27. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**) and, subject to the eligibility criteria of SIPC, Prime Services Clients' assets held by the Filer are insured by SIPC against loss due to insolvency.
28. The Filer is in compliance in all material respects with U.S. securities laws. Subject to the matter to which the Exemption Sought relates, the Filer is not in default of securities legislation in any jurisdiction in Canada.
29. The Filer submits that the Exemption Sought would not be prejudicial to the public interest because:
  - (a) the Filer is regulated as a broker-dealer under the securities legislation of the U.S., and are subject to the requirements listed in paragraphs 21 to 27,
  - (b) the availability of and access to Prime Services is important to Canadian institutional investors who are active participants in the international marketplace,
  - (c) the Filer will provide Prime Services in the Jurisdictions only to Institutional Permitted Clients;
  - (d) the OSC has entered into a memorandum of understanding with the SEC regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the U.S. and Canada; and
  - (e) the OSC has entered into a memorandum of understanding with FINRA to provide a formal basis for the exchange of regulatory information and investigative assistance.
30. At the request of the Alberta Securities Commission, the Filer will not rely on subsection 4.7(1) of MI 11-102 to passport this decision into Alberta.
31. The Filer is a "market participant" as defined under subsection 1(1) of the Act. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the Act, which include the requirement to keep such books, records and other documents as are

necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others and to deliver such records to the OSC if required.

**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 so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a broker-dealer under the securities legislation of the U.S., which permits the Filer to provide the Prime Services in the U.S.;
- (c) is a member of FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Prime Services in the Jurisdictions in respect of securities of Canadian issuers to Institutional Permitted Clients;
- (g) does not execute trades in securities of Canadian issuers with or for Prime Services Clients, except as permitted under applicable Canadian securities laws;
- (h) does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades;
- (i) notifies the OSC of any regulatory action initiated after the date of this decision in respect of the Filer, or any predecessors or specified affiliates of the Filer, by completing and filing with the OSC Appendix "A" hereto within ten days of the commencement of any such action; provided that the Filer may also satisfy this condition by filing with the OSC within ten days of the date of this decision a notice making reference to and incorporating by reference the disclosure made by the Filer pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, and any updates to such disclosure that may be made from time to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD 'Regulatory Action Disclosure Reporting Page';
- (j) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (k) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;
- (l) submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (m) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*;
- (n) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and
- (o) pays the increased compliance and case assessment costs of the principal regulator due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

This decision shall expire five years after the date hereof.

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

“Monica Kowal”  
Vice Chair  
Ontario Securities Commission

“D. Grant Vingoe”  
Vice Chair  
Ontario Securities Commission

APPENDIX "A"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates<sup>1</sup> 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)?	___	___

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	

<sup>1</sup> In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

**Decisions, Orders and Rulings**

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3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates 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>

**2.2 Orders**

**2.2.1 Brookfield Asset Management Inc. – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids**

**Headnote**

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 2,000,000 of its Class A shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no Class A shares have been purchased by the selling shareholder for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of Class A shares by the selling shareholder to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that, between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Class A shares of the Issuer to re-establish its holdings of Class A shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

**Applicable Legislative Provisions**

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

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

**AND**

**IN THE MATTER OF  
BROOKFIELD ASSET MANAGEMENT INC.**

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

**UPON** the application (the “**Application**”) of Brookfield Asset Management Inc. (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an

order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (“**NI 62-104**”) exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the “**Issuer Bid Requirements**”) in respect of the proposed purchases by the Issuer of up to an aggregate of 2,000,000 of its Class A Limited Voting Shares (collectively, the “**Subject Shares**”) in one or more tranches from BMO Nesbitt Burns Inc. (the “**Selling Shareholder**”);

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 14, 25 and 26 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).
2. The registered and head office of the Issuer is located at 181 Bay Street, Suite 300, Toronto, Ontario, Canada M4J 2T3.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Class A Limited Voting Shares of the Issuer (the “**Class A Shares**”) are listed for trading on the New York Stock Exchange, the Toronto Stock Exchange (the “**TSX**”) and the Euronext stock exchange under the symbols “BAM”, “BAM.A” and “BAMA”, respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The authorized share capital of the Issuer consists of an unlimited number of Class A Shares, an unlimited number of Class B Limited Voting Shares, an unlimited number of Class A preferred shares issuable in series and an unlimited number of Class AA preferred shares issuable in series. As of January 31, 2017: (a) 986,367,192 Class A Shares; (b) 85,120 Class B Limited Voting Shares; (c) 10,465,100 Class A preferred shares series 2; (d) 4,000,000 Class A preferred shares series 4; (e) no Class A preferred shares series 7; (f) 2,479,585 Class A preferred shares series 8; (g) 5,519,115 Class A preferred shares series 9; (h) no Class A preferred shares series 12; (i) 9,647,700 Class A preferred shares series 13; (j) no Class A preferred shares series 14; (k) 2,000,000 Class A preferred shares series 15; (l) 7,974,528 Class A preferred shares series 17; (m) 7,982,779 Class A preferred shares series 18; (n) no Class A preferred shares series 21; (o) no Class A preferred shares series 22; (p) 9,394,250 Class A preferred shares series 24; (q) 1,533,133 Class A preferred shares series 25; (r) 9,903,348 Class A preferred shares series 26; (s) 9,394,373 Class A preferred shares series 28; (t) 9,936,637 Class A preferred shares series 30; (u) 11,982,568 Class A preferred shares series 32; (v)

- 9,977,889 Class A preferred shares series 34; (w) 7,972,388 Class A preferred shares series 36; (x) 7,971,773 Class A preferred shares series 37; (y) 8,000,000 Class A preferred shares series 38; (z) 12,000,000 Class A preferred shares series 40; (aa) 12,000,000 Class A preferred shares series 42; (bb) 10,000,000 Class A preferred shares series 44; (cc) 12,000,000 Class A Preferred shares series 46; and (dd) no Class AA preferred shares were issued and outstanding.
5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.
  6. The Selling Shareholder does not own, directly or indirectly, more than 5% of the issued and outstanding Class A Shares.
  7. The Selling Shareholder is the beneficial owner of at least 2,000,000 Class A Shares. All of the Subject Shares are held by the Selling Shareholder in the Province of Ontario. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.
  8. No Class A Shares were purchased by, or on behalf of, the Selling Shareholder on or after January 4, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Class A Shares to the Issuer.
  9. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Class A Shares. Between the date of this Order and the date on which a Proposed Purchase (as defined below) is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
  10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.
  11. On May 19, 2016, the Issuer announced the renewal of its normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase for cancellation, during the 12-month period beginning on May 24, 2016 and ending on May 23, 2017, up to 83,751,863 Class A Shares, representing approximately 10% of the public float
- of the Class A Shares as of the date specified in the Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**"), which was submitted to, and accepted by, the TSX. An amendment to the Notice dated February 6, 2017 to provide for the ability of the Issuer to purchase Class A Shares under its Normal Course Issuer Bid pursuant to private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**") was accepted by the TSX on February 8, 2017. The Notice, as amended, specifies that purchases made under the Normal Course Issuer Bid are to be conducted through the facilities of the TSX or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**") or a securities regulatory authority, including by Off-Exchange Block Purchases. The TSX has been advised of the Issuer's intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.
12. On May 19, 2016, the Issuer announced the renewal of its automatic share purchase plan ("**ASPP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in the Class A Shares, including during internal blackout periods (each such time, a "**Blackout Period**"). The ASPP was pre-cleared by the TSX and complies with the TSX NCIB Rules, applicable securities laws and this Order. Under the ASPP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker under the ASPP (the "**ASPP Broker**") to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ASPP. Such purchases will be determined by the ASPP Broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the ASPP Broker and the Issuer. If the Issuer determines to instruct the ASPP Broker to make purchases under the ASPP during a particular Blackout Period, the Issuer will instruct the ASPP Broker not to conduct a block purchase (a "**Block Purchase**") in reliance on the block purchase exception in clause 629(l)7 of the TSX NCIB Rules in the calendar week in which either: (a) the Issuer completes a Proposed Purchase; or (b) a Blackout Period ends and a new trading window of the Issuer opens.
  13. As at February 3, 2017, the Issuer has not purchased any Class A Shares under the Normal Course Issuer Bid, whether through the facilities of a marketplace or pursuant to Off-Exchange Block Purchases.

14. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an “**Agreement**”) pursuant to which the Issuer will agree to purchase some or all of the Subject Shares from the Selling Shareholder by way of one or more trades, each occurring before April 14, 2017 (each such purchase, a “**Proposed Purchase**”) for a purchase price (each such price, a “**Purchase Price**” in respect of such Proposed Purchase) that will be negotiated at arm’s length between the Issuer and the Selling Shareholder. The Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase.
15. The Subject Shares acquired under each Proposed Purchase will constitute a “block” as that term is defined in section 628 of the TSX NCIB Rules.
16. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an “issuer bid” for the purposes of NI 62-104, to which the applicable Issuer Bid Requirements would apply.
17. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur “through the facilities” of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.
18. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a Block Purchase in reliance on the block purchase exception in clause 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.
19. The sale of any of the Subject Shares to the Issuer will not be a “distribution” (as defined in the Act).
20. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.
21. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Class A Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer’s funds.
22. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer’s security holders and will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Class A Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.
23. To the best of the Issuer’s knowledge, as of December 31, 2016, the “public float” for the Class A Shares represented approximately 85% of all the issued and outstanding Class A Shares for purposes of the TSX NCIB Rules.
24. The Class A Shares are “highly-liquid securities” within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.
25. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.
26. At the time that each Agreement is negotiated or entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any “material change” or any “material fact” (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.
27. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of the Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Class A Shares to re-establish its holdings of Class A Shares which will have been

reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

28. The Issuer has made two other applications to the Commission for exemptive relief from the Issuer Bid Requirements in connection with the proposed purchases by the Issuer of: (a) up to 2,000,000 Class A Shares from The Toronto-Dominion Bank; and (b) up to 2,000,000 Class A Shares from The Bank of Nova Scotia (the "**Concurrent Applications**").

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules or another Off-Exchange Block Purchase during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

29. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Class A Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 27,917,287 Class A Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Class A Shares which are the subject of the Concurrent Applications.

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Class A Shares immediately prior to the execution of such Proposed Purchase;

30. No Agreement will be negotiated or entered into during a time when the Issuer would not be permitted to trade in the Class A Shares, including during a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of: (a) the end of such Blackout Period; and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer's financial results and/or any and all "material changes" or any "material facts" (each as defined in the Act) in respect of the Issuer or the Class A Shares relating to such Blackout Period.

(d) the Issuer will otherwise acquire any additional Class A Shares pursuant to the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and, subject to condition (i) below, by Off-Exchange Block Purchases;

31. Assuming completion of the purchase of: (a) the maximum number of Subject Shares, being 2,000,000 Class A Shares; and (b) the maximum number of Class A Shares that are the subject of the Concurrent Applications, being 4,000,000 Class A Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 6,000,000 Class A Shares pursuant to Off-Exchange Block Purchases, representing approximately 7.16% of the maximum 83,751,893 Class A Shares authorized to be purchased under the Normal Course Issuer Bid.

