

The Ontario Securities Commission

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# Chapter 1

## Notices / News Releases

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### 1.1 Notices

#### 1.1.1 Notice of Co-operation Agreement Concerning Innovative Fintech Businesses with U.K. Financial Conduct Authority

#### NOTICE OF CO-OPERATION AGREEMENT CONCERNING INNOVATIVE FINTECH BUSINESSES WITH THE U.K. FINANCIAL CONDUCT AUTHORITY

**March 2, 2017**

The Ontario Securities Commission recently entered into a Co-operation Agreement (“the Agreement”) with the U.K. Financial Conduct Authority concerning the co-operation and information sharing between the two authorities regarding their respective innovation functions. The Agreement provides a comprehensive framework for cooperation and information sharing and referrals related to the innovation functions which were launched in each jurisdiction.

The Agreement is subject to the approval of the Minister of Finance. The Agreement was delivered to the Minister of Finance on February 27, 2017.

Questions may be referred to:

Jean-Paul Bureaud  
Director  
Office of Domestic and International Affairs  
Tel: 416-593-8131  
E-mail: [jbureaud@osc.gov.on.ca](mailto:jbureaud@osc.gov.on.ca)

Pat Chaukos  
Chief  
OSC Launchpad  
Tel: 416-593-2373  
E-mail: [pchaukos@osc.gov.on.ca](mailto:pchaukos@osc.gov.on.ca)

Dated 22nd February 2017

## Co-operation Agreement

United Kingdom



Ontario



ONTARIO  
SECURITIES  
COMMISSION

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  5. Scope of assistance (Referrals & Information Sharing)
  6. Confidentiality & Permissible Uses
  7. Term
  8. Amendment
- Appendix 1: Authority-wide contact details

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

Ontario Securities Commission  
20 Queen St. West, 22nd Floor  
Toronto, Ontario, Canada  
M5H 3S8

Innovation Functions Co-operation Agreement between

Financial Conduct Authority ("FCA")

and

Ontario Securities Commission ("OSC")

## 1. Definitions

For the purposes of this Co-operation Agreement, unless the context requires otherwise:

"Authorisation" means the process of licensing, registering, approving, authorising or otherwise bringing an entity under either Authority's regulatory ambit so that they are authorised to carry on business in providing a financial service or issuing a financial product in the relevant Authority's jurisdiction;

"Authority" means:

1. the FCA;
2. the OSC; or
3. any other Canadian securities regulatory authority which has established an Innovation Function and that becomes a party to this Co-operation Agreement in the manner set forth in section 8.

"Criteria for Support" means the criteria of a Referring Authority that an Innovator Business is required to meet before the Referring Authority will refer the Innovator Business to a Receiving Authority;

"Innovator Business" means an innovative financial business that has been offered support from an Authority through its Innovation Function, or would qualify for such support;

"Innovation Function" means the dedicated function established in the Authorities to promote innovation in financial services in their respective markets;

"Receiving Authority" means the Authority that is receiving an Innovator Business referral or information relating to that referral;

"Referring Authority" means the Authority that is referring an Innovator Business to the Receiving Authority; and

"Regulations" means any regulation or regulatory requirement applicable in the jurisdiction of an Authority.

## 2. Introduction

- 2.1. The Authorities share a mutual desire to promote innovation in financial services in their respective markets. The Authorities have established Innovation Functions in order to do so. The Authorities believe that through co-operation with each other, they will be able to further the promotion of innovation in their respective markets.

### Background to the Authorities' Innovation Functions

- 2.2. The FCA launched "Project Innovate" in October 2014, with the objective of encouraging innovation in financial services in the interests of consumers by supporting innovator businesses with a range of services. This is closely tied to the FCA's objective of promoting effective competition in the interest of consumers. Project Innovate is led by the FCA's Innovation Hub.

- 2.3. On October 24, 2016, the OSC announced “OSC LaunchPad” to engage with Fintech businesses, provide the opportunity for support in navigating the securities requirements and strive to keep regulation in step with digital innovation. OSC LaunchPad will support innovation while fulfilling its mandate to provide protections to investors and promote confidence in its markets. OSC LaunchPad will initially operate as a pilot project.

Support offered through the Innovation Functions

- 2.4. The support offered by the Authorities to Innovator Businesses through their Innovation Functions includes:
- 2.4.1. A team and/or a contact for each Innovator Business;
  - 2.4.2. Help for Innovator Businesses to understand the regulatory framework in the relevant Authority's jurisdiction, and how it applies to them;
  - 2.4.3. Assistance during the pre-authorisation application phase to:
    - 2.4.3.1. Discuss the authorisation application process and any regulatory issues that the Innovator Business has identified; and
    - 2.4.3.2. Ensure the Innovator Business understands the relevant Authority's regulatory regime and what it means for them.
  - 2.4.4. Support during the authorisation process, including the allocation of authorisation staff to consider the application that are knowledgeable about financial innovation in their respective markets.
  - 2.4.5. A dedicated contact and the provision of assistance after an Innovator Business is authorised, as and when circumstances require it.

**3. Purpose**

- 3.1. The purpose of this Co-operation Agreement is to provide a framework for co-operation and referrals between the Innovation Functions of each Authority. The framework centres on a referral mechanism which will enable the Authorities to refer Innovator Businesses between their respective Innovation Functions. It also sets out how the Authorities plan to share and use information on innovation in their respective markets.

**4. Principles**

- 4.1. The Authorities intend to provide the fullest possible mutual assistance to one another within the terms of this Co-operation Agreement. This Co-operation Agreement operates subject to the domestic laws and regulations of each Authority and does not modify or supersede any laws or regulatory requirements in force in, or applying to, the United Kingdom or Canada. This Co-operation Agreement sets forth a statement of intent and accordingly does not create any enforceable rights, and is not legally binding. This Co-operation Agreement does not affect any arrangements under the existing 2013 Memorandum of Understanding between the OSC and the FCA., including the IOSCO Multilateral Memoranda of Understanding concerning consultation and co-operation and the exchange of information for enforcement purposes. .

**5. Scope of Assistance (Referrals & Information Sharing)**

Referral mechanism

- 5.1. The Authorities, through their Innovation Functions, will refer to each other Innovator Businesses that would like to operate in the other's jurisdiction.
- 5.2. Referrals should include information demonstrating that the Innovator Business seeking to operate in the Receiving Authority's jurisdiction meets, or would meet, the Referring Authority's Criteria for Support.
- 5.3. Following referral, the Receiving Authority's Innovation Function should offer support to the Innovator Business in accordance with paragraph 2.4 above.
- 5.4. The Referring Authority acknowledges that an Innovator Business benefiting from the Receiving Authority's Innovation Function's assistance during the pre-authorisation phase may or may not meet the requirements for authorisation, and that in providing assistance through the Innovation Function, the Receiving Authority is not expressing an opinion about whether an Innovator Business will ultimately meet the requirements for authorisation in its jurisdiction.

Information sharing

- 5.5. The Authorities undertake, subject to applicable domestic laws and regulations, to share information about innovations in financial services in their respective markets, where appropriate. This may include, but is not limited to:
- 5.5.1. Emerging market trends and developments; and
  - 5.5.2. Regulatory issues pertaining to innovation in financial services.
- 5.6. The Authorities agree, subject to applicable domestic laws and regulations, to share further information on Innovator Businesses which have been referred to a Receiving Authority for support through its Innovation Function by a Referring Authority (including the nature of the support to the Innovator Business by the Referring Authority pursuant to paragraph 2.4.).
- 5.7. The Authorities should notify each other of any material changes to the other Authority's Criteria for Support.

**6. Confidentiality & Permissible Uses**

- 6.1. Any information disclosed by one Authority to the other Authority under paragraphs 5.6 to 5.7, and any information contained in a referral under paragraphs 5.1 to 5.4, should be treated by the other Authority as confidential information.
- 6.2. Information about an Innovator Business included in a referral under paragraphs 5.1 to 5.4 and shared under paragraph 5.7 should be sent to a Receiving Authority only if the Innovator Business consents to that disclosure.
- 6.3. A Receiving Authority should use information about a referred Innovator Business only for the purpose of providing support to the referred Innovator Business through the Receiving Authority's Innovation Function and ensuring compliance with the law of the Receiving Authority's jurisdiction, unless the Referring Authority consents to other uses.
- 6.4. If either Authority is required to disclose any information provided to it by the other Authority pursuant to a requirement of law, such Authority should notify the other Authority prior to complying with such a requirement and should assert all appropriate legal exemptions or privileges with respect to such information as may be available.

**7. Term**

- 7.1. This Co-operation Agreement takes effect on the later of the date of execution by FCA and the date determined in accordance with the OSC's applicable legislation and notified to FCA. For an Authority that becomes a party to this Co-operation Agreement under section 8, this Co-operation Agreement takes effect for FCA and that Authority on the date of execution of the counterpart referred to in section 8.
- 7.2. The Co-operation Agreement can be terminated by an Authority by the giving of at least 30 days' written notice of termination to the other Authority or Authorities.
- 7.3. Termination of this Co-operation Agreement does not affect obligations under any existing Memorandum of Understanding between the Authorities.
- 7.4. In the event of the termination of this Co-operation Agreement, information obtained under this Co-operation Agreement will continue to be treated in the manner set out under paragraph 6.

**8. Amendment**

- 8.1. The Authorities will review the operation of this Co-operation Agreement and update its terms as required. The Authorities acknowledge that review may be required if there is a material change to the support offered by a Receiving Authority's Innovation Function to an Innovator Business referred by a Referring Authority pursuant to paragraph 5.1; or the Authority's Criteria for Support.
- 8.2. Any Canadian securities regulatory authority which has established an Innovation Function may become a party to this Co-operation Agreement by executing a counterpart hereof together with the FCA and providing notice to the other Canadian securities regulatory authorities or regulators which are parties to this Co-operation Agreement.
- 8.3. This Co-operation Agreement may be amended if each Authority agrees in writing to do so.

**Executed by the Authorities:**

**For OSC**

*Maureen Jensen*

Maureen Jensen, Chair and CEO

Date: 02/22/2017

**For FCA**

*Andrew Bailey*

Andrew Bailey, CEO

Date: 02/22/2017

**Appendix 1: Authority-wide Contact Details**

FCA: Head of Department, Project Innovate  
Financial Conduct Authority  
25 The North Colonnade  
London, E14 5HS  
United Kingdom

OSC: OSC LaunchPad Co-operation Requests:  
osclaunchpad@osc.gov.on.ca  
Telephone: (416) 596-4266

1.1.2 Investar Investment Ltd. et al.

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

AND

IN THE MATTER OF  
INVESTAR INVESTMENT LTD.,  
LIYUAN QI AND  
JIAN GUO

AND

IN THE MATTER OF  
A DECISION OF THE DEPUTY DIRECTOR, COMPLIANCE, STRATEGY AND RISK,  
COMPLIANCE AND REGISTRANT REGULATION, ONTARIO SECURITIES COMMISSION

NOTICE OF WITHDRAWAL

**WHEREAS** on January 3, 2017, Investar Investment Ltd., Liyuan Qi and Jian Guo (the "Applicants") filed a request for a hearing and review by the Ontario Securities Commission (the "Commission") pursuant to section 8 of the *Securities Act* (the "Act") of a decision of the Director made October 17, 2016 (the "Decision").