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is negotiated or entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

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

**IT IS ORDERED** pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Subject Shares purchased and the

aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) following the completion of each Proposed Purchase;

- (h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following the completion of such Proposed Purchase;
- (i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Class A Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 27,917,287 Class A Shares; and
- (j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

**DATED** at Toronto, Ontario this 15th day of February, 2017.

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

## 2.2.2 Brookfield Asset Management Inc. – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

### Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 2,000,000 of its Class A shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no Class A shares have been purchased by the selling shareholder for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of Class A shares by the selling shareholder to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that, between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Class A shares of the Issuer to re-establish its holdings of Class A shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

### Applicable Legislative Provisions

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

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

**AND**

**IN THE MATTER OF  
BROOKFIELD ASSET MANAGEMENT INC.**

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

**UPON** the application (the “**Application**”) of Brookfield Asset Management Inc. (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (“**NI 62-104**”) exempting

the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the “**Issuer Bid Requirements**”) in respect of the proposed purchases by the Issuer of up to an aggregate of 2,000,000 of its Class A Limited Voting Shares (collectively, the “**Subject Shares**”) in one or more tranches from The Bank of Nova Scotia (the “**Selling Shareholder**”);

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 14, 25 and 26 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).
2. The registered and head office of the Issuer is located at 181 Bay Street, Suite 300, Toronto, Ontario, Canada M4J 2T3.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Class A Limited Voting Shares of the Issuer (the “**Class A Shares**”) are listed for trading on the New York Stock Exchange, the Toronto Stock Exchange (the “**TSX**”) and the Euronext stock exchange under the symbols “BAM”, “BAM.A” and “BAMA”, respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The authorized share capital of the Issuer consists of an unlimited number of Class A Shares, an unlimited number of Class B Limited Voting Shares, an unlimited number of Class A preferred shares issuable in series and an unlimited number of Class AA preferred shares issuable in series. As of January 31, 2017: (a) 986,367,192 Class A Shares; (b) 85,120 Class B Limited Voting Shares; (c) 10,465,100 Class A preferred shares series 2; (d) 4,000,000 Class A preferred shares series 4; (e) no Class A preferred shares series 7; (f) 2,479,585 Class A preferred shares series 8; (g) 5,519,115 Class A preferred shares series 9; (h) no Class A preferred shares series 12; (i) 9,647,700 Class A preferred shares series 13; (j) no Class A preferred shares series 14; (k) 2,000,000 Class A preferred shares series 15; (l) 7,974,528 Class A preferred shares series 17; (m) 7,982,779 Class A preferred shares series 18; (n) no Class A preferred shares series 21; (o) no Class A preferred shares series 22; (p) 9,394,250 Class A preferred shares series 24; (q) 1,533,133 Class A preferred shares series 25; (r) 9,903,348 Class A preferred shares series 26; (s) 9,394,373 Class A preferred shares series 28; (t) 9,936,637 Class A preferred shares series 30; (u) 11,982,568 Class A preferred shares series 32; (v) 9,977,889 Class A preferred shares series 34; (w) 7,972,388 Class A preferred shares series 36; (x)

7,971,773 Class A preferred shares series 37; (y) 8,000,000 Class A preferred shares series 38; (z) 12,000,000 Class A preferred shares series 40; (aa) 12,000,000 Class A preferred shares series 42; (bb) 10,000,000 Class A preferred shares series 44; (cc) 12,000,000 Class A Preferred shares series 46; and (dd) no Class AA preferred shares were issued and outstanding.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.
6. The Selling Shareholder does not own, directly or indirectly, more than 5% of the issued and outstanding Class A Shares.
7. The Selling Shareholder is the beneficial owner of at least 2,000,000 Class A Shares. All of the Subject Shares are held by the Selling Shareholder in the Province of Ontario. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.
8. No Class A Shares were purchased by, or on behalf of, the Selling Shareholder on or after January 4, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Class A Shares to the Issuer.
9. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Class A Shares. Between the date of this Order and the date on which a Proposed Purchase (as defined below) is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
10. The Selling Shareholder is at arm’s length to the Issuer and is not an “insider” of the Issuer, an “associate” of an “insider” of the Issuer, or an “associate” or “affiliate” of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the “**Act**”). The Selling Shareholder is an “accredited investor” within the meaning of National Instrument 45-106 *Prospectus Exemptions*.
11. On May 19, 2016, the Issuer announced the renewal of its normal course issuer bid (the “**Normal Course Issuer Bid**”) to purchase for cancellation, during the 12-month period beginning on May 24, 2016 and ending on May 23, 2017, up to 83,751,863 Class A Shares, representing approximately 10% of the public float of the Class A Shares as of the date specified in the Notice of Intention to Make a Normal Course

- Issuer Bid (the “**Notice**”), which was submitted to, and accepted by, the TSX. An amendment to the Notice dated February 6, 2017 to provide for the ability of the Issuer to purchase Class A Shares under its Normal Course Issuer Bid pursuant to private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an “**Off-Exchange Block Purchase**”) was accepted by the TSX on February 8, 2017. The Notice, as amended, specifies that purchases made under the Normal Course Issuer Bid are to be conducted through the facilities of the TSX or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the “**TSX NCIB Rules**”) or a securities regulatory authority, including by Off-Exchange Block Purchases. The TSX has been advised of the Issuer’s intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.
12. On May 19, 2016, the Issuer announced the renewal of its automatic share purchase plan (“**ASPP**”) to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in the Class A Shares, including during internal blackout periods (each such time, a “**Blackout Period**”). The ASPP was pre-cleared by the TSX and complies with the TSX NCIB Rules, applicable securities laws and this Order. Under the ASPP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker under the ASPP (the “**ASPP Broker**”) to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ASPP. Such purchases will be determined by the ASPP Broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the ASPP Broker and the Issuer. If the Issuer determines to instruct the ASPP Broker to make purchases under the ASPP during a particular Blackout Period, the Issuer will instruct the ASPP Broker not to conduct a block purchase (a “**Block Purchase**”) in reliance on the block purchase exception in clause 629(1)7 of the TSX NCIB Rules in the calendar week in which either: (a) the Issuer completes a Proposed Purchase; or (b) a Blackout Period ends and a new trading window of the Issuer opens.
  13. As at February 3, 2017, the Issuer has not purchased any Class A Shares under the Normal Course Issuer Bid, whether through the facilities of a marketplace or pursuant to Off-Exchange Block Purchases.
  14. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an “**Agreement**”) pursuant to which the Issuer will agree to purchase some or all of the Subject Shares from the Selling Shareholder by way of one or more trades, each occurring before April 14, 2017 (each such purchase, a “**Proposed Purchase**”) for a purchase price (each such price, a “**Purchase Price**” in respect of such Proposed Purchase) that will be negotiated at arm’s length between the Issuer and the Selling Shareholder. The Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase.
  15. The Subject Shares acquired under each Proposed Purchase will constitute a “block” as that term is defined in section 628 of the TSX NCIB Rules.
  16. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an “issuer bid” for the purposes of NI 62-104, to which the applicable Issuer Bid Requirements would apply.
  17. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur “through the facilities” of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.
  18. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a Block Purchase in reliance on the block purchase exception in clause 629(1)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.
  19. The sale of any of the Subject Shares to the Issuer will not be a “distribution” (as defined in the Act).
  20. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

21. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Class A Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.
22. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Class A Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.
23. To the best of the Issuer's knowledge, as of December 31, 2016, the "public float" for the Class A Shares represented approximately 85% of all the issued and outstanding Class A Shares for purposes of the TSX NCIB Rules.
24. The Class A Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.
25. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.
26. At the time that each Agreement is negotiated or entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Global Equity Derivatives group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.
27. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of the Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
28. The Issuer has made two other applications to the Commission for exemptive relief from the Issuer Bid Requirements in connection with the proposed purchases by the Issuer of: (a) up to 2,000,000 Class A Shares from The Toronto-Dominion Bank; and (b) up to 2,000,000 Class A Shares from BMO Nesbitt Burns Inc. (the "**Concurrent Applications**").
29. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Class A Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 27,917,287 Class A Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Class A Shares which are the subject of the Concurrent Applications.
30. No Agreement will be negotiated or entered into during a time when the Issuer would not be permitted to trade in the Class A Shares, including during a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of: (a) the end of such Blackout Period; and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer's financial results and/or any and all "material changes" or any "material facts" (each as defined in the Act) in respect of the Issuer or the Class A Shares relating to such Blackout Period.
31. Assuming completion of the purchase of: (a) the maximum number of Subject Shares, being 2,000,000 Class A Shares; and (b) the maximum number of Class A Shares that are the subject of the Concurrent Applications, being 4,000,000 Class A Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 6,000,000 Class A Shares pursuant to Off-Exchange Block Purchases, representing approximately 7.16% of the maximum 83,751,893 Class A Shares authorized to be purchased under the Normal Course Issuer Bid.
- AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;
- IT IS ORDERED** pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:
- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

- (b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules or another Off-Exchange Block Purchase during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;
- (c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last “independent trade” (as that term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Class A Shares immediately prior to the execution of such Proposed Purchase;
- (d) the Issuer will otherwise acquire any additional Class A Shares pursuant to the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and, subject to condition (i) below, by Off-Exchange Block Purchases;
- (e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;
- (f) at the time that each Agreement is negotiated or entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Global Equity Derivatives group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any “material change” or “material fact” (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;
- (g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) following the completion of each Proposed Purchase;
- (h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following the completion of such Proposed Purchase;
- (i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Class A Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 27,917,287 Class A Shares; and
- (j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

**DATED** at Toronto, Ontario this 15th day of February, 2017.

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

**2.2.3 Brookfield Asset Management Inc. – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids**

**Headnote**

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 2,000,000 of its Class A shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no Class A shares have been purchased by the selling shareholder for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of Class A shares by the selling shareholder to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that, between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Class A shares of the Issuer to re-establish its holdings of Class A shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

**Applicable Legislative Provisions**

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

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

**AND**

**IN THE MATTER OF  
BROOKFIELD ASSET MANAGEMENT INC.**

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

**UPON** the application (the “**Application**”) of Brookfield Asset Management Inc. (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (“**NI 62-104**”) exempting

the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the “**Issuer Bid Requirements**”) in respect of the proposed purchases by the Issuer of up to an aggregate of 2,000,000 of its Class A Limited Voting Shares (collectively, the “**Subject Shares**”) in one or more tranches from The Toronto-Dominion Bank (the “**Selling Shareholder**”);

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 14, 25 and 26 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).
2. The registered and head office of the Issuer is located at 181 Bay Street, Suite 300, Toronto, Ontario, Canada M4J 2T3.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Class A Limited Voting Shares of the Issuer (the “**Class A Shares**”) are listed for trading on the New York Stock Exchange, the Toronto Stock Exchange (the “**TSX**”) and the Euronext stock exchange under the symbols “BAM”, “BAM.A” and “BAMA”, respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The authorized share capital of the Issuer consists of an unlimited number of Class A Shares, an unlimited number of Class B Limited Voting Shares, an unlimited number of Class A preferred shares issuable in series and an unlimited number of Class AA preferred shares issuable in series. As of January 31, 2017: (a) 986,367,192 Class A Shares; (b) 85,120 Class B Limited Voting Shares; (c) 10,465,100 Class A preferred shares series 2; (d) 4,000,000 Class A preferred shares series 4; (e) no Class A preferred shares series 7; (f) 2,479,585 Class A preferred shares series 8; (g) 5,519,115 Class A preferred shares series 9; (h) no Class A preferred shares series 12; (i) 9,647,700 Class A preferred shares series 13; (j) no Class A preferred shares series 14; (k) 2,000,000 Class A preferred shares series 15; (l) 7,974,528 Class A preferred shares series 17; (m) 7,982,779 Class A preferred shares series 18; (n) no Class A preferred shares series 21; (o) no Class A preferred shares series 22; (p) 9,394,250 Class A preferred shares series 24; (q) 1,533,133 Class A preferred shares series 25; (r) 9,903,348 Class A preferred shares series 26; (s) 9,394,373 Class A preferred shares series 28; (t) 9,936,637 Class A preferred shares series 30; (u) 11,982,568 Class A preferred shares series 32; (v) 9,977,889 Class A preferred shares series 34; (w) 7,972,388 Class A preferred shares series 36;

- (x) 7,971,773 Class A preferred shares series 37;  
 (y) 8,000,000 Class A preferred shares series 38;  
 (z) 12,000,000 Class A preferred shares series 40;  
 (aa) 12,000,000 Class A preferred shares series 42;  
 (bb) 10,000,000 Class A preferred shares series 44;  
 (cc) 12,000,000 Class A Preferred shares series 46; and  
 (dd) no Class AA preferred shares were issued and outstanding.
5. The registered and head office of the Selling Shareholder is located in the Province of Ontario.
  6. The Selling Shareholder does not own, directly or indirectly, more than 5% of the issued and outstanding Class A Shares.
  7. The Selling Shareholder is the beneficial owner of at least 2,000,000 Class A Shares. All of the Subject Shares are held by the Selling Shareholder in the Province of Ontario. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.
  8. No Class A Shares were purchased by, or on behalf of, the Selling Shareholder on or after January 4, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Class A Shares to the Issuer.
  9. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Class A Shares. Between the date of this Order and the date on which a Proposed Purchase (as defined below) is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
  10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.
  11. On May 19, 2016, the Issuer announced the renewal of its normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase for cancellation, during the 12-month period beginning on May 24, 2016 and ending on May 23, 2017, up to 83,751,863 Class A Shares, representing approximately 10% of the public float of the Class A Shares as of the date specified in the Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**"), which was submitted to, and accepted by, the TSX. An amendment to the Notice dated February 6, 2017 to provide for the ability of the Issuer to purchase Class A Shares under its Normal Course Issuer Bid pursuant to private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**") was accepted by the TSX on February 8, 2017. The Notice, as amended, specifies that purchases made under the Normal Course Issuer Bid are to be conducted through the facilities of the TSX or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**") or a securities regulatory authority, including by Off-Exchange Block Purchases. The TSX has been advised of the Issuer's intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.
  12. On May 19, 2016, the Issuer announced the renewal of its automatic share purchase plan ("**ASPP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in the Class A Shares, including during internal blackout periods (each such time, a "**Blackout Period**"). The ASPP was pre-cleared by the TSX and complies with the TSX NCIB Rules, applicable securities laws and this Order. Under the ASPP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker under the ASPP (the "**ASPP Broker**") to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ASPP. Such purchases will be determined by the ASPP Broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the ASPP Broker and the Issuer. If the Issuer determines to instruct the ASPP Broker to make purchases under the ASPP during a particular Blackout Period, the Issuer will instruct the ASPP Broker not to conduct a block purchase (a "**Block Purchase**") in reliance on the block purchase exception in clause 629(1)7 of the TSX NCIB Rules in the calendar week in which either: (a) the Issuer completes a Proposed Purchase; or (b) a Blackout Period ends and a new trading window of the Issuer opens.
  13. As at February 3, 2017, the Issuer has not purchased any Class A Shares under the Normal Course Issuer Bid, whether through the facilities of a marketplace or pursuant to Off-Exchange Block Purchases.
  14. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase

- and sale (each, an “**Agreement**”) pursuant to which the Issuer will agree to purchase some or all of the Subject Shares from the Selling Shareholder by way of one or more trades, each occurring before April 14, 2017 (each such purchase, a “**Proposed Purchase**”) for a purchase price (each such price, a “**Purchase Price**” in respect of such Proposed Purchase) that will be negotiated at arm’s length between the Issuer and the Selling Shareholder. The Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase.
15. The Subject Shares acquired under each Proposed Purchase will constitute a “block” as that term is defined in section 628 of the TSX NCIB Rules.
  16. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an “issuer bid” for the purposes of NI 62-104, to which the applicable Issuer Bid Requirements would apply.
  17. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur “through the facilities” of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.
  18. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Class A Shares on the TSX at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a Block Purchase in reliance on the block purchase exception in clause 629(1)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.
  19. The sale of any of the Subject Shares to the Issuer will not be a “distribution” (as defined in the Act).
  20. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.
  21. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Class A Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer’s funds.
  22. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer’s security holders and will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Class A Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.
  23. To the best of the Issuer’s knowledge, as of December 31, 2016, the “public float” for the Class A Shares represented approximately 85% of all the issued and outstanding Class A Shares for purposes of the TSX NCIB Rules.
  24. The Class A Shares are “highly-liquid securities” within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.
  25. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.
  26. At the time that each Agreement is negotiated or entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Equity Derivatives group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any “material change” or any “material fact” (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.
  27. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of the Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

28. The Issuer has made two other applications to the Commission for exemptive relief from the Issuer Bid Requirements in connection with the proposed purchases by the Issuer of: (a) up to 2,000,000 Class A Shares from The Bank of Nova Scotia; and (b) up to 2,000,000 Class A Shares from BMO Nesbitt Burns Inc. (the “**Concurrent Applications**”).
29. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Class A Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 27,917,287 Class A Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Class A Shares which are the subject of the Concurrent Applications.
30. No Agreement will be negotiated or entered into during a time when the Issuer would not be permitted to trade in the Class A Shares, including during a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of: (a) the end of such Blackout Period; and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer’s financial results and/or any and all “material changes” or any “material facts” (each as defined in the Act) in respect of the Issuer or the Class A Shares relating to such Blackout Period.
31. Assuming completion of the purchase of: (a) the maximum number of Subject Shares, being 2,000,000 Class A Shares; and (b) the maximum number of Class A Shares that are the subject of the Concurrent Applications, being 4,000,000 Class A Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 6,000,000 Class A Shares pursuant to Off-Exchange Block Purchases, representing approximately 7.16% of the maximum 83,751,893 Class A Shares authorized to be purchased under the Normal Course Issuer Bid.

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

**IT IS ORDERED** pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer’s Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

- (b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules or another Off-Exchange Block Purchase during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;
- (c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last “independent trade” (as that term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Class A Shares immediately prior to the execution of such Proposed Purchase;
- (d) the Issuer will otherwise acquire any additional Class A Shares pursuant to the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and, subject to condition (i) below, by Off-Exchange Block Purchases;
- (e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;
- (f) at the time that each Agreement is negotiated or entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Equity Derivatives group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any “material change” or “material fact” (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;
- (g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) following the completion of each Proposed Purchase;

- (h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following the completion of such Proposed Purchase;
- (i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Class A Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 27,917,287 Class A Shares; and
- (j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated any Class A Shares to re-establish its holdings of Class A Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

**DATED** at Toronto, Ontario this 15th day of February, 2017.

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

## 2.2.4 Brigadier Gold Limited – s. 144

### Headnote

Application by an issuer for a revocation of a cease trade order – Issuer subject to cease trade order as a result of its failure to file financial statements – Issuer has brought its filings up-to-date – Issuer is otherwise not in default of applicable securities legislation – Issuer has provided an undertaking to the Commission that it will not complete (a) a restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada, (b) a reverse takeover with a reverse takeover acquiror that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada, or (c) a significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada, unless the issuer files a preliminary prospectus and a final prospectus with the Ontario Securities Commission and obtains receipts for the preliminary prospectus and the final prospectus from the Director under the Act.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1), 127(5), 127(8), 144.

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5, AS AMENDED  
(the Act)**

**AND**

**IN THE MATTER OF  
BRIGADIER GOLD LIMITED**

**ORDER  
(Section 144 of the Act)**

**WHEREAS** the securities of Brigadier Gold Limited (the **Applicant**) are subject to a temporary cease trade order dated May 8, 2015 issued by the Director of the Ontario Securities Commission (the Commission) pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order dated May 20, 2015 made by the Director, pursuant to paragraph 2 of subsection 127(1) of the Act (collectively, the **Cease Trade Order**), ordering that all trading in the securities of the Applicant, whether direct or indirect, cease until the Cease Trade Order is revoked by the Director;

**AND WHEREAS** the Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order and outlined below;

**AND WHEREAS** the Applicant has made an application to the Ontario Securities Commission (the **Commission**) for full revocation of the Cease Trade Order pursuant to section 144 of the Act (the **Revocation Order**);

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the *Business Corporations Act* (Ontario) on February 13, 1996. The Applicant's registered and records office is located at 330 Don Mills Road, Unit #306, Toronto, Ontario M2J 4T6.
2. The Applicant is a resource company focused on exploring and developing mineral properties.
3. The Applicant is a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta and Ontario (collectively, the **Reporting Jurisdictions**) and is not a reporting issuer or equivalent in any other jurisdiction. The Commission is the principal regulator of the Applicant.
4. The Applicant's authorized capital structure consists of an unlimited number of common shares (**Common Shares**) without par value of which 62,394,303 Common Shares are issued and outstanding.
5. Other than the Common Shares, the Applicant has no other securities, including debt securities, issued and outstanding.
6. The Common Shares of the Applicant were previously listed on the TSX Venture Exchange under the symbol BRG. Effective August 19, 2015, the Applicant's listing was transferred to the NEX Board of the TSX Venture Exchange (the NEX) and the trading symbol was changed from BRG to BRG.H.
7. The Common Shares are not listed on any other exchange, marketplace or facility.
8. The Commission made the decision that trading cease in respect of the securities of the Applicant because the Applicant failed to file the following continuous disclosure materials as required by Ontario securities law:
  - a. Audited annual financial statements for the year ended December 31, 2014 (the **2014 Annual Financials**);
  - b. Management's discussion and analysis for the year ended December 31, 2014 (the **2014 Annual MD&A**); and
  - c. Certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Applicants' Annual and Interim Filings* (the **NI 52-109 Certificates**).
9. The Applicant is also subject to a reciprocal cease trade order issued by each of the Alberta Securities Commission and the British Columbia Securities Commission.
10. Since the issuance of the Cease Trade Order, the Applicant has filed the following continuous disclosure documents with the Reporting Jurisdictions, on December 29, 2016:
  - a. the 2014 Audited Annual Financials;
  - b. the 2014 Annual MD&A;
  - c. the NI 52-109 Certificates;
  - d. the interim financial statements for the periods ended March 31, 2015, June 30, 2015 and September 30, 2015, management's discussion and analysis relating to the interim financial statements and the certification of the foregoing interim filings as required by National Instrument 52-109 *Certification of Disclosure in Applicants' Annual and Interim Filings* (**NI 52-109**);
  - e. audited annual financial statements for the year ended December 31, 2015;
  - f. management's discussion and analysis relating to the audited financial statements for the year ended December 31, 2015;
  - g. the certification of the foregoing annual filings as required by NI 52-109; and
  - h. the interim financial statements for the periods ended March 31, 2016, June 30, 2016 and September 30, 2016 and management's discussion and analysis relating to the interim financial statements and the certification of the foregoing interim filings as required by NI 52-109.
11. Since the issuance of the Cease Trade Order, there have been no material undisclosed changes in the business, operations or affairs of the Applicant.
12. As of the date hereof, the Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid.
13. The Applicant's SEDAR issuer profile and SEDI issuer profile supplement are current and accurate.
14. The Applicant has provided to the Director of the Commission a written undertaking that it will not complete a restructuring transaction or significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business

which is not located in Canada nor will it complete a reverse takeover with a reverse takeover acquirer that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada without filing and obtaining a receipt, from the Director, for a prospectus including the information required for a probable restructuring transaction, reverse takeover or significant acquisition (as applicable) together with the documents required under Part 9 of National Instrument 41-101 *General Prospectus Requirements*.