**AND WHEREAS** on February 21, 2017, the Director approved a joint recommendation and agreement by Staff and the Applicants adding an addendum to the Decision.

**TAKE NOTICE** that the Applicants withdraw their request for a hearing and review of the Decision pursuant to Rule 7.2 of the Commission's *Rules of Procedure*.

February 23, 2017

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

Barristers  
155 Wellington Street West, 35th Floor  
Toronto, Ontario M5V 3H1

Jeffrey Larry (LSUC #44608D)  
Tel: (416) 646-4330  
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Counsel for Investar Investment Ltd., Liyuan Qi, and Jian Guo

TO: Ontario Securities Commission  
Office of the Secretary  
20 Queen Street West, Suite 1903  
Toronto, ON M5H 3S8

AND

TO: Ontario Securities Commission  
Office of Compliance and Registrant Regulation  
20 Queen Street West, Suite 1903  
Toronto, ON M5H 3S8

1.5 Notices from the Office of the Secretary

1.5.1 Krishna Sammy

FOR IMMEDIATE RELEASE  
February 24, 2017

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

AND

IN THE MATTER OF  
A REQUEST FOR A HEARING AND REVIEW OF  
THE DECISION OF A HEARING PANEL OF  
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

IN THE MATTER OF  
KRISHNA SAMMY

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

1. Robyrt Regan is granted leave to withdraw as counsel for Sammy;
2. Sammy shall serve and file by no later than 4:30 p.m. on February 27, 2017 the complete Application Record for the Application for Hearing and Review, which shall include an amended Notice of Application and which shall comply with Rules 14.2 and 14.3(2) of the Ontario Securities Commission *Rules of Procedure* (2014) 37 OSCB 4168;
3. the Application to Revoke or Vary is adjourned to a hearing that shall take place by teleconference on February 28, 2017 at 3:00 p.m.;
4. if the Application for Hearing and Review proceeds:
  - a. Sammy shall serve and file his written submissions with respect to that application by no later than 9:00 a.m. on March 6, 2017;
  - b. Commission Staff and IIROC Staff shall serve and file responding written submissions by no later than 4:30 p.m. on March 13, 2017;
  - c. Sammy shall serve and file reply written submissions, if any, by no later than 4:30 p.m. on March 27, 2017; and
  - d. the hearing of the Application for Hearing and Review shall commence on March 30, 2017, at 10:00 a.m.

A copy of the Order dated February 23, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
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media\_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.2 Investar Investment Ltd. et al.

FOR IMMEDIATE RELEASE  
February 24, 2017

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

AND

IN THE MATTER OF  
INVESTAR INVESTMENT LTD.,  
LIYUAN QI AND  
JIAN GUO

**TORONTO** – Following receipt by the Commission of the Notice of Withdrawal of the Application of Investar Investment Ltd., Liyuan Qi and Jian Guo, the Commission will not proceed with the hearing scheduled for March 20, 2017 in the above named matter.

A copy of the Notice of Withdrawal dated February 23, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
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1-877-785-1555 (Toll Free)

1.5.3 Garth H. Drabinsky et al.

FOR IMMEDIATE RELEASE  
February 27, 2017

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

AND

IN THE MATTER OF  
GARTH H. DRABINSKY,  
MYRON I. GOTTLIEB AND  
GORDON ECKSTEIN

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

1. The hearing dates of February 27 and 28, 2017 and March 10, 2017 are vacated; and
2. Oral closing submissions in respect of this hearing shall be heard on a date to be determined by the Commission.

A copy of the Order dated February 27, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Crescita Therapeutics Inc.

##### Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from requirement to provide certain historical financial statements of a business indirectly acquired by the Filer as a result of an acquisition in a BAR – it is impracticable to prepare financial statements – Filer granted relief to include alternative financial information disclosure for a significant acquisition.

##### Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.1.

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  
CRESCITA THERAPEUTICS INC.  
(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 of the principal regulator (the **Legislation**) for relief (the **Exemption Sought**) pursuant to Part 13 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), from the requirement to provide certain historical financial statements of a business indirectly acquired by the Filer as a result of an acquisition in a business acquisition report (**BAR**) required to be filed by the Filer under Part 8 of NI 51-102 and Item 3 of Form 51-102F4 Business Acquisition Report in connection with the Filer's acquisition (the **Acquisition**) of 100% of the share capital of INTEGA Skin Sciences Inc. (**Intega**) on September 1, 2016 (the **Acquisition Date**).

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

- (a) the Ontario Securities Commission is the principal regulator for this Application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

## Interpretation

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

## Representations

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

1. The Filer is a corporation governed by the Ontario *Business Corporations Act*. Its head office is located at 7560 Airport Road, Unit 10, Mississauga, Ontario L4T 4H4.
2. The Filer was formed on March 1, 2016 pursuant to a reorganization of Nuvo Research Inc. into two publically traded companies, Nuvo Pharmaceuticals Inc., a commercial healthcare company, and the Filer, a drug development company.
3. The Filer is a reporting issuer under the securities legislation in each of the provinces of Canada. Other than its failure to file a BAR in connection with the Acquisition in accordance with Part 8 of NI 51-102 (for which the Filer has been noted in default), the Filer is not in default of any requirements under the securities legislation of any of these jurisdictions of Canada. The Filer's common shares are listed on the Toronto Stock Exchange under the symbol "CTX."
4. The Filer's year end is December 31 and its auditor is Ernst & Young LLP (**EY**).
5. Intega is a corporation governed by the *Business Corporations Act* (Quebec). Its principal office is located at 2805 Place Louis-R-Renaud, Laval, Quebec H7V 0A3. Intega is a "private issuer" as defined in Section 2.4 of National Instrument 45-106 – *Prospectus Exemptions*. Its financial year end is December 31.
6. Intega is a skincare company that specializes in the research, development, production, marketing and distribution of non-prescription skin care products for the treatment and care of skin diseases and their symptoms.
7. Intega was founded in 2013 and commenced commercial operations in 2015. Prior to January 22, 2016, Intega's business consisted primarily of planning and preparation for the sale and marketing of skin care products in Canada for ISDIN S.A., a Barcelona-based international laboratory specialized in innovative solutions for major dermatological needs and pathologies. Sales of certain of those products in Canada began in June 2016.
8. On January 22, 2016, Intega acquired three products – Laboratoire Dr. Renaud (**LDR**), Pro-Derm, and Premiology (LDR, Pro-Derm and Premiology collectively, the **Products**) – and certain other assets (together with the Products, the **Acquired Assets**) from Valeant Canada Limited (**Valeant Canada**) and Valeant Canada LP (**VCCLP**), two wholly-owned subsidiaries of Valeant Pharmaceuticals International, Inc. (**Valeant**).
9. The Acquired Assets consisted primarily of all trademarks and intellectual property related to the Products, employees, certain contracts and the lease for a production facility (the **Production Facility**) located in Laval, Quebec, where a number of other products marketed and sold by Valeant and certain of its subsidiaries were manufactured. The acquisition of the Acquired Assets was structured as an acquisition of all of the outstanding shares of Valeant Groupe Cosméderme Inc. (**Cosméderme**), formerly a wholly-owned subsidiary of Valeant Canada, as well as the acquisition of certain assets from VCCLP. However, as described below, a number of assets that were historically owned by Valeant's other subsidiaries were transferred to Cosméderme immediately prior to the Acquisition as part of the pre-closing transactions.
10. During the course of the negotiations for the Acquisition, the Filer, along with its legal advisors and EY, analyzed whether the Acquisition would constitute a significant acquisition under Part 8 of NI 51-102 and, if so, the financial statements that would be required to be included in the BAR.
11. As a result of that analysis, the Filer decided to treat the Acquisition as a significant acquisition and concluded that the BAR would be required to include the following financial statements (the **Required Financial Statements**):
  - (a) the following annual financial statements of Intega (the **Intega Annual Financial Statements**):
    - (i) an audited statement of financial position, statement of income and comprehensive income, statement of changes in equity and statement of cash flows as at and for the year ended December 31, 2015; and

- (ii) an unaudited statement of financial position, statement of income and comprehensive income, statement of changes in equity and statement of cash flows as at and for the year ended December 31, 2014.
  - (b) an unaudited statement of financial position, statement of income and comprehensive income, statement of changes in equity and statement of cash flows of Intega as at and for the six month periods ended June 30, 2016 and June 30, 2015 (the **Intega Interim Financial Statements**).
  - (c) the following *pro forma* financial statements of the Filer (the **Required Pro Forma Financial Statements**):
    - (i) a *pro forma* statement of financial position of the Filer as at the date of the Filer's most recent statement of financial position filed that gives effect, as if the Acquisition has taken place as at the date of the *pro forma* statement of financial position, to the Acquisition;
    - (ii) a *pro forma* income statement of the Filer that gives effect to the Acquisition as if it had taken place on January 1, 2015 for
      - (A) the year ended December 31, 2015; and
      - (B) the six month period ended June 30, 2016; and
    - (iii) *pro forma* earnings per share based on the foregoing *pro forma* financial statements.
12. Since the acquisition of the Acquired Assets by Intega on January 22, 2016 would not be reflected in the Intega Annual Financial Statements, the Filer, together with its legal advisors and EY, considered whether any separate financial statements for the indirect acquisition of the Acquired Assets would be required to be included in the BAR in light of the guidance provided in Section 8.7(8) of Companion Policy 51-102CP – *Continuous Disclosure Obligations (51-102CP)*.
13. As a result of that analysis, the Filer concluded that the Acquired Assets, on their own, would likely meet one or more of the significance tests under Part 8 of NI 51-102 when applied to the Filer. Accordingly, the Filer concluded that separate carve-out financial statements for the Acquired Assets would be required (the **Carve-Out Financial Statements**).
14. Following completion of the Acquisition, representatives of the Filer and EY discussed certain historical accounting records of Valeant and its affiliates that were relevant to the Acquired Assets and engaged in a number of discussions with Valeant regarding the Acquired Assets. As a result of those discussions, the Filer determined that preparing the Carve-Out Financial Statements in accordance with the requirements under Section 8.4 of NI 51-102 or the alternative financial statements as contemplated by Section 8.6(5) of 51-102CP (the **Abbreviated Financial Statements**) would be impracticable, primarily for the following reasons:
- (a) Valeant prepares audited annual consolidated financial statements that include its subsidiaries, and no stand-alone financial statements exist for the Acquired Assets or Cosméderme. Valeant does not maintain the distinct and separate accounts that would be necessary to prepare the Carve-Out Financial Statements for the Acquired Assets. The operations of the Acquired Assets are not attributable to any one legal entity, segment or reporting unit within Valeant's operating structure.
  - (b) Valeant provided corporate level support (including administrative support functions such as accounting, tax, legal and human resources) and shared resources and services (such as centralized accounts payable and accounts receivable processing, collection, customer service, information technology and research and development) to multiple product lines organized in multiple legal entities. As a result, selling, general and administrative expenses (including rent, personnel, insurance, IT services and support, employee related expenses, product and material testing, quality assurance, promotional and advertising expenses audit, tax, etc.) are not specifically identifiable to specific product lines, including the Products, or individual entities, including Cosméderme. In addition, Cosméderme, Valeant Canada and VCLP incurred costs to support various other product lines (such as distribution, customer service, accounting, office expenses, utilities, etc.) and those expenses and costs are not specifically identifiable to individual product lines, including the Products, or individual entities, including Cosméderme. Allocations of those expenses and costs to the Acquired Assets would entail numerous assumptions, a number of which would be highly arbitrary.
  - (c) Prior to the Acquisition, Cosméderme manufactured numerous additional products for VCLP and Valeant Pharmaceuticals North America, LLC which were not part of the Acquired Assets. Cosméderme's indirect operating costs related to these manufacturing activities are not specifically identifiable to any individual

products that it manufactured, including the Products. Allocations of those indirect costs to the Acquired Assets would entail numerous assumptions, a number of which would be highly arbitrary.