15. The Applicant has not contravened the Cease Trade Order.
16. The Applicant is (i) up to date with all of its other continuous disclosure obligations; (ii) not in default of any of its obligations under the Cease Trade Order; and (iii) not in default of any requirement under the Act or the rules and regulations made pursuant thereto, except that it has not held its annual general shareholders meeting for 2014 and 2015.
17. In accordance with Section 3.1(5) of National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order*, the Applicant held an annual meeting of its shareholders on February 2, 2017.
18. The Applicant's current directors and officers are Grant Hall, President, Chief Executive Officer and director; Herb Kokotow, Treasurer and Chief Financial Officer and director; and Alick Ryder, director. Upon the revocation of the Cease Trade Order, the Applicant will immediately appoint Robert Dzisiak as an additional director of the Applicant. The Audit Committee of the Applicant would then be comprised of Robert Dzisiak, Herb Kokotow and Alick Ryder.
19. To the knowledge of the directors and officers of the Applicant, no shareholder of the Applicant beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the voting rights attaching to the Common Shares of the Applicant, Common Shares being the only class of voting securities of the Applicant.
20. The Applicant is not considering nor is it involved in any discussions related to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to the foregoing.
21. Upon the revocation of the Cease Trade Order, the Applicant will issue a news release announcing the revocation of the Cease Trade Order and will concurrently file the news release and a material change report regarding the revocation of the Cease Trade Order on SEDAR.

**AND UPON** considering the application and the recommendation of the staff of the Commission;

**AND UPON** the Director being satisfied that it would not be prejudicial to the public interest to revoke the Cease Trade Order.

**IT IS ORDERED** pursuant to section 144 of the Act that the Cease Trade Order is revoked.

**DATED** at Toronto this 17th day of February, 2017.

“Jo-Anne Matear”  
Manager, Corporate Finance  
Ontario Securities Commission

**2.2.5 Black Panther Trading Corporation and Charles Robert Goddard**

**IN THE MATTER OF  
THE SECURITIES ACT,  
RSO 1990, c S.5**

**AND**

**IN THE MATTER OF  
BLACK PANTHER TRADING CORPORATION and  
CHARLES ROBERT GODDARD**

**ORDER**

**WHEREAS:**

1. on October 13, 2015, Staff of the Ontario Securities Commission (“Staff”) filed a Statement of Allegations, in which Staff sought an order against Black Panther Trading Corporation and Charles Robert Goddard (together, the “Respondents”) pursuant to subsection 127(1) and section 127.1 of the *Securities Act* (the “Act”);
2. on October 14, 2015, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing in respect of that Statement of Allegations;
3. on January 30, 2017, following the hearing on the merits, the Commission issued its Reasons and Decision, in which the Panel concluded that the Respondents had contravened the Act; and
4. on February 17, 2017, Jason Woycheshyn, the representative for the Respondents, filed a notice of motion pursuant to Rule 1.7.4 of the Commission’s Rules of Procedure, seeking leave to withdraw as representative for the Respondents and requesting that the motion be heard in writing (the “Withdrawal Motion”);

**IT IS ORDERED** that:

1. the Withdrawal Motion be heard in writing; and
2. Jason Woycheshyn is granted leave to withdraw as representative for the Respondents.

**DATED** at Toronto, this 17th day of February, 2017.

“Timothy Moseley”

**2.2.6 Mettrum Health Corp.**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

**Applicable Legislative Provisions**

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

**February 21, 2017**

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO  
(THE JURISDICTION)**

**AND**

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

**AND**

**IN THE MATTER OF  
METTRUM HEALTH CORP.  
(THE FILER)**

**ORDER**

**Background**

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

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

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

**Interpretation**

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

## Representations

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

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

## Order

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

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

“Winnie Sanjoto”  
Manager, Corporate Finance  
Ontario Securities Commission

## 2.4 Rulings

### 2.4.1 Barclays Capital Inc. – 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 in connection with acting as a clearing broker in Give-Up Transactions involving commodity futures contracts and options on commodity futures contracts on exchanges located in Canada (Canadian Futures) to, from or on behalf of Canadian institutional permitted clients (institutional investors) – relief limited to trades in Canadian futures for institutional permitted clients – relief subject to sunset clause.

#### Statutes Cited

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

February 16, 2017

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

**AND**

**IN THE MATTER OF  
BARCLAYS CAPITAL INC.  
(the Filer)**

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

**UPON** the application (the **Application**) of the Filer to the Ontario Securities Commission (the **Commission**) for a ruling of the Commission, pursuant to section 38 of the CFA, that:

- (a) the Filer is not subject to the dealer registration requirement set out in section 22 of the CFA in connection with providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving exchange-traded futures on exchanges located in Canada (**Canadian Futures**) to, from or on behalf of Institutional Permitted Clients (defined below) (the **Ruling**); and
- (b) an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with receiving Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) in Canadian Futures from the Filer pursuant to the Ruling;

**AND WHEREAS** for the purposes of the Ruling “**Institutional Permitted Client**” shall mean a “permitted client” as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations (NI 31-103)*, except for:

- (a) an individual,
- (b) a person or company acting on behalf of a managed account of an individual,
- (c) a person or company referred to in paragraph (p) of that definition, unless the person or company qualifies as an Institutional Permitted Client under another paragraph of that definition, or
- (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition;

and provided further that, for the purposes of the definition of “Institutional Permitted Client”, a reference in the definition of “permitted client” in section 1.1. of NI 31-103 to “securities legislation” shall be read as “securities legislation or Ontario commodity futures law, as applicable”.

**AND UPON** considering the Application and the recommendation of Staff of the Commission;

**AND UPON** the Filer having represented to the Commission as follows:

1. The Filer is a corporation organized under the laws of the State of Connecticut, United States of America (**U.S.**). Its head office is located at 745 7th avenue, New York, NY 10019. The Filer is an indirect wholly owned subsidiary of Barclays PLC.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**), a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant (**FCM**) with the U.S. Commodity Futures Trading Commission (**CFTC**), and a member of the U.S. National Futures Association (**NFA**).
3. The Filer is a member of a number of major U.S. securities exchanges, including the New York Stock Exchange and NASDAQ. The Filer is a Registered Futures Commission Merchant of ICE Futures Canada, Inc. The Filer is also a member of the Chicago Board of Trade, the Chicago Mercantile Exchange, ICE Futures Exchange, and other principal U.S. commodity exchanges and trades through affiliated or unaffiliated member firms on other exchanges, including exchanges in Canada.
4. In connection with its securities trading activities, the Filer relies on the “international dealer exemption” under section 8.18 of NI 31-103 in Alberta, British Columbia, Manitoba, Ontario, Québec and Saskatchewan.
5. The Filer is not in default of securities legislation in any jurisdiction in Canada or under the CFA, subject to the matter to which this Ruling relates. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
6. Barclays Capital Canada Inc. (**BCCI**) is an affiliate of the Filer. BCCI is registered as an investment dealer in Alberta, British Columbia, Manitoba, New Brunswick, Ontario, Quebec and Saskatchewan and is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
7. The Filer currently relies on an order dated September 11, 2012 under the CFA, *Re Barclays Bank PLC and Barclays Capital Inc.*, granting an exemption from the dealer registration requirement in connection with certain execution and clearing activities in commodity futures contracts and options on commodity futures contracts that trade on exchanges located outside of Canada.
8. The Filer wishes to act as a clearing broker with respect to Canadian Futures in the context of Give-Up Transactions (defined below) with Institutional Permitted Clients.
9. A **Give-Up Transaction** is a purchase or sale of futures contracts by a client that has an existing relationship with a clearing broker, but wishes to use the trade execution services of one or more other executing brokers for the purpose of executing such purchases or sales (**Subject Transactions**) on one or more markets. Under these circumstances, the executing broker executes the Subject Transactions as directed by the client and “gives up” such trades to the clearing broker for clearing, settlement, record-keeping, bookkeeping, custody and other administrative functions (**Clearing Broker Services**). The service provided by the executing broker is limited to trade execution only.
10. In a Give-Up Transaction, the clearing broker will maintain an account for the client that is administered in accordance with the terms and conditions of the account documentation of the clearing broker that has been signed by the client. The clearing broker will handle record keeping and collateral for the client. The client will not sign clearing account documentation with the executing broker, nor will the executing broker typically receive monies, margin or collateral directly from the client. Although the executing broker is responsible for its own record-keeping, bookkeeping, custody and other administrative functions (**Account Services**) in respect of its own clients, it does not, subject to any applicable regulatory requirements that may otherwise apply, provide Account Services for execution-only clients. Such Account Services remain the responsibility of the clearing broker. The clearing broker will have the primary relationship with the client and is contractually responsible for trade and risk monitoring as well as reporting trade confirmations and sending out monthly statements.
11. In order to enter into a Give-Up Transaction, a client will enter into a tri-party agreement, known as a “give-up agreement” (**Give-Up Agreement**), between an executing broker, a clearing broker, and the client. The Filer, as clearing broker, will generally use the *International Uniform Brokerage Execution Services (“Give-Up”) Agreement: Version 2008* (© Futures Industry Association, 2008), as may be revised from time to time, as the Give-Up Agreement entered into with Institutional Permitted Clients.
12. Each party to the Give-Up Agreement, including the Filer as clearing broker, will represent in the Give-Up Agreement that it will perform its obligations under the Give-Up Agreement in accordance with applicable laws, governmental,

regulatory, self-regulatory, exchange or clearing house rules, regulations, interpretations, protocols and the customs and usages of the exchange or clearing house on which the transactions governed by the Give-Up Agreement are executed and cleared, as in force from time to time.