- (d) Due to the complimentary nature of Valeant's product lines, many of its customers purchased products across multiple product lines, and many of its suppliers provided materials, products and services across multiple product lines. Valeant and their systems did not maintain separate order forms and/or invoices for certain transactions related to the Products. As a result, receivables and payables records and their related payments from customers and payments to vendors are commingled between the Products and other product lines within the Valeant group. Also, since such documents can relate to more than one product line, services, costs and liabilities (such as accrued marketing/cooperative advertising) related to such orders require an allocation to the Acquired Assets which would be highly arbitrary. While identification of receivables and payables by product line would require a review of invoice and line item detail for each period presented, any attempt to construct cash flow statements for the Acquired Assets would entail numerous assumptions with respect to opening cash balances and sources and uses of cash for financing and operational purposes that would be highly arbitrary.
15. Following the Acquisition, the Filer expects to integrate the Acquired Assets (and the other assets of Intega) into its existing organization structure, which will have a different cost structure than that of Valeant Canada.
16. In lieu of the Carve-Out Financial Statements, the Filer proposes to include in the BAR an audited statement of financial position, statement of income and comprehensive income, statement of changes in equity and statement of cash flows as at and for the eight months ended August 31, 2016 (collectively, the **2016 Audited Intega Financial Statements**).
17. The Filer believes that the 2016 Audited Intega Financial Statements provide investors with most reliable and relevant financial information regarding the Acquired Assets, given that they would cover most of the current financial year, would reflect the Acquired Assets from the acquisition date of January 22, 2016 and would be subject to an external audit.
18. If the 2016 Audited Intega Financial Statements are included in the BAR, the Filer does not believe that it would provide any incremental benefit to the Filer's shareholders to also include the Intega Interim Financial Statements, given that they would be unaudited and would be entirely reflected in the 2016 Audited Intega Financial Statements. For greater certainty, the BAR would still include the Intega Annual Financial Statements described in paragraph 11.
19. If the 2016 Audited Intega Financial Statements are included in the BAR in lieu of the Carve-Out Financial Statements, it will not be possible to prepare the Required Pro Forma Financial Statements in accordance with Section 8.4 of NI 51-102. Accordingly, in lieu of the Required Pro Forma Financial Statements, the Filer proposes to include the following *pro forma* financial statements (the **Alternative Pro Forma Financial Statements**):
- (a) a *pro forma* income statement of the Filer that gives effect to the Acquisition as if it had taken place on January 1, 2016 for the nine month period ended September 30, 2016; and
- (b) *pro forma* earnings per share based on the foregoing *pro forma* financial statements.
20. In light of the guidance provided in Section 8.7(2) of 51-102CP, the Filer does not need to include a *pro forma* statement of financial position in addition to the Alternative Pro Forma Financial Statements listed above as the Filer's statement of financial position as of September 30, 2016 will reflect the Acquisition and the Acquired Assets.

## Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the Filer includes in the BAR the Intega Annual Financial Statements, the 2016 Audited Intega Financial Statements and the Alternative Pro Forma Financial Statements.

"Sonny Randhawa"  
Deputy Director, Corporate Finance  
Ontario Securities Commission

## 2.1.2 J.P. Morgan 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, s. 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  
J.P. MORGAN 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 incorporated under the laws of the State of Delaware. Its head office is located at 383 Madison Avenue, New York, New York, 10179, United States of America. It is a wholly owned subsidiary of J.P. Morgan Securities Holdings LLC, a Delaware limited liability company, and an indirect wholly owned subsidiary of J.P. Morgan Chase & Co. (**JPM Chase**), a Delaware corporation.
2. The Filer is registered as a broker-dealer and an investment adviser with the United States (**U.S.**) Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**). The registration as a broker-dealer and FINRA membership permit the Filer to provide Prime Services in the U.S. The Filer is also registered with the U.S. Commodity Futures Trading Commission (**CFTC**) as a futures commission merchant, is a member of the U.S. National Futures Association, and is provisionally registered with the CFTC as a swap dealer and with the SEC as a security-based swap dealer.
3. The Filer is a member of a number of major securities exchanges, including the Chicago Stock Exchange and NYSE Euronext. The Filer is a Direct Access Trading Participant 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., 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 and derivatives dealing for governments, corporate and financial institutions. The Filer also offers settlement, delivery, clearing and custody-related services.
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. In light of these regulatory concerns, firms applying for registration were instead registered in the restricted dealer category with terms and conditions. The interim restricted dealer registrations were time limited and were intended to allow applicants to engage in limited activities while the CSA reviewed the activities of firms registered in the category of EMD and restricted dealer.
16. The Filer was registered as a restricted dealer in the provinces of Alberta, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan and in the territories of Yukon, Northwest Territories and Nunavut, and its registration was subject to a sunset clause. As a restricted dealer, the Filer 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**). The CSA stated that restricted dealers conducting brokerage activities in accordance with the terms and conditions of their registration would have their registration and any related exemptive relief extended to the date the Rule Amendments came into effect.
18. The Rule Amendments came into effect on July 11, 2015. 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's registration was extended for an additional three months and other interim relief was granted in order for the Filer to complete the transition of its equities and fixed income trading activities to J.P. Morgan Securities Canada Inc. The Filer's registration in the category of restricted dealer expired on October 11, 2015.
20. The Filer relies on the international dealer exemption under section 8.18 [*International dealer*] of NI 31-103 in the thirteen Canadian jurisdictions to provide Prime Services in respect of "foreign securities" as defined in section 8.18 of NI 31-103.
21. 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.

22. 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, which 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.
23. 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.
24. 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 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.
25. 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.
26. 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.
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 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.
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 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 is subject to the requirements listed in paragraphs 21 to 26,

- (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;

## Decisions, Orders and Rulings

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- (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>

2.1.3 Brandes Investment Partners & Co. et al.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of investment fund mergers – approval required because mergers do not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – Investment Funds – mergers are not “qualifying exchange” or a tax-deferred transactions under the Income Tax Act (Canada) – merger to otherwise comply with pre-approval criteria, including securityholder vote, IRC approval – securityholders provided with timely and adequate disclosure regarding the mergers.

**Applicable Legislative Provisions**

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

February 23, 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  
BRANDES INVESTMENT PARTNERS & CO.  
(the Filer)

AND

BRANDES GLOBAL EQUITY CLASS,  
SIONNA CANADIAN EQUITY PRIVATE POOL,  
GREYSTONE CANADIAN EQUITY INCOME & GROWTH CLASS  
(the Terminating Funds)

AND

BRANDES GLOBAL EQUITY FUND,  
SIONNA CANADIAN EQUITY FUND,  
GREYSTONE CANADIAN EQUITY INCOME & GROWTH FUND  
(the Continuing Funds, and collectively with the Terminating Funds, the Funds)

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving the Brandes Merger, the Sionna Merger and the Greystone Merger (each defined below, and collectively, the **Mergers**) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (collectively 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. The following additional terms shall have the following meanings:

**Brandes Merger** means the merger of Brandes Global Equity Class into Brandes Global Equity Fund;

**Sionna Merger** means the merger of Sionna Canadian Equity Private Pool into Sionna Canadian Equity Fund;

**Greystone Merger** means the merger of Greystone Canadian Equity Income & Growth Class into Greystone Canadian Equity Income & Growth Fund; and

**IRC** means the independent review committee for the Funds;

### Representations

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

#### *The Filer*

1. The Filer is a corporation existing under the laws of Nova Scotia having its registered head office in Toronto, Ontario. The Filer operates under the retail trade name Bridgehouse Asset Managers.
2. The Filer is registered as an investment fund manager in each of Ontario, Quebec, and Newfoundland and Labrador, as a portfolio manager and exempt market dealer in all provinces and territories, and as a mutual fund dealer in all provinces and territories except Quebec.
3. The Filer is the investment fund manager of each of the Funds.

#### *The Funds*

4. Each Terminating Fund is a separate class of mutual fund shares of Bridgehouse Corporate Class Inc. (**BCCI**). BCCI is a corporation incorporated under the laws of Ontario on July 10, 2015. BCCI has elected to be a mutual fund corporation with the filing of its first income tax return.
5. Each of the Continuing Funds is a mutual fund trust established under the laws of Ontario.
6. Securities of each of the Funds, other than Greystone Canadian Equity Income & Growth Fund, are currently qualified for sale by a simplified prospectus, annual information form and fund facts dated April 22, 2016, and in the case of the Greystone Canadian Equity Income & Growth Fund, currently qualified for sale by a simplified prospectus, annual information form and fund facts dated September 14, 2016, which have been filed and receipted in each of the Jurisdictions.
7. Each of the Funds is a reporting issuer under the securities legislation of the Jurisdictions.
8. Neither the Filer nor any Fund is in default under the securities legislation in the Jurisdictions.
9. Other than circumstances in which the securities regulatory authority of a Jurisdiction has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices set out in NI 81-102.

#### *Reason for Approval Sought*

10. Regulatory approval of the Mergers is required because the Mergers do not satisfy the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 as each Merger will not be a “qualifying exchange” or other tax-deferred transaction within the meaning of the *Income Tax Act* (Canada) (the **Tax Act**). The Mergers cannot be effected as a “qualifying exchange” or other tax-deferred transaction as the Terminating Funds are not mutual fund trusts and thus the requirements of a “qualifying exchange” under the Tax Act cannot be met. There are currently no provisions of the Tax Act that permit a “qualifying exchange” or other tax-deferred transaction between a share class of a mutual fund corporation and a mutual fund established as a trust.