13. In Ontario, an Institutional Permitted Client would place orders for Canadian Futures for execution on Canadian futures exchanges with an Ontario-registered FCM, which would then be cleared locally on the applicable Canadian futures exchange by that Ontario-registered FCM (if qualified to do so) or another clearing member of the applicable Canadian futures exchange. The executed trades would be placed into a client omnibus account maintained by the Filer with the clearing member of the applicable Canadian futures exchange that locally clears the trades, and the executed trades would be booked by the Filer to the futures account of the Ontario client maintained with the Filer for trading on exchanges globally. In this arrangement, the Ontario-registered FCM would be responsible for all client-facing interactions relating to the execution of the Canadian Futures.
14. In the case of a Montréal Exchange-listed futures contract, a member of the Canadian Derivatives Clearing Corporation (**CDCC**) would clear the trade on the Filer's behalf. Therefore, trade execution would be done by an Ontario-registered FCM, the positions would be held at CDCC by a CDCC member (which could be, but would not necessarily have to be, the executing broker) and given up to the Filer at which the Ontario Institutional Permitted Client maintains a clearing account. The Filer would then carry the resulting positions in an account maintained on its books by the Institutional Permitted Client, and the Filer would call for and collect applicable margin from the Institutional Permitted Client. The Filer, in turn, would remit the required margin to the CDCC member that cleared the trades. That CDCC member would then make the required margin payment(s) to CDCC.
15. In respect of holding client assets, in order to protect customers in the event of the insolvency or financial instability of the Filer, the Filer is required under U.S. law to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Filer and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. *Commodity Exchange Act (CEA)* and the rules promulgated by the CFTC thereunder (collectively, the **Approved Depositories**). The Filer is further required to obtain acknowledgements from any Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Filer's obligations or debts.
16. As a U.S. registered broker-dealer and FCM, the Filer is subject to regulatory capital requirements under the CEA and *Securities Exchange Act of 1934* (the **1934 Act**), specifically CFTC Regulation 1.17 *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers (CFTC Regulation 1.17)*, SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers (SEC Rule 15c3-1)* and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers (SEC Rule 17a-5)*.
17. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
18. SEC Rule 15c3-1 and CFTC Regulation 1.17 are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. The Filer is in compliance with SEC Rule 15c3-1 and in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
19. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 Financial and Operational Combined Uniform Single Report (the **FOCUS Report**), monthly with the CFTC, NFA, SEC and FINRA. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)*. The FOCUS Report provides a net capital calculation and a comprehensive description of the business activities of the Filer. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submission of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

20. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**). Subject to the eligibility criteria of SIPC, client assets held by the Filer in connection with its activities as a broker-dealer are insured by SIPC against loss due to insolvency in accordance with the Securities Investor Protection Act of 1970. There is no SIPC or similar insurance protection in connection with activities undertaken as a U.S. registered FCM.
21. The Filer is subject to CFTC Regulation 30.7 regarding cash, securities and other collateral that are deposited with a FCM or are otherwise required to be held for the benefit of its customers to margin futures and options on futures contracts traded on non-U.S. boards of trade, including Canadian Futures (**30.7 Customer Funds**). Accounts used to hold 30.7 Customer Funds must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers who are trading foreign (i.e. non-U.S.) futures and futures options.
22. 30.7 Customer Funds may not be commingled with the funds of any other person, including the carrying FCM, except that the carrying FCM may deposit its own funds into the account containing 30.7 Customer Funds in order to prevent the accounts of the customers from becoming under-margined. Each Approved Depository (except for a derivatives clearing organization with specified rules) is required to provide the depositing FCM with a written acknowledgment that the depository was informed that such funds held in the customer account belong to customers and are being held in accordance with the CEA and CFTC Regulations. Among other representations, the depository must acknowledge that it cannot use any portion of 30.7 Customer Funds to satisfy any obligations that the FCM may owe the depository. The types of investments permitted for 30.7 Funds are restricted by CFTC Regulation 30.7(h), which refers to the list of permitted investments set forth in CFTC Regulation 1.25. The FCM is required, on a daily basis, to compute and submit to regulatory authorities a statement of the amounts of 30.7 Customer Funds held by the FCM.
23. In the event of a FCM's bankruptcy, funds allocated to each account class (i.e., the customer segregated, 30.7 secured amount and cleared swaps customer account classes established pursuant to CFTC Regulations 1.20, 30.7 and 22.2, respectively) or readily traceable to an account class must be allocated solely to that customer account class. The U.S. Bankruptcy Code also provides that non-defaulting customers in an account class that has incurred a loss will share in any shortfall, pro rata. However, customers whose funds are held in another account class that has not incurred a loss will not be required to share in such shortfall.
24. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
25. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in material compliance with all applicable U.S. Margin Regulations.
26. Section 22 of the CFA provides that no person may trade in a commodity futures contract or a commodity futures option unless the person is registered as a dealer [*Futures Commission Merchant*], or as a representative of the dealer, or an exemption from the registration requirement is available. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may constitute trading in Canadian Futures.
27. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may also constitute trading in Canadian Futures by Institutional Permitted Clients. Institutional Permitted Clients may be unable to rely on the exemptions from the dealer registration requirement in the CFA because the Filer is not a registered dealer. Accordingly, the Filer is also seeking exemptive relief pursuant to the Ruling for Institutional Permitted Clients that receive Clearing Broker Services from the Filer.
28. The Filer believes that it would be beneficial to Institutional Permitted Clients in Ontario that trade in the international futures markets for the Filer to act as a clearing broker for both Canadian and non-Canadian futures for the Institutional

Permitted Client because such an arrangement would enable the Institutional Permitted Client to benefit from significant efficiencies in collateral usage and consolidated reporting. Benefits would include single margin calls/payments, single wire transfer, ease of reconciliation, netting and cross product margining.

29. Clients may seek clearing services from the Filer in order to separate the execution of a trade from the clearing and settlement of a trade. This allows clients to use many executing brokers, without maintaining an active, ongoing clearing account with each executing broker. It also allows the client to consolidate the clearing and settlement of Canadian Futures in an account with the Filer.
30. The Filer does not dictate to its clients the executing brokers through which clients may execute trades. Clients are free to directly select their executing broker. Clients send orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits it to execute the trade for clients.
31. The Filer is a "market participant" as defined under subsection 1(1) of the CFA. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 14 of the CFA, which include the requirement to keep such books, records and other documents (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario commodity futures law, and (c) as may reasonably be required to demonstrate compliance with Ontario commodity futures laws, and to deliver such records to the Commission if required.

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

**IT IS RULED**, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirement set out in the CFA in connection with providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a FCM with the CFTC and engages in the business of an FCM in the U.S., and is registered as a broker-dealer under the securities legislation of the U.S. and engages in the business of a broker-dealer in the U.S.;
- (c) is a member firm of the NFA and FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and/or the CFTC and NFA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Clearing Broker Services in respect of Give-Up Transactions involving Canadian Futures to Institutional Permitted Clients in Ontario;
- (g) does not execute trades in Canadian Futures with or for Institutional Permitted Clients in Ontario, except as permitted under applicable Ontario securities or commodities futures laws;
- (h) does not require its clients to use specific executing brokers through which clients may execute trades;
- (i) notifies the OSC of any regulatory action initiated after the date of this decision in respect of the Filer, or any predecessors or specified affiliates of the Filer, by completing and filing with the OSC Appendix "B" hereto within ten days of the commencement of any such action; provided that the Filer may also satisfy this condition by filing with the OSC within ten days of the date of this decision a notice making reference to and incorporating by reference the disclosure made by the Filer pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, and any updates to such disclosure that may be made from time to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD 'Regulatory Action Disclosure Reporting Page';
- (j) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;

- (k) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;
- (l) submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (m) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*; provided that, if the Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**), by December 31st of each year, the Filer 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 Filer relied on the IDE;
- (n) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time;
- (o) pays the increased compliance and case assessment costs of the OSC due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the OSC;
- (p) has provided to each Institutional Permitted Client the following disclosure in writing:
  - (i) a statement that the Filer is not registered in Ontario to trade in Canadian Futures as principal or agent;
  - (ii) a statement that the Filer's head office or principal place of business is located in New York, New York, U.S.;
  - (iii) a statement that all or substantially all of the Filer's assets may be situated outside of Canada;
  - (iv) a statement that there may be difficulty enforcing legal rights against the Filer because of the above; and
  - (v) the name and address of the Filer's agent for service of process in Ontario; and
- (q) has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A" hereto.

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 requirements 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 an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with trades in Canadian Futures when receiving Clearing Broker Services in Give-Up Transactions where the Filer acts in connection with trades in Canadian Futures on behalf of the Institutional Permitted Client from the Filer pursuant to the above ruling.

"D. Grant Vingoe"  
Vice-Chair  
Ontario Securities Commission

"Monica Kowal"  
Vice-Chair  
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
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.
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.

**Decisions, Orders and Rulings**

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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 ACTION

1. Has the firm, or any predecessors or specified affiliates<sup>1</sup> 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)?	___	___

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	

<sup>1</sup> In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

**Decisions, Orders and Rulings**

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3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates 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)

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## 2.4.2 Citigroup Global Markets Inc. – 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 in connection with acting as a clearing broker in Give-Up Transactions involving commodity futures contracts and options on commodity futures contracts on exchanges located in Canada (Canadian Futures) to, from or on behalf of Canadian institutional permitted clients (institutional investors) – relief limited to trades in Canadian futures for institutional permitted clients – relief subject to sunset clause.

### Statutes Cited

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

February 16, 2017

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

**AND**

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

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

**UPON** the application (the **Application**) of the Filer to the Ontario Securities Commission (the **Commission**) for a ruling of the Commission, pursuant to section 38 of the CFA, that:

- (a) the Filer is not subject to the dealer registration requirement set out in section 22 of the CFA in connection with providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving exchange-traded futures on exchanges located in Canada (**Canadian Futures**) to, from or on behalf of Institutional Permitted Clients (defined below) (the **Ruling**); and
- (b) an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with receiving Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) in Canadian Futures from the Filer pursuant to the Ruling;

**AND WHEREAS** for the purposes of the Ruling “**Institutional Permitted Client**” shall mean a “permitted client” as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**), except for:

- (a) an individual,
- (b) a person or company acting on behalf of a managed account of an individual,
- (c) a person or company referred to in paragraph (p) of that definition, unless the person or company qualifies as an Institutional Permitted Client under another paragraph of that definition, or
- (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition;

and provided further that, for the purposes of the definition of “Institutional Permitted Client”, a reference in the definition of “permitted client” in section 1.1. of NI 31-103 to “securities legislation” shall be read as “securities legislation or Ontario commodity futures law, as applicable”.