### **Approval of the Mergers**

11. Investors of the Terminating Funds and Greystone Canadian Equity Income & Growth Fund will be asked to approve the relevant Mergers at special meetings expected to be held on or about February 17, 2017. Investors of Greystone Canadian Equity Income & Growth Fund are being asked to vote on the Greystone Merger because the Greystone Merger is a material change to the Continuing Fund, since the assets of the Terminating Fund are larger than those of the Continuing Fund.
12. Investors of Brandes Global Equity Fund are not being asked to vote on the Brandes Merger and investors of Sionna Canadian Equity Fund are not being asked to vote on the Sionna Merger, because these Mergers are not a material change to the relevant Continuing Fund, since the assets of the relevant Terminating Fund are significantly smaller than those of its corresponding Continuing Fund.
13. The Filer, as the sole common shareholder of BCCI, will also be asked to approve the Mergers, as required under the *Business Corporations Act* (Ontario).
14. Subject to receipt of securityholder approval and the Approval Sought, the Mergers are expected to occur on or about February 24, 2017 (**Effective Date**).
15. Investors of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund or switch into securities of another mutual fund trust managed by the Filer at any time up to the close of business on the business day immediately before the Effective Date.

### **Merger Steps**

16. It is proposed that the following steps will be carried out to effect the Mergers:
  - (a) In respect of the Brandes Merger:
    - (i) On or prior to the Effective Date, BCCI may declare taxable dividends to obtain a refund of refundable tax on taxable dividends received, or deemed to be received, by BCCI from taxable Canadian corporations. If the Merger occurred on January 31, 2017, ordinary dividends and capital gain dividends would not have been paid on the shares of the Terminating Fund; however, this could change by the time the Merger is implemented.
    - (ii) On the Effective Date, BCCI will transfer the assets attributable to the Terminating Fund, which will consist of its assets other than the units of the Continuing Fund held by the Terminating Fund, including cash and/or money market instruments, less an amount required to satisfy the liabilities of the Terminating Fund, to the Continuing Fund, in exchange for units of the Continuing Fund. The units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the value of the net assets transferred by the Terminating Fund.
    - (iii) Immediately following the transfer of assets, all of the outstanding shares of the Terminating Fund will be redeemed and, in payment of the redemption amount, the Filer will distribute the units of the Continuing Fund to shareholders of the Terminating Fund on a series-for-series and dollar-for-dollar basis.
    - (iv) As soon as reasonably possible following the Merger, the Terminating Fund will be terminated.
  - (b) In respect of the Sionna Merger:
    - (i) The Terminating Fund and Continuing Fund are invested in substantially similar securities and as such the Filer does not anticipate any material changes to securities in the portfolio of the Terminating Fund. On or prior to the Effective Date, BCCI may declare dividends to obtain a refund of refundable tax on taxable dividends received, or deemed to be received, by BCCI from taxable Canadian corporations. If the Merger occurred on January 31, 2017, an ordinary dividend of \$96,004.21 would have been paid on the shares outstanding of the Terminating Fund; however, this could change by the time the Merger is implemented. There would not have been a capital gain dividend if the Merger occurred on January 31, 2017.
    - (ii) On the Effective Date, BCCI will transfer all of the assets attributable to the Terminating Fund, which will consist of its investment portfolio and other assets, including cash and/or money market instruments, less an amount required to satisfy the liabilities of the Terminating Fund, to the

- Continuing Fund, in exchange for units of the Continuing Fund. The units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the value of the net assets transferred by the Terminating Fund.
- (iii) Immediately following the transfer of assets, all of the outstanding shares of the Terminating Fund will be redeemed and, in payment of the redemption amount, the Filer will distribute the units of the Continuing Fund to shareholders of the Terminating Fund on a series-for-series and dollar-for-dollar basis.
  - (iv) As soon as reasonably possible following the Merger, the Terminating Fund will be terminated.
- (c) In respect of the Greystone Merger:
- (i) The Terminating Fund and Continuing Fund are invested in substantially similar securities and as such the Filer does not anticipate any material changes to securities in the portfolio of the Terminating Fund. On or prior to the Effective Date, BCCI may declare dividends to obtain a refund of refundable tax on taxable dividends received, or deemed to be received, by BCCI from taxable Canadian corporations. If the Merger occurred on January 31, 2017, an ordinary dividend of \$89,025.27 would have been paid on the shares outstanding of the Terminating Fund; however, this could change by the time the Merger is implemented. There would not have been a capital gain dividend if the Merger occurred on January 31, 2017.
  - (ii) On the Effective Date, BCCI will transfer all of the assets attributable to the Terminating Fund, which will consist of its investment portfolio and other assets, including cash and/or money market instruments, less an amount required to satisfy the liabilities of the Terminating Fund, to the Continuing Fund, in exchange for units of the Continuing Fund. The units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the value of the net assets transferred by the Terminating Fund.
  - (iii) Immediately following the transfer of assets, all of the outstanding shares of the Terminating Fund will be redeemed and, in payment of the redemption amount, the Filer will distribute the units of the Continuing Fund to shareholders of the Terminating Fund on a series-for-series and dollar-for-dollar basis.
  - (iv) As soon as reasonably possible following the Merger, the Terminating Fund will be terminated.
17. Costs and expenses associated with the Mergers, including the costs of the securityholder meetings, will be borne by the Filer and will not be charged to the Funds. The costs of the Mergers include legal, printing, mailing and regulatory fees, as well as proxy solicitation costs.
18. No sales charges will be payable by investors of the Funds in connection with the Mergers.

**Securityholder Disclosure**

19. A press release describing the proposed Mergers was issued and the press release and material change report, which give notice of the proposed Mergers, were filed via SEDAR on December 8, 2016.
20. A notice of meeting, management information circular, proxy and fund facts of the applicable series of each Continuing Fund (**Meeting Materials**) were made available to investors of each Terminating Fund and Greystone Canadian Equity Income & Growth Fund commencing on January 12, 2017 and were filed via SEDAR on January 12, 2017. The Filer is relying on exemptive relief granted by the securities regulatory authorities of the Jurisdictions exempting the applicable Funds from the requirement in paragraph 12.2(2)(a) of National Instrument 81-106 *Investment Fund Continuous Disclosure (NI 81-106)*, to send an information circular and proxy-related materials to the securityholders of the Funds and instead allow the Funds to make use of the notice-and-access process in section 2.7.1 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer (NI 54-101)*. The notice prescribed by section 2.7.1 of NI 54-101 (the **Notice-and-Access Document**), the form of proxy and the fund facts relating to the relevant series of the Continuing Funds were sent to investors of the applicable Funds on January 12, 2017. Additionally, the Notice-and-Access Document and management information circular were concurrently filed via SEDAR and posted on the Filer's website.
21. The Meeting Materials contain a description of the proposed Mergers relevant to each investor, information about the Terminating Funds and the Continuing Funds and income tax considerations for investors of the Terminating Funds. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus

and annual information form of the Continuing Funds, as well as the most recent interim and annual financial statements and management reports of fund performance for the Continuing Funds, at no cost.

***Securityholder Purchases and Redemptions***

22. Investors of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund or switch into securities of another mutual fund trust managed by the Filer at any time up to the close of business on the business day immediately before the Effective Date.
23. Effective as of the close of business on December 7, 2016, the Terminating Funds were closed to new purchases of securities. The Terminating Funds will remain closed to purchase-type transactions, except existing systematic investment programs (such as pre-authorized chequing plans), until they are merged with the Continuing Funds on the Effective Date. All systematic programs shall remain unaffected until the business day immediately before the Effective Date.
24. Following the Mergers, all systematic programs that had been established with respect to the Terminating Funds will be re-established on a series-for-series basis in the applicable Continuing Funds, unless investors advise the Filer otherwise.
25. Investors may change or cancel any systematic program at any time and investors of the Terminating Funds who wish to establish one or more systematic programs in respect of their holdings in the Continuing Funds may do so following the Mergers.

***IRC Review***

26. The Filer is not entitled to rely upon the approval of the IRC in lieu of investor approval for the Mergers due to the fact that one or more conditions of section 5.6 of NI 81-102 will not be met.
27. The Filer has presented the proposed Mergers to the IRC and obtained a positive recommendation that each Merger, if implemented, would achieve a fair and reasonable result for the Funds.
28. A summary of the IRC's recommendation has been included in the notice of special meetings made available to investors of the Terminating Funds and Greystone Canadian Equity Income & Growth Fund, as required by section 5.1(2) of National Instrument 81-107 *Independent Review Committee for Investment Funds*.

***Benefits of Mergers***

29. The elimination of the tax-deferred switching option for mutual fund corporations by the Federal Government effective January 1, 2017, has materially reduced the benefit offered by the Terminating Funds. The announcement to eliminate this tax deferral feature was made in March 2016 shortly after the launch of each of the Terminating Funds. The combination of the elimination of the benefit and the timing of the announcement has negatively impacted the potential for each of the Terminating Funds to individually or collectively attract enough investors to ultimately operate efficiently and achieve the benefit of scale that is necessary to keep expenses as low as possible.
30. In addition, for each Terminating Fund, there is a corresponding trust version available, the Continuing Funds, and the investment mandates of the Continuing Funds are similar, if not identical, to the corresponding Terminating Fund. As a result, there is now redundancy and duplication of costs across the Filer's mutual fund platform that will be reduced by the proposed Mergers, ultimately benefitting investors. Management fees will not increase in the Continuing Funds and management expense ratios (**MER**) of each Continuing Fund will be the same as, or lower than, the MER of the corresponding Terminating Funds, depending on the provincial residency of the investors in the Fund.
31. No costs will be incurred by the investors of any Funds in connection with the Mergers. All costs and expenses associated with the Mergers, including the costs of securityholder meetings, will be borne by the Filer.
32. No commission or other fee will be charged to investors on the issue or exchange of securities of the Terminating Funds into the Continuing Funds.
33. Following the Mergers, all optional services (such as systematic plans) will continue to be available to investors, who will be automatically enrolled in comparable plans with respect to securities of the applicable Continuing Fund unless they advise otherwise.
34. The reduction in redundancy and duplication of costs resulting from the Mergers will ultimately benefit investors. In addition, this will result in a more stream-lined product offering that is easier for investors to understand.

**Decision**

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

The decision of the principal regulator under the Legislation is that the Approval Sought is granted, provided that the Filer obtains the prior securityholder approval for the Mergers at the special meeting held for that purpose, or any adjournments thereof.

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

2.2 Orders

2.2.1 Jourdan Resources Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer failed to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, c. S.5, AS AMENDED  
(the “Act”)

AND

IN THE MATTER OF  
JOURDAN RESOURCES INC.

ORDER  
(Section 144 of the Act)

WHEREAS the securities of Jourdan Resources Inc. (the “Applicant”) are subject to a cease trade order dated July 3, 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 issued by the Director on July 15, 2015 pursuant to paragraph 2 of subsection 127(1) of the Act (the “Ontario Cease Trade Order”) directing that all trading in securities of the Applicant, whether direct or indirect, shall cease until further order by the Director;

AND WHEREAS the Ontario 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 Ontario Cease Trade Order and below;

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144 of the Act to revoke the Ontario Cease Trade Order;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was duly continued under the laws of Canada on December 14, 1994 and is a junior mining exploration company focused on lithium.
2. The Applicant’s head office is located at 600, Orwell Street, Unit 14, Mississauga ON, L5A 3R9.
3. The Applicant is a reporting issuer in the provinces of Ontario, British Columbia, Alberta

and Québec (the “Reporting Jurisdictions”) and is not a reporting issuer in any other jurisdiction in Canada.