**AND UPON** considering the Application and the recommendation of Staff of the Commission;

**AND UPON** the Filer having represented to the Commission as follows:

1. The Filer is a corporation formed under the laws of the State of New York. The Filer's head offices are located at 388 Greenwich Street, New York, New York, 10013, United States of America (**U.S.**). The Filer is a wholly owned subsidiary of Citigroup Financial Products Inc., which in turn is indirectly wholly owned by Citigroup Inc.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**), a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant (**FCM**) with the U.S. Commodity Futures Trading Commission (**CFTC**), and a member of the U.S. National Futures Association (**NFA**).
3. The Filer is a member of major securities exchanges, including the American Stock Exchange, the Chicago Stock Exchange, the New York Stock Exchange, and the Philadelphia Stock Exchange. The Filer is a Foreign Approved Participant of the Montreal Exchange and a Registered Futures Commission Merchant of ICE Futures Canada, Inc. The Filer is also a member of the CME Group (including the Chicago Board of Trade), ICE Futures U.S., Inc., the New York Mercantile Exchange (including COMEX) and other principal U.S. commodity exchanges, and trades through affiliated or unaffiliated member firms on certain other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.
4. In connection with its securities trading and advising activities, the Filer relies on the "international dealer exemption" under section 8.18 of NI 31-103 and the "international adviser exemption" under section 8.26 of NI 31-103 in the thirteen Canadian jurisdictions.
5. The Filer is not in default of securities legislation in any jurisdiction in Canada or under the CFA. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
6. Citigroup Global Markets Canada Inc. (**CGMC**), an affiliate of the Filer, is a corporation organized under the laws of the Province of Ontario and has its head office in Toronto, Ontario. CGMC is registered as an investment dealer under the securities legislation in each of the jurisdictions of Canada and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
7. The Filer currently relies on an order dated October 3, 2008 under the CFA, *Re Citigroup Global Markets Inc. (the Prior Order)*, granting an exemption from the dealer registration requirement in connection with certain execution and clearing activities in commodity futures contracts and options on commodity futures contracts that trade on exchanges located outside of Canada or that trade on exchanges that are located in Canada but are routed through an agent that is a dealer registered in Ontario under the CFA.
8. The Filer wishes to act as a clearing broker with respect to Canadian Futures in the context of Give-Up Transactions (defined below) with Institutional Permitted Clients.
9. A **Give-Up Transaction** is a purchase or sale of futures contracts by a client that has an existing relationship with a clearing broker, but wishes to use the trade execution services of one or more other executing brokers for the purpose of executing such purchases or sales (**Subject Transactions**) on one or more markets. Under these circumstances, the executing broker executes the Subject Transactions as directed by the client and "gives up" such trades to the clearing broker for clearing, settlement, record-keeping, bookkeeping, custody and other administrative functions (**Clearing Broker Services**). The service provided by the executing broker is limited to trade execution only.
10. In a Give-Up Transaction, the clearing broker will maintain an account for the client that is administered in accordance with the terms and conditions of the account documentation of the clearing broker that has been signed by the client. The clearing broker will handle record keeping and collateral for the client. The client will not sign clearing account documentation with the executing broker, nor will the executing broker typically receive monies, margin or collateral directly from the client. Although the executing broker is responsible for its own record-keeping, bookkeeping, custody and other administrative functions (**Account Services**) in respect of its own clients, it does not, subject to any applicable regulatory requirements that may otherwise apply, provide Account Services for execution-only clients. Such Account Services remain the responsibility of the clearing broker. The clearing broker will have the primary relationship with the client and is contractually responsible for trade and risk monitoring as well as reporting trade confirmations and sending out monthly statements.
11. In order to enter into a Give-Up Transaction, a client will enter into a tri-party agreement, known as a "give-up agreement" (**Give-Up Agreement**), between an executing broker, a clearing broker, and the client. The Filer, as clearing broker, will generally use the *International Uniform Brokerage Execution Services ("Give-Up") Agreement: Version 2008* (© Futures Industry Association, 2008), as may be revised from time to time, as the Give-Up Agreement entered into with Institutional Permitted Clients.

12. Each party to the Give-Up Agreement, including the Filer as clearing broker, will represent in the Give-Up Agreement that it will perform its obligations under the Give-Up Agreement in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange or clearing house rules, regulations, interpretations, protocols and the customs and usages of the exchange or clearing house on which the transactions governed by the Give-Up Agreement are executed and cleared, as in force from time to time.
13. In Ontario, an Institutional Permitted Client would place orders for Canadian Futures for execution on Canadian futures exchanges with an Ontario-registered FCM, which would then be cleared locally on the applicable Canadian futures exchange by that Ontario-registered FCM (if qualified to do so) or another clearing member of the applicable Canadian futures exchange. The executed trades would be placed into a client omnibus account maintained by the Filer with the clearing member of the applicable Canadian futures exchange that locally clears the trades, and the executed trades would be booked by the Filer to the futures account of the Ontario client maintained with the Filer for trading on exchanges globally. In this arrangement, the Ontario-registered FCM would be responsible for all client-facing interactions relating to the execution of the Canadian Futures.
14. In the case of a Montréal Exchange-listed futures contract, a member of the Canadian Derivatives Clearing Corporation (**CDCC**) would clear the trade on the Filer's behalf. Therefore, trade execution would be done by an Ontario-registered FCM, the positions would be held at CDCC by a CDCC member (which could be, but would not necessarily have to be, the executing broker) and given up to the Filer at which the Ontario Institutional Permitted Client maintains a clearing account. The Filer would then carry the resulting positions in an account maintained on its books by the Institutional Permitted Client, and the Filer would call for and collect applicable margin from the Institutional Permitted Client. The Filer, in turn, would remit the required margin to the CDCC member that cleared the trades. That CDCC member would then make the required margin payment(s) to CDCC.
15. In respect of holding client assets, in order to protect customers in the event of the insolvency or financial instability of the Filer, the Filer is required under U.S. law to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Filer and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. *Commodity Exchange Act (CEA)* and the rules promulgated by the CFTC thereunder (collectively, the **Approved Depositories**). The Filer is further required to obtain acknowledgements from any Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Filer's obligations or debts.
16. As a U.S. registered broker-dealer and FCM, the Filer is subject to regulatory capital requirements under the CEA and *Securities Exchange Act of 1934 (the 1934 Act)*, specifically CFTC Regulation 1.17 *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers (CFTC Regulation 1.17)*, SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers (SEC Rule 15c3-1)* and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers (SEC Rule 17a-5)*. The Filer has elected to compute the minimum capital requirement in accordance with the alternative net capital requirement as permitted by SEC Rule 15c3-1 and CFTC Regulation 1.17. The Alternative Net Capital (**ANC**) method provides large broker-dealer / FCMs meeting specified criteria with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. Under the ANC method, the Filer must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.
17. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
18. SEC Rule 15c3-1 and CFTC Regulation 1.17 are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. The Filer is in compliance with SEC Rule 15c3-1 and in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
19. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 Financial and Operational Combined Uniform Single Report (the **FOCUS Report**), monthly with the CFTC, NFA, SEC and FINRA. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)*. The FOCUS Report provides a net capital calculation and a comprehensive

description of the business activities of the Filer. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submission of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

20. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**). Subject to the eligibility criteria of SIPC, client assets held by the Filer in connection with its activities as a broker-dealer are insured by SIPC against loss due to insolvency in accordance with the Securities Investor Protection Act of 1970. There is no SIPC or similar insurance protection in connection with activities undertaken as a U.S. registered FCM.
21. The Filer is subject to CFTC Regulation 30.7 regarding cash, securities and other collateral that are deposited with a FCM or are otherwise required to be held for the benefit of its customers to margin futures and options on futures contracts traded on non-U.S. boards of trade, including Canadian Futures (**30.7 Customer Funds**). Accounts used to hold 30.7 Customer Funds must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers who are trading foreign (i.e. non-U.S.) futures and futures options.
22. 30.7 Customer Funds may not be commingled with the funds of any other person, including the carrying FCM, except that the carrying FCM may deposit its own funds into the account containing 30.7 Customer Funds in order to prevent the accounts of the customers from becoming under-margined. Each Approved Depository (except for a derivatives clearing organization with specified rules) is required to provide the depositing FCM with a written acknowledgment that the depository was informed that such funds held in the customer account belong to customers and are being held in accordance with the CEA and CFTC Regulations. Among other representations, the depository must acknowledge that it cannot use any portion of 30.7 Customer Funds to satisfy any obligations that the FCM may owe the depository. The types of investments permitted for 30.7 Funds are restricted by CFTC Regulation 30.7(h), which refers to the list of permitted investments set forth in CFTC Regulation 1.25. The FCM is required, on a daily basis, to compute and submit to regulatory authorities a statement of the amounts of 30.7 Customer Funds held by the FCM.
23. In the event of a FCM's bankruptcy, funds allocated to each account class (i.e., the customer segregated, 30.7 secured amount and cleared swaps customer account classes established pursuant to CFTC Regulations 1.20, 30.7 and 22.2, respectively) or readily traceable to an account class must be allocated solely to that customer account class. The U.S. Bankruptcy Code also provides that non-defaulting customers in an account class that has incurred a loss will share in any shortfall, pro rata. However, customers whose funds are held in another account class that has not incurred a loss will not be required to share in such shortfall.
24. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
25. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in material compliance with all applicable U.S. Margin Regulations.
26. Section 22 of the CFA provides that no person may trade in a commodity futures contract or a commodity futures option unless the person is registered as a dealer [*Futures Commission Merchant*], or as a representative of the dealer, or an exemption from the registration requirement is available. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may constitute trading in Canadian Futures.
27. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may also constitute trading in Canadian Futures by Institutional Permitted

Clients. Institutional Permitted Clients may be unable to rely on the exemptions from the dealer registration requirement in the CFA because the Filer is not a registered dealer. Accordingly, the Filer is also seeking exemptive relief pursuant to the Ruling for Institutional Permitted Clients that receive Clearing Broker Services from the Filer.

28. The Filer believes that it would be beneficial to Institutional Permitted Clients in Ontario that trade in the international futures markets for the Filer to act as a clearing broker for both Canadian and non-Canadian futures for the Institutional Permitted Client because such an arrangement would enable the Institutional Permitted Client to benefit from significant efficiencies in collateral usage and consolidated reporting. Benefits would include single margin calls/payments, single wire transfer, ease of reconciliation, netting and cross product margining.
29. Clients may seek clearing services from the Filer in order to separate the execution of a trade from the clearing and settlement of a trade. This allows clients to use many executing brokers, without maintaining an active, ongoing clearing account with each executing broker. It also allows the client to consolidate the clearing and settlement of Canadian Futures in an account with the Filer.
30. The Filer does not dictate to its clients the executing brokers through which clients may execute trades. Clients are free to directly select their executing broker. Clients send orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits it to execute the trade for clients.
31. The Filer is a "market participant" as defined under subsection 1(1) of the CFA. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 14 of the CFA, which include the requirement to keep such books, records and other documents (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario commodity futures law, and (c) as may reasonably be required to demonstrate compliance with Ontario commodity futures laws, and to deliver such records to the Commission if required.

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

**IT IS RULED**, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirement set out in the CFA in connection with providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a FCM with the CFTC and engages in the business of an FCM in the U.S., and is registered as a broker-dealer under the securities legislation of the U.S. and engages in the business of a broker-dealer in the U.S.;
- (c) is a member firm of the NFA and FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and/or the CFTC and NFA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Clearing Broker Services in respect of Give-Up Transactions involving Canadian Futures to Institutional Permitted Clients in Ontario;
- (g) does not execute trades in Canadian Futures with or for Institutional Permitted Clients in Ontario, except as permitted under applicable Ontario securities or commodities futures laws;
- (h) does not require its clients to use specific executing brokers through which clients may execute trades;
- (i) notifies the OSC of any regulatory action initiated after the date of this decision in respect of the Filer, or any predecessors or specified affiliates of the Filer, by completing and filing with the OSC Appendix "B" hereto within ten days of the commencement of any such action; provided that the Filer may also satisfy this condition by filing with the OSC within ten days of the date of this decision a notice making reference to and incorporating by reference the disclosure made by the Filer pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, and any updates to such disclosure that may be made from time

to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD 'Regulatory Action Disclosure Reporting Page';

- (j) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (k) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;
- (l) submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (m) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*; provided that, if the Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**), by December 31st of each year, the Filer 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 Filer relied on the IDE;
- (n) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time;
- (o) pays the increased compliance and case assessment costs of the OSC due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the OSC;
- (p) has provided to each Institutional Permitted Client the following disclosure in writing:
  - (i) a statement that the Filer is not registered in Ontario to trade in Canadian Futures as principal or agent;
  - (ii) a statement that the Filer's head office or principal place of business is located in New York, New York, U.S.;
  - (iii) a statement that all or substantially all of the Filer's assets may be situated outside of Canada;
  - (iv) a statement that there may be difficulty enforcing legal rights against the Filer because of the above; and
  - (v) the name and address of the Filer's agent for service of process in Ontario; and
- (q) has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A" hereto.

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 requirements 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 an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with trades in Canadian Futures when receiving Clearing Broker Services in Give-Up Transactions where the Filer acts in connection with trades in Canadian Futures on behalf of the Institutional Permitted Client from the Filer pursuant to the above ruling.

"D. Grant Vingo"  
Vice-Chair  
Ontario Securities Commission

"Monica Kowal"  
Vice-Chair  
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
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.
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.