4. The Applicant’s authorized capital consists of an unlimited number of common shares (the “Common Shares”). As at the date hereof, there were 7,742,591 Common Shares issued and outstanding.
5. Other than (i) outstanding incentive stock options exercisable for an aggregate of 218,096 Common Shares; and (ii) outstanding warrants to purchase an aggregate of 51,770 Common Shares, no Common Shares are reserved for issuance pursuant to outstanding convertible securities.
6. Other than the Common Shares, the incentive stock options and warrants described in paragraphs 4 and 5 above, the Applicant has no securities (including debt securities) issued and outstanding.
7. The Ontario Cease Trade Order was issued as a result of the Applicant failing to file its audited annual financial statements and management’s discussion and analysis (“MD&A”) for the year ended December 31, 2014 within the timeframe as required under National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”) and related certifications (the “NI 52-109 Certificates”) as required by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“NI 52-109”) (collectively, the “Annual Filings”) and its interim financial statements, MD&A and NI 52-109 Certificates for the period ended March 31, 2015 (the “Interim Filings”).
8. The Applicant subsequently failed to file other continuous disclosure documents with the Commission within the prescribed timeframe in accordance with the requirements of Ontario securities law, including its interim and annual audited financial statements, related MD&A and NI 52-109 Certificates for the periods ended June 30, 2015, September 30, 2015, December 31, 2015, March 31, 2016, June 30, 2016 and September 30, 2016, and its statement of executive compensation for the years ended December 31, 2014 and 2015.
9. The Applicant is also subject to (i) a cease trade order issued by the British Columbia Securities Commission (the “BCSC”) dated July 3, 2015 as a result of its failure to make the Outstanding Filings (the “BCSC Cease Trade Order”); and (ii) a cease trade order issued by the Autorité des marchés financiers (the “AMF”) dated July 21, 2015 as a result of its failure to file the Outstanding Filings (the “AMF Cease Trade Order”) and together with the Ontario Cease Trade Order and the BCSC Cease Trade Order, the

- “Cease Trade Orders”). The Applicant is also cease traded in the province of Alberta pursuant to a statutory reciprocal order provision under section 198.1 of the *Securities Act* (Alberta).
10. The Applicant has concurrently applied to the BCSC and the AMF for orders to revoke the BCSC Cease Trade Order and the AMF Cease Trade Order, respectively.
11. Since the issuance of the Ontario Cease Trade Order, the Applicant has filed the following continuous disclosure documents with the Reporting Jurisdictions:
- (i) the Annual Filings;
  - (ii) the audited annual financial statements, related MD&A and NI 52-109 Certificates of the Applicant for the year ended December 31, 2015;
  - (iii) the unaudited interim financial statements, related MD&A and NI 52-109 Certificates of the Applicant for the periods ended March 31, 2016, June 30, 2016 and September 30, 2016; and
  - (iv) the statement of executive compensation for the year ended December 31, 2015.
12. The Applicant has not filed interim financial statements, related MD&A and NI 52-109 Certificates for the periods ended March 31, 2015, June 30, 2015 and September 30, 2015 and the statement of executive compensation for the year ended December 31, 2014 (the “**Outstanding Filings**”).
13. The Applicant has requested that the Commission exercise its discretion in accordance with Section 6 of National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order* and elect not to require the Applicant to file the Outstanding Filings.
14. Except for the failure to file the Outstanding Filings, the Applicant (i) is up-to-date with all of its other continuous disclosure obligations; (ii) is not in default of any of its obligations under the Cease Trade Orders; and (iii) is not in default of any requirements under the Act or the rules and regulations made pursuant thereto.
15. The Applicant’s Common Shares are listed for trading on the NEX Board under the symbol “JOR” but trading in such securities was halted because of the Cease Trade Orders. The Applicant’s securities are not listed or quoted on any other exchange or market in Canada or elsewhere.
16. As of the date hereof, the Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid to the Commission and has filed all forms associated with such payments.
17. As of the date hereof, the Applicant’s profiles on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and the System for Electronic Disclosure by Insiders (“**SEDI**”) are current and accurate.
18. Since the issuance of the Cease Trade Orders, there have been no material changes in the business, operations or affairs of the Applicant.
19. The Applicant has filed all outstanding continuous disclosure documents that are required to be filed in the Reporting Jurisdictions other than the Outstanding Filings.
20. Other than the Cease Trade Orders, the Applicant has not previously been subject to a cease trade order issued by any securities regulatory authority.
21. The Applicant is not considering, nor is it involved in any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.
22. The Applicant has given the Commission a written undertaking that the Applicant will hold an annual meeting of shareholders within three months after the date on which the Ontario Cease Trade Order is revoked.
23. Upon the revocation of the Ontario Cease Trade Order, the Applicant will issue a news release and concurrently file a material change report on SEDAR announcing the revocation of the Ontario Cease Trade Order and outlining the Applicant’s future plans.

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

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

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

**DATED** at Toronto on this 21st day of February, 2017.

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

**2.2.2 Aveda Transportation and Energy Services Inc. – s. 9.1 of MI 61-101 Protection of Minority Security Holders in Special Transactions**

**Headnote**

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – exemption from the requirement to call a shareholders' meeting to consider proposed related party transactions and to send an information circular to such shareholders – proposed conversion feature in a credit facility with a related party and subscription by a related party under a prospectus offering constitute related party transactions subject to the minority approval requirement under MI 61-101 – issuer disclosed the details of the proposed related party transactions in material change reports and disclosure document filed on SEDAR which contain the information required by MI 61-101 – issuer has received signed written consents from disinterested shareholders holding a majority of the common shares of the issuer eligible to be counted in determining minority approval under Part 8 of MI 61-101 to the proposed related party transactions – disclosure document provided to each shareholder from whom consent is sought – exemption sought granted, subject to conditions, including that the conversion feature will not be effective and the issuer will not close the offering (including the proposed related party transaction) unless and until (i) the consenting parties have had 14 days to review the disclosure document, and (ii) 14 days have elapsed from the date the disclosure document, form of written consent and material change report were filed on SEDAR.

**Applicable Legislative Provisions**

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.3, 5.6, 8.1, 9.1(2).  
Companion Policy 61-101CP to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, s. 3.1.

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

**AND**

**IN THE MATTER OF  
AVEDA TRANSPORTATION AND ENERGY SERVICES INC.**

**ORDER  
(Section 9.1 of Multilateral Instrument 61-101)**

**UPON** the application (the "**Application**") of the Aveda Transportation and Energy Services Inc. (the "**Filer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to section 9.1 of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") exempting the Issuer from the requirement in subsection 5.3(2) of MI 61-101 to call a meeting of holders of common shares of the Filer to consider the Proposed Transactions (as defined below) and to send an information circular to those holders (the "**Requested Relief**");

**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 existing under the laws of the Province of Alberta. The principal and head office of the Filer is located at 300, 435 – 4th Avenue S.W., Calgary, Alberta, T2P 3A8. The registered office of the Filer is located at 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1.
2. The Filer is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario and is not in default of securities legislation in any such jurisdiction.
3. The Filer's authorized capital consists of an unlimited number of common shares in the capital of the Filer ("**Common Shares**") and an unlimited number of preferred shares in the capital of the Filer ("**Preferred Shares**"). Each Common Share carries the right to one vote at all meetings of the shareholders of the Filer. As of the date hereof, a total of 19,080,040 Common Shares are issued and outstanding and there are no Preferred Shares issued and outstanding.
4. The Filer's Common Shares are listed on the TSX Venture Exchange under the symbol "AVE".
5. The Filer, through arm's length negotiation with the syndicate of lenders to the Filer ("**Senior Lenders**") led by PNC Bank Canada Branch ("**PNC**"), agreed with PNC, on behalf of the Senior Lenders, to a renewal, upon amended terms, of the Filer's current senior secured credit facility subject to the Filer receiving a \$5,000,000 guarantee from the major

shareholders of the Filer and the Filer completing an equity offering for proceeds of at least \$8,500,000, net of fees and expenses.

6. Following negotiations between the Filer's major shareholders, Werklund Capital Corporation and Werklund Ventures Ltd. (collectively, the "**Werklund Entities**"), PNC, on behalf of the Senior Lenders, and the Filer, the parties agreed to a guarantee in the form of a loan agreement for a stand-by debt facility (the "**Credit Facility**"). The Credit Facility constitutes a "related party transaction" for the purposes of MI 61-101 but is exempt from (a) the formal valuation requirement set out in section 5.4 of MI 61-101 pursuant to paragraph 5.5(b) of MI 61-101, and (b) subject to paragraph 7 below, the minority approval requirement set out in section 5.6 of MI 61-101 pursuant to paragraph 5.7(1)(f) of MI 61-101.
7. The terms of the Credit Facility provide for a conversion feature (the "**Conversion Option**") pursuant to which the drawn portion of the Credit Facility and certain fees payable the Werklund Entities shall be convertible into Common Shares. The Conversion Option will not be effective unless minority approval is obtained in accordance with MI 61-101.
8. The terms of the Credit Facility have been fully disclosed in a press release dated January 13, 2017 and a material change report dated January 16, 2017 (the "**Credit Facility MCR**"). The Credit Facility MCR contains the information required by section 5.2 of MI 61-101.
9. The Filer entered into an engagement letter with Beacon Securities Limited, pursuant to which Beacon Securities Limited together with a syndicate of investment dealers including Canaccord Genuity Corp. as co-lead agent, PI Financial Corp. and Mackie Research Capital Corp. agreed to act as agents in respect of a commercially reasonable best efforts, short form prospectus offering of Common Shares for gross proceeds of a minimum of \$20,000,400 (not including any over-allotment option) and a maximum of \$25,000,200 (not including any over-allotment option) at a price of \$0.60 per Common Share (the "**Offering**").
10. The terms of the Offering were disclosed in press releases dated January 17, 2017 and January 31, 2017, and a material change report dated January 31, 2017 (the "**Offering MCR**"). The Offering MCR was subsequently amended February 8, 2017. The Offering MCR, as amended, contains the information required by section 5.2 of MI 61-101. Further details of the Offering are included in the final short form prospectus for the Offering dated February 9, 2017.
11. The Werklund Entities have agreed to subscribe for up to an aggregate of 8,333,333 Common Shares under the Offering, representing an aggregate value of approximately \$5,000,000 (the "**Werklund Subscription**").
12. The Conversion Option and the Werklund Subscription are referred to herein as the "**Proposed Transactions**".
13. The board of directors of the Filer (the "**Board**") approved the issuance of up to 41,667,000 Common Shares under the Offering (not including any Common Shares issuable pursuant to any over-allotment option). As at February 17, 2017, the Filer received non-binding commitments to subscribe for 37,583,625 Common Shares.
14. The Board consists of a total of four directors, two of whom are "independent directors" (as defined in MI 61-101) with respect to the Proposed Transactions, being Doug McCartney and Paul Shelley (the "**Independent Directors**"). The other two members of the Board, Stefan Erasmus and David Werklund, declared their conflict and recused themselves from all negotiations on behalf of either the Filer or the Werklund Entities involving the Credit Facility or the Offering.
15. In order to come to their determination to approve the Credit Facility (including the Conversion Option) and the Werklund Subscription, the Independent Directors met independently from the non-independent members of the Board and met with management of the Filer to discuss available alternative transactions. Following such discussions, the Independent Directors determined that management of the Filer had used their best efforts to procure alternative transactions and the Credit Facility (including the Conversion Option) and the Offering (including the Werklund Subscription) were the only commercially reasonable transactions available to the Corporation. The terms of the Credit Facility and the Offering were negotiated by management of the Corporation and approved by the Independent Directors.
16. The Independent Directors unanimously approved the Credit Facility by written resolution of the Board dated January 3, 2017. The Independent Directors unanimously approved Werklund Subscription by written resolution of the Board dated January 16, 2017.
17. As at February 17, 2017, the Werklund Entities, who are affiliated entities of each other, collectively own 7,642,925 Common Shares representing 40.06% of the issued and outstanding Common Shares.
18. As the Werklund Entities are each a "related party" (as such term is defined in MI 61-101) of the Filer, the Proposed Transactions will each constitute a "related party transaction" within the meaning of MI 61-101 and, consequently, MI

- 61-101 requires that the Filer obtain a formal valuation for, and minority approval of, the Proposed Transactions, in the absence of exemptions therefrom.
19. Each of the Proposed Transactions are exempt from the formal valuation requirement set out in section 5.4 of MI 61-101 pursuant to paragraph 5.5(b) of MI 61-101. However, there are no exemptions available from the minority approval requirement set out in section 5.6 of MI 61-101. Accordingly, the Filer is required to by section 5.6 of MI 61-101 to obtain "minority approval" (as defined in MI 61-101) in accordance with Part 8 of MI 61-101 (the "**Minority Approval**").
  20. Subsection 5.3(2) of MI 61-101 requires that issuers proposing to carry out a related party transaction in respect of which minority approval is required under section 5.6 of MI 61-101 call a meeting of holders of the affected securities and send an information circular to those holders.
  21. The Filer will obtain Minority Approval in respect of the Proposed Transaction by way of written consent as opposed to at a meeting of holders of the Common Shares.
  22. As at February 17, 2017, 11,360,421 Common Shares, or approximately 50.54% of the issued and outstanding Common Shares, were held by holders who are not interested parties, related parties of interested parties, or joint actors of interested parties or related parties of interested parties to the Proposed Transactions.
  23. The Filer has received written consents from certain holders of Common Shares (each, a "**Consenting Party**" and collectively, the "**Consenting Parties**"), which consent is evidenced through the execution of a form of written consent (the "**Consent**") that accompanies the Disclosure Document (as defined below).
  24. While certain of the Consenting Parties are participating in the Offering and/or are related parties of the Filer, no Consenting Party is: (a) an interested party, as such term is defined in MI 61-101; (b) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of the Filer; or (c) a joint actor with a person or company referred to in (a) or (b) above in respect of the Proposed Transactions.
  25. No Consenting Party (including those Consenting Parties that are not related parties of the Filer) has received, or will receive, any collateral benefit in respect of the Proposed Transactions or in connection with agreeing to execute the Consent.
  26. The Filer understands that the Consenting Parties hold Common Shares representing, in the aggregate, approximately 29.9% of the issued and outstanding Common Shares and approximately 50.3% of the issued and outstanding Common Shares held by holders of Common Shares eligible to provide the Minority Approval required for the Proposed Transactions, which exceeds the simple majority requirement set out in MI 61-101 for such approval.
  27. The ability of any person, and in particular, the Consenting Parties, to participate in the Offering is not conditional upon the agreement of such person to consent to any and all aspects in respect of the Proposed Transactions that require the receipt of minority approval.
  28. The ability to subscribe to the Offering is available to the general body of holders of Common Shares in Canada.
  29. Each of the Consenting Parties whose consent for the Proposed Transaction was sought, was provided with a copy of the Consent and a disclosure document pertaining to the Proposed Transaction (the Disclosure Document), the contents of which comply with the disclosure requirements set out in subsection 5.3(3) of MI 61-101. The Disclosure Document and Consent set out the relevant details of the Proposed Transaction and included an acknowledgement from the Consenting Party that such Consenting Party has had a minimum of 14 days to review the Disclosure Document.
  30. On February 1, 2017, the Filer filed copies of the Disclosure Document and form of written consent on System for Electronic Document Analysis and Retrieval (SEDAR).
  31. The Filer will not close the Offering (including the Werklund Subscription) and the Conversion Option will not be effective unless and until (a) the Consenting Parties have had 14 days to review the Disclosure Document, and (b) 14 days have elapsed from the date the Disclosure Document, Consent, Credit Facility MCR and Offering MCR were filed on SEDAR.
  32. The Filer will send a copy of the Disclosure Document to any holder of Common Shares who requests a copy.

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

**IT IS ORDERED** pursuant to section 9.1 of MI 61-101 that the Requested Relief is granted, provided that:

- (a) the Filer has received executed copies of Consents from holders of Common Shares representing a majority of the holders of Common Shares eligible to provide the Minority Approval required for each of the Proposed Transactions;
- (b) each Consenting Party received a copy of the Consent and Disclosure Document;
- (c) the Disclosure Document contains the information required pursuant to section 5.3 of MI 61-101 and also discloses that:
  - (i) the Filer will be obtaining Minority Approval by way of written consent;
  - (ii) written consent will be obtained from the Consenting Parties; and
  - (iii) the Filer has applied for the Requested Relief;
- (d) no Consenting Party (including those Consenting Parties that are not related parties of the Filer) has received, or will receive, any collateral benefit in respect of the Proposed Transactions or in connection with agreeing to execute the Consent;
- (e) the ability of any Consenting Party to participate in the Offering (if applicable) has not been conditioned upon the agreement of such Consenting Party to consent to any and all aspects in respect of the Proposed Transactions that require the receipt of minority approval;
- (f) the Filer will not close the Offering (including the Werklund Subscription) and the Conversion Option will not be effective unless and until (i) the Consenting Parties have had 14 days to review the Disclosure Document, and (ii) 14 days have elapsed from the date the Disclosure Document, Consent, Credit Facility MCR and Offering MCR were filed on SEDAR;
- (g) a copy of the Disclosure Document will be sent to any holder of Common Shares who requests a copy; and
- (h) each Consenting Party receives a copy of this decision.

**DATED** at Toronto, Ontario, this 21st day of February, 2017.

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

### 2.2.3 Franchise Bancorp Inc.

#### Headnote

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

#### Applicable Legislative Provisions

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

February 22, 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  
FRANCHISE BANCORP INC.  
(the Filer)**  
**ORDER**

#### Background

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

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

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

#### Interpretation

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

#### Representations

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

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

“Sonny Randhawa”  
Deputy Director, Corporate Finance Branch  
Ontario Securities Commission

2.2.4 Toro Oil & Gas Ltd.

the securities regulatory authority or regulator in Ontario.

Headnote

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

Applicable Legislative Provisions

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

Citation: Re Toro Oil & Gas Ltd., 2017 ABASC 26

February 17, 2017

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

AND

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

AND

IN THE MATTER OF  
TORO OIL & GAS LTD.  
(the Filer)

ORDER

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (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 dual application):

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions* or 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

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

“Denise Weeres”  
Manager, Legal  
Corporate Finance

2.2.5 Krishna Sammy

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

**AND**

**IN THE MATTER OF  
A REQUEST FOR A HEARING AND REVIEW OF  
THE DECISION OF A HEARING PANEL OF  
THE INVESTMENT INDUSTRY REGULATORY  
ORGANIZATION OF CANADA**

**AND**

**IN THE MATTER OF  
KRISHNA SAMMY**

**ORDER**

**WHEREAS** on February 23, 2017, the Ontario Securities Commission ("Commission") held a hearing with respect to an application by Krishna Sammy ("Sammy") for an order pursuant to section 144 of the *Securities Act*, RSO 1990, c S.5, revoking or varying the order of the Commission dated October 28, 2016 (the "Application to Revoke or Vary"), which order dismissed his Application for a Hearing and Review of the decision of a Hearing Panel of the Investment Industry Regulatory Organization of Canada ("IIROC") dated January 22, 2016 (the "Application for Hearing and Review"), and Robyrt Regan, Sammy's counsel, seeks leave to withdraw;

**ON HEARING** submissions from Sammy's new counsel, counsel for IIROC Staff and counsel for Commission Staff;

**IT IS ORDERED** that:

1. Robyrt Regan is granted leave to withdraw as counsel for Sammy;
2. Sammy shall serve and file by no later than 4:30 p.m. on February 27, 2017 the complete Application Record for the Application for Hearing and Review, which shall include an amended Notice of Application and which shall comply with Rules 14.2 and 14.3(2) of the Ontario Securities Commission *Rules of Procedure* (2014) 37 OSCB 4168;
3. the Application to Revoke or Vary is adjourned to a hearing that shall take place by teleconference on February 28, 2017 at 3:00 p.m.;
4. if the Application for Hearing and Review proceeds:
  - a. Sammy shall serve and file his written submissions with respect to that application by no later than 9:00 a.m. on March 6, 2017;

- b. Commission Staff and IIROC Staff shall serve and file responding written submissions by no later than 4:30 p.m. on March 13, 2017;
- c. Sammy shall serve and file reply written submissions, if any, by no later than 4:30 p.m. on March 27, 2017; and
- d. the hearing of the Application for Hearing and Review shall commence on March 30, 2017, at 10:00 a.m.

**DATED** at Toronto, this 23rd day of February 2017.

"Timothy Moseley"

## 2.2.6 Sprott Resource Corp.

### Headnote

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

### Applicable Legislative Provisions

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

February 24, 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  
SPROTT RESOURCE 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 upon the common shares of the Filer being de-listed from the Toronto Stock Exchange, the Filer will have ceased to be a reporting issuer in all jurisdictions of Canada in which the Filer is a reporting issuer (the “**Order Sought**”).