**Decisions, Orders and Rulings**

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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 ACTION

1. Has the firm, or any predecessors or specified affiliates<sup>1</sup> 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)?	___	___

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	

<sup>1</sup> In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

**Decisions, Orders and Rulings**

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3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates 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>

## 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
Brigadier Gold Limited	08 May 2015	20 May 2015	20 May 2015	17 February 2017
Jourdan Resources Inc.	03 July 2015	15 July 2015	15 July 2015	21 February 2017

### Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation

THERE IS NOTHING TO REPORT THIS WEEK.

### 4.2.1 Temporary, Permanent & Rescinding Management 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
AlarmForce Industries Inc.	19 September 2016	30 September 2016	30 September 2016	17 February 2017	
Quest Rare Minerals Ltd.	02 February 2017	15 February 2017	15 February 2017		

### 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
AlarmForce Industries Inc.	19 September 2016	30 September 2016	30 September 2016	17 February 2017	
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		
Quest Rare Minerals Ltd.	02 February 2017	15 February 2017	15 February 2017		

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## Chapter 7

# Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).



## Chapter 11

# IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

RBC Canadian Equity Fund  
RBC U.S. Equity Fund  
RBC International Equity Fund  
RBC European Equity Fund  
RBC Emerging Markets Equity Fund  
RBC Global Equity Fund  
RBC Global Equity Focus Fund  
BlueBay Emerging Markets Corporate Bond Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #3 to the Final Simplified Prospectus dated February 15, 2017

Received on February 15, 2017

**Offering Price and Description:**

-

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

RBC Global Asset Management Inc.  
Royal Mutual Funds Inc./RBC Direct Investing Inc.  
The Royal Trust Company  
RBC Dominion Securities Inc.

**Promoter(s):**

RBC Global Asset Management Inc.

Project #2486611

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**Issuer Name:**

Equium Global Tactical Allocation Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated February 13, 2017

NP 11-202 Preliminary Receipt dated February 14, 2017

**Offering Price and Description:**

Offering Series A and F Units

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

N/A

**Promoter(s):**

Equium Capital Management Inc.

Project #2583445

**Issuer Name:**

Financial 15 Split Corp.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus (NI 44-101) dated February 15, 2017

NP 11-202 Preliminary Receipt dated February 15, 2017

**Offering Price and Description:**

Offering: \$ \* – \* Preferred Shares and \* Class A Shares

Price: \$ \* per Preferred Share and Class A Share

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

National Bank Financial Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
GMP Securities L.P.  
Canaccord Genuity Corp.  
Raymond James Ltd.  
Desjardins Securities Inc.  
Echelon Wealth Partners Inc.  
Mackie Research Capital Corporation  
Manulife Securities Incorporated

**Promoter(s):**

-

Project #2584082

**Issuer Name:**

Financial 15 Split Corp.  
Principal Regulator – Ontario

**Type and Date:**

Amended and Restated Preliminary Short Form Prospectus dated February 16, 2017

NP 11-202 Preliminary Receipt dated February 16, 2017

**Offering Price and Description:**

Offering: \$ 61,090,000 – 2,980,000 Preferred Shares and Class A Shares

Price: \$10.00 per Preferred Share and Class A Share

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

National Bank Financial Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

GMP Securities L.P.

Canaccord Genuity Corp.

Raymond James Ltd.

Desjardins Securities Inc.

Echelon Wealth Partners Inc.

Mackie Research Capital Corporation

Manulife Securities Incorporated

**Promoter(s):**

-

**Project #2584082**

**Issuer Name:**

Russell Investments Fixed Income Class  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to the Final Simplified Prospectus dated February 17, 2017

Received on February 17, 2017

**Offering Price and Description:**

-

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

Russell Investments Canada Limited

N/A

**Promoter(s):**

Russell Investments Canada Limited

**Project #2492228**

---

**Issuer Name:**

Hamilton Capital Global Bank ETF  
Hamilton Capital Global Financials Yield ETF (formerly  
Hamilton Capital Higher Yielding Financials ETF)  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to the Final Long Form Prospectus dated February 15, 2017

Received on February 15, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Hamilton Capital Partners Inc.

**Project #2564942**

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**Issuer Name:**

BMO Monthly Dividend Fund Ltd.  
BMO Monthly Income Fund  
BMO Mortgage and Short-Term Income Fund  
BMO Preferred Share Fund  
BMO Tactical Global Bond ETF Fund  
BMO World Bond Fund  
BMO Asian Growth and Income Fund  
BMO Asset Allocation Fund  
BMO Canadian Equity Fund  
BMO Canadian Stock Selection Fund  
BMO Dividend Fund  
BMO European Fund  
BMO Global Infrastructure Fund  
BMO Growth Opportunities Fund  
BMO North American Dividend Fund  
BMO Tactical Balanced ETF Fund  
BMO Tactical Global Growth ETF Fund  
BMO U.S. Dividend Fund  
BMO U.S. Equity Fund  
BMO U.S. Equity Plus Fund  
BMO Canadian Small Cap Equity Fund  
BMO Emerging Markets Fund  
BMO Balanced ETF Portfolio  
BMO U.S. Dollar Balanced Fund  
BMO U.S. Dollar Dividend Fund  
BMO U.S. Dollar Monthly Income Fund  
BMO Asian Growth and Income Class  
BMO Canadian Equity Class  
BMO Dividend Class  
BMO Short-Term Income Class  
BMO U.S. Equity Class  
BMO SelectClass Income Portfolio  
BMO Balanced ETF Portfolio Class  
BMO LifeStage Plus 2022 Fund  
BMO LifeStage Plus 2025 Fund  
BMO LifeStage Plus 2026 Fund  
BMO LifeStage Plus 2030 Fund  
BMO Tactical Dividend ETF Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #4 to the Final Simplified Prospectus dated February 3, 2017

NP 11-202 Receipt dated February 16, 2017

**Offering Price and Description:**

-

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

BMO Investments Inc.  
Guardian Group of Funds Ltd.

**Promoter(s):**

BMO Investments Inc.  
BMO Global Tax Advantage Funds Inc.

**Project #2453803**

---

**Issuer Name:**

Hamilton Capital Global Bank ETF  
Hamilton Capital Global Financials Yield ETF (formerly  
Hamilton Capital Higher Yielding Financials ETF)  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to the Final Long Form Prospectus dated February 15, 2017

NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Hamilton Capital Partners Inc.

**Project #2564942**

---

**Issuer Name:**

Horizons Active Cdn Bond ETF  
Horizons Active Cdn Dividend ETF  
Horizons Active Cdn Municipal Bond ETF  
Horizons Active Corporate Bond ETF  
Horizons Active Emerging Markets Dividend ETF  
Horizons Active Floating Rate Bond ETF  
Horizons Active Floating Rate Preferred Share ETF  
Horizons Active Floating Rate Senior Loan ETF  
Horizons Active Global Dividend ETF  
Horizons Active Global Fixed Income ETF  
Horizons Active High Yield Bond ETF  
Horizons Active Preferred Share ETF  
Horizons Active US Dividend ETF  
Horizons Active US Floating Rate Bond (USD) ETF  
Horizons Global Currency Opportunities ETF  
Horizons Global Risk Parity ETF  
Horizons Managed Global Opportunities ETF  
Horizons Managed Multi-Asset Momentum ETF  
Horizons S&P/TSX 60 Equal Weight Index ETF (formerly  
Horizons AlphaPro S&P/TSX 60 Equal Weight Index ETF)  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated February 13, 2017

NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

Class E Units @ Net Asset Value

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

-

**Promoter(s):**

ALPHAPRO MANAGEMENT INC.

**Project #2571759**

---

**Issuer Name:**

iShares International Fundamental Index ETF  
iShares Japan Fundamental Index ETF (CAD-Hedged)  
iShares US Fundamental Index ETF  
iShares Emerging Markets Fundamental Index ETF  
iShares Canadian Fundamental Index ETF

Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to the to Final Long Form Prospectus dated February 9, 2017

NP 11-202 Receipt dated February 16, 2017

**Offering Price and Description:**

-

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

BlackRock Asset Management Canada Limited

**Promoter(s):**

-

**Project #2475019**

---

**Issuer Name:**

Mackenzie Cundill International Fund  
Mackenzie Global Inflation-Linked Fund  
Mackenzie International Divided Fund

Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated February 9, 2017

NP 11-202 Receipt dated February 14, 2017

**Offering Price and Description:**

Series R securities

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

N/A

**Promoter(s):**

Mackenzie Financial Corporation

**Project #2573067**

---

**Issuer Name:**

PowerShares S&P 500 High Dividend Low Volatility Index ETF

PowerShares S&P Global ex. Canada High Dividend Low Volatility Index ETF

Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated February 9, 2017

NP 11-202 Receipt dated February 15, 2017

**Offering Price and Description:**

CAD units, CAD hedged units and USD units @ net asset value

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

-

**Promoter(s):**

Invesco Canada Ltd.

**Project #2568014**

**Issuer Name:**

Sun Life BlackRock Canadian Balanced Fund  
Sun Life BlackRock Canadian Equity Fund  
Sun Life Dynamic American Value Fund  
Sun Life Dynamic Equity Income Fund  
Sun Life Dynamic Strategic Yield Fund  
Sun Life Franklin Bissett Canadian Equity Class  
Sun Life Granite Balanced Growth Portfolio  
Sun Life Granite Balanced Portfolio  
Sun Life Granite Conservative Portfolio  
Sun Life Granite Enhanced Income Portfolio  
Sun Life Granite Growth Portfolio  
Sun Life Granite Income Portfolio  
Sun Life Granite Moderate Portfolio  
Sun Life MFS Canadian Bond Fund  
Sun Life MFS Canadian Equity Fund  
Sun Life MFS Canadian Equity Growth Fund  
Sun Life MFS Canadian Equity Value Fund  
Sun Life MFS Dividend Income Fund  
Sun Life MFS Low Volatility Global Equity Fund  
Sun Life MFS Low Volatility International Equity Fund  
Sun Life MFS U.S. Equity Fund  
Sun Life NWQ Flexible Income Fund  
Sun Life Sentry Conservative Balanced Fund  
Sun Life Sentry Global Mid Cap Fund  
Sun Life Sentry Infrastructure Fund  
Sun Life Sentry Value Fund  
Sun Life Sionna Canadian Small Cap Equity Class  
Sun Life Templeton Global Bond Fund  
Sun Life Trimark Canadian Class

Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated February 10, 2017

NP 11-202 Receipt dated February 15, 2017

**Offering Price and Description:**

Series A, Series AT5, Series T5, Series T8, Series D, Series F, Series I and Series O securities @ net asset value

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

-

**Promoter(s):**

Sun Life Global Investments (Canada) Inc .

**Project #2559217**

---

**Issuer Name:**

The Children's Educational Foundation of Canada  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated February 10, 2017

NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

Units at net asset value

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

-

**Promoter(s):**

Children's Education Funds Inc.

**Project #2540834**

**NON-INVESTMENT FUNDS**

**Issuer Name:**

Aztec Minerals Corp.  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated February 14, 2017

NP 11-202 Preliminary Receipt dated February 14, 2017

**Offering Price and Description:**

\$3,500,000.00 Offering of Units – (10,000,000 Units at a price of \$0.35 per Unit)

Price: \$0.35 per Unit

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

Haywood Securities Inc.