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

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

### 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.

“Sonny Randhawa”  
Deputy Director, Corporate Finance Branch  
Ontario Securities Commission

2.2.7 Garth H. Drabinsky et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF  
GARTH H. DRABINSKY,  
MYRON I. GOTTLIEB and  
GORDON ECKSTEIN

ORDER  
(Sections 127 and 127.1)

**WHEREAS** on February 20, 2013, the Ontario Securities Commission (the “**Commission**”) issued a Notice of Hearing in relation to an Amended Statement of Allegations issued by Staff of the Commission (“**Staff**”) regarding Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein (collectively, the “**Respondents**”);

**AND WHEREAS** the Notice of Hearing stated that an initial hearing before the Commission would be held on March 19, 2013;

**AND WHEREAS** on March 19, 2013, the Commission convened a hearing and ordered that the matter be adjourned to a confidential pre-hearing conference on May 23, 2013;

**AND WHEREAS** on May 23, 2013, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for each of the Respondents attended;

**AND WHEREAS** on September 8, 2014, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for each of the Respondents attended and the Commission ordered that:

1. A further confidential pre-hearing conference shall take place on December 2, 2014 at 3:00 p.m., or on such other date as may be ordered by the Commission;
2. A hearing shall commence on June 22, 2015 and continue on the following dates in June 2015: 23-26, 29-30, or on such other dates as may be ordered by the Commission;
3. Parties shall disclose any expert evidence according to the following schedule:
  - a. Respondents shall identify any expert witness that they intend call and the subject of their testimony by March 9, 2015;
  - b. Respondents shall serve any expert report(s) on Staff by April 8, 2015;
  - c. Staff shall serve any expert response report(s) on the Respondents by May 8, 2015; and
  - d. Respondents shall serve any expert reply report(s) on Staff by May 25, 2015;
4. Parties shall disclose witness lists and witness summaries by May 4, 2015; and
5. Parties shall serve and file hearing briefs by June 1, 2015;

**AND WHEREAS** on September 9, 2014, the Commission approved the settlement agreement reached between Staff and Gottlieb;

**AND WHEREAS** on December 2, 2014, a confidential pre-hearing conference was held, at which counsel for Staff, counsel for Drabinsky and counsel for Eckstein attended, and all parties agreed to adjourn the matter to a further confidential pre-hearing conference to be held at a later-scheduled date;

**AND WHEREAS** on April 7, 2015, a confidential pre-hearing conference was commenced, at which counsel for each of Staff, Drabinsky and Eckstein attended;

**AND WHEREAS** the confidential pre-hearing conference was continued on April 23 and May 6, 2015, and counsel for each of Staff and Drabinsky attended, and Drabinsky requested that the hearing scheduled in this matter be adjourned;

**AND WHEREAS** by Order dated May 22, 2015, the Commission approved the Settlement Agreement between Staff and Eckstein dated April 20, 2015;

**AND WHEREAS** on May 25, 2015, the Commission ordered that:

1. The hearing dates scheduled for June 22 to June 26, 2015 and June 29 to June 30, 2015 are vacated;
2. The hearing in this matter shall commence at 10:00 a.m. on January 21, 2016 and continue on January 22, January 25 to 29, 2016 and on February 19, 2016, or at such other time or times and on such other dates as may be ordered by the Commission;
3. A further confidential pre-hearing conference shall take place at 2:00 p.m. on September 24, 2015 or at such other time and on such other date as may be ordered by the Commission;
4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:
  - a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;
  - b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;
  - c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and
  - d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;
5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and
6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing;

**AND WHEREAS** on September 24, 2015, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for Drabinsky attended, and Drabinsky requested that the hearing scheduled in this matter be adjourned to a later date;

**AND WHEREAS** on September 29, 2015, the Commission ordered that:

1. The hearing dates scheduled for January 21 to January 22, January 25 to 29, and February 19, 2016 are vacated;
2. The hearing in this matter shall commence at 10:00 a.m. on June 20, 2016 and continue on June 21, June 24 to June 28, 2016 and July 19, 2016 or at such other time or times and on such other dates as may be ordered by the Commission;
3. A further confidential pre-hearing conference shall take place at 10:00 a.m. on February 22, 2016 or at such other time and on such other date as may be ordered by the Commission;
4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:
  - a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;
  - b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;

- c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and
- d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;
5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and
6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing;

**AND WHEREAS** on February 22, 2016, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for Drabinsky attended, Drabinsky again requested that the hearing scheduled in this matter be adjourned to a later date, and the Commission ordered that:

1. The hearing dates scheduled for June 20, June 21, June 24 to June 28, 2016 and July 19, 2016 are vacated;
2. The hearing in this matter shall commence at 10:00 a.m. on September 19, 2016 and continue on September 21 and 22, September 26 and 29, 2016 and October 19, 2016 or at such other time or times and on such other dates as may be ordered by the Commission;
3. A further confidential pre-hearing conference shall take place at 10:00 a.m. on June 20, 2016 or at such other time and on such other date as may be ordered by the Commission;
4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:
  - a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;
  - b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;
  - c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and
  - d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;
5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and
6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing;

**AND WHEREAS** Staff requested, on consent, that the pre-hearing conference scheduled to take place at 10:00 a.m. on June 20, 2016 be rescheduled to 11:00 a.m. on June 27, 2016;

**AND WHEREAS** on June 27, 2016, a confidential pre-hearing conference was held, at which Staff and counsel for Drabinsky attended, and Drabinsky again requested that the hearing scheduled in this matter be adjourned to a later date;

**AND WHEREAS** Drabinsky continues to be subject to an interim undertaking made to the Director of Enforcement of the Commission (the “**Director**”) providing that, pending the conclusion of the Commission proceeding, he will not apply to become a registrant or an employee of a registrant or an officer or director of a reporting issuer without the express written consent of the Director or an order of the Commission releasing him from the undertaking;

**AND WHEREAS** Drabinsky continued to be subject to parole terms in effect until September 2016 (the “**Parole Terms**”) which prohibited him from owning or operating a business or being in a position of responsibility for the management of finances or investments of any other individual, charity, business or institution, among other things;

**AND WHEREAS** upon expiry of the Parole Terms, and as a condition of the adjournment sought on June 27, 2016, Drabinsky agreed to the following terms until the conclusion of the Commission proceeding:

1. He will not own or operate a business; and
2. He will not be in a position that would entail the management, control or administration of finances or investments of any other individual, charity, business or institution;

**AND WHEREAS** on June 27, 2016, the Commission ordered that:

1. The hearing dates scheduled for September 19, 21, 22, 26 and 29, 2016 and October 19, 2016 are vacated;
2. The hearing in this matter shall commence at 10:00 a.m. on February 22, 2017 and continue on February 23, 24, 27 and 28, 2017 and March 10, 2017, each day commencing at 10:00 a.m., or at such other time or times and on such other dates as may be ordered by the Commission;
3. A further confidential pre-hearing conference shall take place at 10:00 a.m. on November 22, 2016 or at such other time and on such other date as may be ordered by the Commission;
4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:
  - a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;
  - b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;
  - c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and
  - d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;
5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and
6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing;

**AND WHEREAS** on November 22, 2016, a confidential pre-hearing conference was held, at which Staff and counsel for Drabinsky attended;

**AND WHEREAS** on January 10, 2017, a confidential pre-hearing conference was held, at which Staff and counsel for Drabinsky attended; and

**AND WHEREAS** on February 22, 2017, the hearing commenced and continued on February 23 and 24, 2017;

**IT IS HEREBY ORDERED** that:

1. The hearing dates of February 27 and 28, 2017 and March 10, 2017 are vacated; and
2. Oral closing submissions in respect of this hearing shall be heard on a date to be determined by the Commission.

**DATED** at Toronto this 27th day of February, 2017

“D. Grant Vingoe”

“Judith N. Robertson”

“William J. Furlong”

**2.2.8 Gildan Activewear 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 877,000 of its common 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 common 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 common 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 common shares of the Issuer to re-establish its holdings of common 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  
GILDAN ACTIVEWEAR INC.**

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

**UPON** the application (the “**Application**”) of Gildan Activewear 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 877,000 of its common shares (collectively, the “**Subject Shares**”) in one or more tranches from the Royal Bank of Canada (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, 12, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.
2. The head and registered office of the Issuer is located at 600 de Maisonneuve Boulevard West, 33rd Floor, Montreal, Quebec, Canada H3A 3J2.
3. The Issuer is a reporting issuer in each of the provinces of Canada and the common shares of the Issuer (the “**Common Shares**”) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) and the New York Stock Exchange (the “**NYSE**”) under the symbol “GIL”. 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: (a) Common Shares; (b) First Preferred Shares; and (c) Second Preferred Shares. As of January 31, 2017, 230,245,359 Common Shares were issued and outstanding and no First Preferred Shares or Second 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 Common Shares.
7. The Selling Shareholder is the beneficial owner of at least 877,000 Common 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 Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after January 11, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares 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 Common 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 Common Shares to re-establish its holdings of Common 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. Pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" (the "**Notice**") that was submitted to, and accepted by, the TSX, the Issuer is permitted to make a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase for cancellation, during the 12-month period beginning on February 27, 2017 and ending on February 26, 2018, up to 11,512,267 Common Shares, representing approximately 5% of the issued and outstanding Common Shares as of the date specified in the Notice. The Notice specifies that purchases made under the Normal Course Issuer Bid are to be conducted through the facilities of the TSX and the NYSE or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX or a securities regulatory authority in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**"). 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. 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 February 26, 2018 (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 Common Shares on the TSX at the time of the relevant Proposed Purchase.
13. 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.
14. 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.
15. 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 Common 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.
16. 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 Common 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" (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.
17. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).
18. 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.
19. 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 Common 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.
20. The purchase of the 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 Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

21. To the best of the Issuer's knowledge, as of January 31, 2017, the "public float" for the Common Shares represented approximately 98.3% of all the issued and outstanding Common Shares for the purposes of the TSX NCIB Rules.
22. The Common 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.
23. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.
24. 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 Trading 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.
25. 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 Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
26. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 3,837,422 Common Shares as of the date of this Order.
27. No Agreement will be negotiated or entered into during a time when the Issuer would not be permitted to trade in the Common Shares, including during blackout periods designated and

administered in accordance with the Issuer's corporate policies (each such time, 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 Common Shares relating to such Blackout Period.

28. Assuming completion of the purchase of the maximum number of Subject Shares, being 877,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 877,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 7.6% of the maximum of 11,512,267 Common 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 Common Shares immediately prior to the execution of such Proposed Purchase;
- (d) the Issuer will otherwise acquire any additional Common 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 Trading 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 Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 3,837,422 Common 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 pur-

chased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common 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 27th day of February, 2017.

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

**2.2.9 5Banc Split Inc.**

**Headnote**

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

**Applicable Legislative Provisions**

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

**February 23, 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  
5BANC SPLIT INC.  
(the Filer)**

**ORDER**

**Background**

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

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

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

**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 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.

“Raymond Chan”  
Manager  
Ontario Securities Commission

**2.2.10 Franchise Bancorp Inc. – s. 1(6) of the OBCA**

**Headnote**

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

**Statutes Cited**

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

**IN THE MATTER OF  
THE BUSINESS CORPORATIONS ACT (ONTARIO),  
R.S.O. 1990, c. B.16, AS AMENDED  
(the OBCA)**

**AND**

**IN THE MATTER OF  
FRANCHISE BANCORP INC.  
(the Applicant)**

**ORDER  
(Subsection 1(6) of the OBCA)**

**UPON** the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

**AND UPON** the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA.
2. The Applicant has an authorized capital consisting of an unlimited number of common shares (the **Common Shares**), an unlimited number of Class A Preference shares (the **Class A Shares**), and an unlimited number of Class B Preference shares (the **Class B Shares**).
3. The head office of the Applicant is located at 294 Walker Drive, Brampton, Ontario, L6T 4Z2.
4. On February 15, 2017, WTF Holdings Inc. (**WTF**), its affiliates and associates acquired direct and indirect ownership and control over all of the outstanding Common Shares of the Applicant pursuant to a take-over bid and subsequent compulsory acquisition under Section 188 of the OBCA. WTF, its affiliates and associates also own all of the issued and outstanding Class A Shares and Class B Shares.
5. All of the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by WTF, its affiliates and associates. As a result, the Applicant has less

than 15 security holders in each of the jurisdictions of Canada and fewer than 51 security holders in total worldwide.