**Promoter(s):**

-

**Project #2583880**

---

**Issuer Name:**

Barrick Gold Corporation  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated February 15, 2017

NP 11-202 Preliminary Receipt dated February 16, 2017

**Offering Price and Description:**

US\$ 4,000,000,000.00 – Common Shares, First Preferred Shares, Second Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts, Units

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

-

**Promoter(s):**

-

**Project #2584367**

**Issuer Name:**

Canada Goose Holdings Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated February 15, 2017

NP 11-202 Preliminary Receipt dated February 15, 2017

**Offering Price and Description:**

\$\* – Subordinate Voting Shares

Price:\$\* per subordinated voting share

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

CIBC World Markets Inc.  
Credit Suisse Securities (Canada), Inc.

Goldman Sachs Canada Inc.

RBC Dominion Securities Inc.

Merrill Lynch Canada Inc.

Morgan Stanley Canada Limited

Barclays Capital Canada Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Wells Fargo Securities Canada, Ltd.

Canaccord Genuity Corp.

**Promoter(s):**

-

**Project #2584130**

---

**Issuer Name:**

Financial 15 Split Corp.  
Principal Regulator – Ontario

**Type and Date:**

Amendment dated February 16, 2017 to Preliminary Short Form Prospectus dated February 15, 2017

NP 11-202 Preliminary Receipt dated February 16, 2017

**Offering Price and Description:**

Offering: \$ 61,090,000.00 – 2,980,000 Preferred Shares and Class A Shares

Price: \$10.00 per Preferred Share and Class A Share

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

National Bank Financial Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

GMP Securities L.P.

Canaccord Genuity Corp.

Raymond James Ltd.

Desjardins Securities Inc.

Echelon Wealth Partners Inc.

Mackie Research Capital Corporation

Manulife Securities Incorporated

**Promoter(s):**

-

**Project #2584082**

**Issuer Name:**

INV Metals Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 16, 2017

NP 11-202 Preliminary Receipt dated February 16, 2017

**Offering Price and Description:**

\$24,000,000.00 – 24,000,000 Common Shares

Price: \$1.00 per Offered Share

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

GMP Securities L.P.  
Clarus Securities Inc.  
Paradigm Capital Inc.  
BMO Nesbitt Burns Inc.  
Eight Capital  
National Bank Financial Inc.  
PI Financial Corp.  
Raymond James Ltd.

**Promoter(s):**

-

**Project #2582974**

---

**Issuer Name:**

LEAGOLD MINING CORPORATION  
Principal Regulator – British Columbia

**Type and Date:**

Amended and Restated Preliminary Long Form Prospectus dated February 14, 2017

NP 11-202 Preliminary Receipt dated February 14, 2017

**Offering Price and Description:**

\$\* – \* Subscription Receipts

Price: \$\* per Subscription Receipt

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

BMO Nesbitt Burns Inc.  
UBS Securities Canada Inc.  
Scotia Capital Inc.  
Canaccord Genuity Corp.  
GMP Securities L.P.  
TD Securities Inc.

**Promoter(s):**

-

**Project #2582244**

---

**Issuer Name:**

Solace Health Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated February 13, 2017

NP 11-202 Preliminary Receipt dated February 14, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

-

**Project #2583533**

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**Issuer Name:**

TAG Oil Ltd  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 15, 2017

NP 11-202 Preliminary Receipt dated February 15, 2017

**Offering Price and Description:**

Up to \$10,000,250.00 – Up to 15,385,000 Units

Price: \$0.65 per Unit

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

Mackie Research Capital Corporation

**Promoter(s):**

-

**Project #2584211**

---

**Issuer Name:**

American Hotel Income Properties REIT LP  
Principal Regulator – British Columbia

**Type and Date:**

Final Shelf Prospectus dated February 16, 2017

NP 11-202 Receipt dated February 16, 2017

**Offering Price and Description:**

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

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

-

**Promoter(s):**

-

**Project #2583062**

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**Issuer Name:**

Aphria Inc. (formerly, Black Sparrow Capital Corp.)  
Principal Regulator – Ontario

**Type and Date:**

Final Short Form Prospectus dated February 17, 2017

NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

\$50,000,000.00 – 10,000,000 Common Shares at a price of \$5.00 per Offered Share

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

Clarus Securities Inc.  
Cormark Securities Inc.  
Canaccord Genuity Corp.  
Haywood Securities Inc.  
PI Financial Corp.

**Promoter(s):**

-

**Project #2581449**

---

**Issuer Name:**

Brookfield Asset Management Inc.  
Brookfield Finance Inc.  
Brookfield Finance LLC  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus dated February 17, 2017  
NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

\$US 2,500,000,000.00

(1) Debt Securities – Class A Preference Shares, Class A Limited Voting Shares

(2) Debt Securities – Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Brookfield Asset Management Inc.

(3) Debt Securities – Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Brookfield Asset Management Inc.

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

-

**Promoter(s):**

-

**Project #2582877**

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**Issuer Name:**

Brookfield Finance Inc.  
Brookfield Finance LLC  
Brookfield Asset Management Inc.  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus dated February 17, 2017  
NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

\$US 2,500,000,000.00

(1) Debt Securities – Class A Preference Shares Class A Limited Voting Shares

(2) Debt Securities – Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Brookfield Asset Management Inc.

(3) Debt Securities – Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Brookfield Asset Management Inc.

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

-

**Promoter(s):**

-

**Project #2582878**

**Issuer Name:**

Brookfield Finance LLC  
Brookfield Asset Management Inc.  
Brookfield Finance Inc.  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus dated February 17, 2017  
NP 11-202 Receipt dated February 17, 2017

**Offering Price and Description:**

\$US 2,500,000,000.00

(1) Debt Securities – Class A Preference Shares, Class A Limited Voting Shares

(2) Debt Securities – Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Brookfield Asset Management Inc.

(3) Debt Securities – Unconditionally guaranteed as to payment of principal, premium, if any, and interest by Brookfield Asset Management Inc.

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

-

**Promoter(s):**

**Project #2582880**

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**Issuer Name:**

Superior Gold Inc.  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated February 15, 2017  
NP 11-202 Receipt dated February 16, 2017

**Offering Price and Description:**

\$28,450,000.00 – 28,450,000 COMMON SHARES

ISSUED FROM TREASURY AND

32,600,000 COMMON SHARES ISSUABLE ON DEEMED EXERCISE OF OUTSTANDING SPECIAL WARRANTS

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

GMP Securities L.P.

BMO Nesbitt Burns Inc.

Cormark Securities Inc.

Haywood Securities Inc.

TD Securities Inc.

Sprott Private Wealth LP

**Promoter(s):**

Christopher Bradbrook

**Project #2570585**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Full Cycle Energy Investment Management Limited	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	February 14, 2017
New Registration	Wells Asset Management System Inc.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	February 21, 2017

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## Chapter 13

# SROs, Marketplaces, Clearing Agencies and Trade Repositories

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### 13.2 Marketplaces

#### 13.2.1 Canadian Securities Exchange – Housekeeping Amendments to Rules, Policies and Forms – Form 1B Listing Application

CSE Notice 2017-003  
February 23, 2017

#### CANADIAN SECURITIES EXCHANGE

#### HOUSEKEEPING CHANGES

#### FORM 1B – LISTING APPLICATION

In accordance with Appendix C “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto” (“Protocol”) of the CSE Recognition Order the CSE has adopted the amendments described in this notice to the Form 1B Listing Application.

The amendments are Housekeeping Changes under the Protocol and were not published for comment.

#### DESCRIPTION OF THE PROPOSED AMENDMENTS

As part of the listing application process, the Form provides contact information and historical data about the issuer applicant, its securities, officers and directors, and status as a reporting issuer and listed company. It is not the primary disclosure document, but rather a summary for administrative purposes. CSE has amended two sections of the Form.

- 1) In *Part 1 Issuer Information* the applicant is required to specify 3 choices of trading symbol, in order of preference. Previously, the guidance provided indicated a symbol may be “up to 3 letters” and will be subject to availability. The missing words “may be” were added and the guidance changed to “up to 4 letters” to reflect the recent introduction of 4 letter symbols.

Amended Text of Form 1B, Part 1:

#### 1.13 Desired Symbol(s)

Please specify 3 choices in order of preference. A symbol may be up to 4 ~~3~~ letters and will be subject to availability. The Exchange has final approval of any symbol request.

- 2) In *Part 3 Historical Information* the applicant must provide details of any application that was made to another market and denied. The question has been amended to include applications that were withdrawn. The amendment provides clarity. Collection of this information is consistent with the current listing application process.

Amended Text of Form 1B, Part 3

- 3.1 Has the Issuer (or any of its predecessors) ever applied to have its shares traded on another market and been denied a listing/quotation or withdrawn the application? If yes, please provide the name of the market or markets, dates and the reason why the application was denied or withdrawn.

#### EXPECTED IMPLEMENTATION DATE

The proposed amendments are effective immediately.

**Questions about this notice may be directed to:**

Mark Faulkner, Vice President Listings & Regulation  
Mark.Faulkner@thecse.com, or 416-367-7340

For questions about Policies or listing requirements of the CSE, please contact the Listings & Regulation team at: listings@thecse.com or 416-367-7340

**13.2.2 Canadian Securities Exchange – Housekeeping Amendments to Rules, Policies and Forms – Policy 8**

**CSE Notice 2017-004**  
**February 23, 2017**

**CANADIAN SECURITIES EXCHANGE**  
**HOUSEKEEPING RULE**  
**AMENDMENTS TO POLICY 8**

**A. DESCRIPTION OF THE PROPOSED AMENDMENTS**

As the result of changes to the internal workflow at IIROC, IIROC has asked that the contact information included in Policy 8 be amended. The amendments are included in Appendix 1.

**B. EFFECTIVE DATE**

The amendments will be effective immediately.

**C. CLASSIFICATION**

The amendments have been classified as housekeeping. The proposed amendments were not published for comment.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

Mark Faulkner  
Vice President, Listings and Regulation  
CNSX Markets Inc.  
220 Bay Street, 9th Floor  
Toronto, ON, M5J 2W4  
Email: [Mark.Faulkner@thecse.com](mailto:Mark.Faulkner@thecse.com)

Appendix 1

PROPOSED CSE POLICY AMENDMENTS

Text of CSE Policies marked to reflect proposed amendments	Text of CSE Policies reflecting the adoption of proposed amendments
<p>Policy 8</p> <p><b>FUNDAMENTAL CHANGES &amp; CHANGES OF BUSINESS</b></p> <p>...</p> <p>1.5(b)                      Issuers must notify and consult with the Market Regulator prior to disseminating material information concerning a fundamental change or a change of business during market hours. If the dissemination will occur outside of market hours, the Issuer must notify the Market Regulator in order to effect a trading halt prior to the next trading session.</p> <p>Contact information for Market Regulator:                      Telephone: <del>(416) 646-7220</del> (604) 643-2792                      Email: <del>pr@IIROC.ca</del> prwest@IIROC.ca</p>	<p>Policy 8</p> <p><b>FUNDAMENTAL CHANGES &amp; CHANGES OF BUSINESS</b></p> <p>...</p> <p>1.5(b)                      Issuers must notify and consult with the Market Regulator prior to disseminating material information concerning a fundamental change or a change of business during market hours. If the dissemination will occur outside of market hours, the Issuer must notify the Market Regulator in order to effect a trading halt prior to the next trading session.</p> <p>Contact information for Market Regulator:                      Telephone: (604) 643-2792                      Email: prwest@IIROC.ca</p>

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