6. The TSX Venture Exchange delisted the Common Shares of the Applicant as at the close of business on January 20, 2017.
7. No securities of the Applicant, including debt securities, are traded 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.
8. The Applicant is a reporting issuer in Ontario, British Columbia and Alberta (the **Jurisdictions**), and is not in default of any securities legislation in any of the Jurisdictions.
9. The Applicant has applied for an order that it is not a reporting issuer in the Jurisdictions in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (the **Reporting Issuer Relief**).
10. The Applicant has no intention to seek public financing by way of an offering of securities.
11. Upon the grant of the Reporting Issuer Relief, the Applicant will not be a reporting issuer or equivalent in any jurisdiction of Canada.

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

**IT IS HEREBY ORDERED** by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

**DATED** at Toronto on this 24 day of February, 2017.

"J.A. Leiper"  
Commissioner  
Ontario Securities Commission

"Frances Kordyback"  
Commissioner  
Ontario Securities Commission

## 2.2.11 Perk Inc.

### Headnote

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

### Applicable Legislative Provisions

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

February 24, 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  
PERK INC.  
(the Filer)**

**ORDER**

### Background

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

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

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

### Interpretation

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

### Representations

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

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

“Michael Balter”  
Manager, Corporate Finance  
Ontario Securities Commission

2.2.12 Perk Inc. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

IN THE MATTER OF  
THE BUSINESS CORPORATIONS ACT (ONTARIO),  
R.S.O. 1990, c. B.16, AS AMENDED  
(the OBCA)

AND

IN THE MATTER OF  
PERK INC.  
(the Applicant)

ORDER  
(Subsection 1(6) of the OBCA)

**UPON** the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

**AND UPON** the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of common shares (**Common Shares**) and an unlimited number of Class A restricted voting shares (together with the Common Shares, the **Perk Shares**).
2. The head office of Applicant is located at 720 Brazos Street, Suite 110, Austin, Texas, United States, 78701.
3. On December 5, 2016, the Applicant, RhythmOne plc (**RhythmOne**) and RhythmOne (US) Holding, Inc. (**RhythmOne US**) entered into an arrangement agreement providing for the acquisition by RhythmOne of all of the issued and outstanding Perk Shares by way of a plan of arrangement under section 182 of the OBCA (the **Arrangement**).
4. The Arrangement was approved by the shareholders of the Applicant at a special meeting of shareholders of the Applicant held on January 12, 2017.

5. The Arrangement was approved by the Ontario Superior Court of Justice (Commercial List) on January 16, 2017.
6. The Arrangement was completed on January 19, 2017; and as a result, RhythmOne became the sole indirect beneficial holder of all of the Perk Shares.
7. As of the date of this decision, all of the outstanding securities, including debt securities, of the Applicant are beneficially owned, directly or indirectly, by a sole securityholder, RhythmOne US, which is an indirect wholly-owned subsidiary of RhythmOne.
8. The Common Shares have been de-listed from the Toronto Stock Exchange, effective as of the close of trading on January 20, 2017.
9. No securities of the Applicant, including debt securities, are traded 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.
10. The Applicant is a reporting issuer, or the equivalent, in Ontario, British Columbia and Alberta (the **Jurisdictions**) and is not in default of any securities legislation in any of the Jurisdictions.
11. The Applicant has applied to the Ontario Securities Commission, as principal regulator, for an order that the Applicant is not a reporting issuer in the Jurisdictions (the **Reporting Issuer Relief**).
12. The Applicant has no intention to seek public financing by way of an offering of securities.
13. Upon the grant of the Reporting Issuer Relief, the Applicant will not be a reporting issuer or equivalent in any jurisdiction of Canada.

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

**IT IS HEREBY ORDERED** by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

**DATED** at Toronto on this 24 of February, 2017.

J. A. Leiper"  
Commissioner  
Ontario Securities Commission

"Frances Kordyback"  
Commissioner  
Ontario Securities Commission

## 2.4 Rulings

### 2.4.1 Prism Financial Products LLC – s. 38 of the CFA and s. 6.1 of OSC Rule 91-502 Trades in Recognized Options

#### Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. As an introducing broker, the Applicant will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada and cleared through clearing corporations located outside of Canada to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 Trades in Recognized Options (Rule 91-502), exempting the Applicant and its Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside Canada.

#### Applicable Legislative Provisions

##### Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33 and 38.

##### Rule Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options , ss. 3.1, 6.1.

##### Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

February 24, 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  
THE SECURITIES ACT,  
R.S.O. 1990, c. S.5, AS AMENDED  
(the OSA)

AND

IN THE MATTER OF  
ONTARIO SECURITIES COMMISSION RULE 91-502  
TRADES IN RECOGNIZED OPTIONS  
(Rule 91-502)

AND

IN THE MATTER OF  
PRISM FINANCIAL PRODUCTS LLC

**RULING & EXEMPTION**  
(Section 38 of the CFA and Section 6.1 of Rule 91-502)

**UPON** the application (the **Application**) of Prism Financial Products LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for:

- (a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA (as defined below) or the trading restrictions in the CFA (as defined below) in connection with trades (**Futures Trades**) in Exchange-Traded Futures (as defined below) on exchanges located outside Canada (**Non-Canadian Exchanges**) where the Applicant is acting as agent in such trades to, from or on behalf of Permitted Clients (as defined below);
- (b) a ruling of the Commission, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with Futures Trades on Non-Canadian Exchanges, where the Applicant acts in respect of the Futures Trades on behalf of the Permitted Client pursuant to the above ruling; and
- (c) a decision of the Director, pursuant to section 6.1 of Rule 91-502, exempting the Applicant's salespersons, directors, officers and employees (the **Representatives**) from section 3.1 of Rule 91-502 in connection with Futures Trades.

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

- (a) the following terms shall have the following meanings

**"Associated Person"** means an individual who solicits orders, customers or customer funds (or who supervises persons so engaged) and is required to be registered under the rules of the NFA;

**"CFTC"** means the United States Commodity Futures Trading Commission;

**"dealer registration requirement in the CFA"** means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

**"ECP"** means eligible contract participant as that term is defined in the United States *Commodity Exchange Act*;

**"Exchange-Traded Futures"** means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and is cleared through one or more clearing corporations located outside of Canada;

**"FINRA"** means the Financial Industry Regulatory Authority in the U.S.;

**"NI 31-103"** means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

**"NFA"** means the National Futures Association in the U.S.;

**"Permitted Client"** means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of NI 31-103;

**"SEC"** means the United States Securities and Exchange Commission; and

**"specified affiliate"** has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*;

**"trading restrictions in the CFA"** means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA;

**"U.S."** means the United States of America; and

- (b) terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires.

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

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

1. The Applicant is a limited liability company formed under the laws of the State of Delaware in the U.S. Its main office is located at 650 Fifth Avenue, 17th Floor, New York, NY 10019, U.S.
2. Both the Applicant and its affiliate Prism Financial Products LLP are owned by PrismFP Partners LLP, a U.K. limited liability partnership, and by Tazza Holdings Limited, a Maltese based limited liability holding company established for the purpose of investing in both entities. Tazza Holdings Limited holds its interest in the Applicant through its wholly-owned subsidiary Tazza USA Inc.
3. The principal business of the Applicant is providing introducing services relating to Exchange-Traded Futures on non-Canadian Exchanges for ECPs.
4. In order to provide these services, the Applicant is a member of and is regulated by the NFA (NFA ID: 0496102) and is registered as an "introducing broker" with the CFTC. The Applicant is not registered with the SEC, is not a member of FINRA and does not carry on a securities business in the U.S. The Applicant is not a member of any exchanges.
5. Pursuant to its registrations and memberships, the Applicant is authorised to act as an introducing broker in the U.S. Rules of the CFTC and NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, client identification, suitability and account-opening requirements, anti-money laundering checks, dealing and handling customer order obligations including managing conflicts of interests and best execution rules. These rules require the Applicant to treat Permitted Clients consistently with the Applicant's U.S. customers with respect to transactions made on exchanges in the U.S. In respect of Exchange-Traded Futures the Applicant does not provide execution or clearing services and is not authorised to receive or hold client money in any jurisdiction.
6. The Applicant proposes to offer certain of its Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures through the Applicant, in its role as introducing broker.
7. The Applicant is not registered in any capacity and does not rely on any exemptions from registration under the CFA or the OSA.
8. The Applicant is (a) not in default of securities legislation in any jurisdiction of Canada or under the CFA, and (b) in compliance in all material respects with U.S. securities and commodity futures laws.
9. The Applicant will not maintain an office, sales force or physical place of business in Ontario.
10. The Applicant will solicit Futures Trades in Ontario only from persons who qualify as Permitted Clients.
11. Permitted Clients of the Applicant will only be offered the ability to effect Futures Trades on Non-Canadian Exchanges.
12. The Applicant will introduce Futures Trades on behalf of Permitted Clients in Ontario in the same manner that it introduces trades on behalf of its U.S. clients, all of which are ECPs. The Applicant will follow the same know-your-customer, suitability, and order handling procedures that it follows in respect of its U.S. clients. Permitted Clients will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of the regulators and self-regulatory organizations located in the U.S. Permitted Clients in Ontario will have the same contractual rights against the Applicant as U.S. clients of the Applicant.
13. The Exchange-Traded Futures to be traded by Permitted Clients will include, but will not be limited to, Exchange-Traded Futures for equity indices, interest rates, FX, energy and other commodity products.
14. Permitted Clients of the Applicant will be able to execute Exchange-Traded Futures orders by contacting the Applicant's client order handling desk, where orders will be transmitted to an executing broker for execution. Permitted Clients may also be able to self-execute Exchange-Traded Futures orders electronically via an independent service vendor and/or other electronic trading routing.
15. The Applicant will arrange to have a Permitted Client's order executed on the relevant Non-Canadian Exchange by an executing broker registered as a futures commission merchant in accordance with the rules and customary practices of the exchange. The Permitted Client will be a client of both the Applicant and the executing broker. The Applicant will remain responsible for all executions when the Applicant is listed as the executing broker in the relevant give-up agreement; when the Applicant is listed as the introducing broker in the relevant give-up agreement, the executing broker will be responsible for the execution to the client. There will thus always be a registered regulated party who is responsible to the client.

16. The Applicant will perform introducing (as introducing broker) functions for Futures Trades. The executing broker will act to "give-up" the transacted trades to the Permitted Client's clearing broker.
17. The clearing brokers and executing broker will also be required to comply with the rules of the exchanges of which each is a member and any relevant regulatory requirements, including requirements under the CFA, as applicable. The Permitted Client, the executing broker and the Permitted Client's clearing broker will represent to the Applicant, in an industry standard give-up agreement, that each will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's Exchange-Traded Futures order will be executed and cleared. The Applicant will not enter into a give-up agreement with any executing broker registered as a futures commission merchant or clearing broker unless such firm is registered with the applicable regulatory bodies in the jurisdiction in which it executes Futures Trades. The Applicant will not enter into a give-up agreement with any clearing broker located in the U.S. unless such clearing broker is registered with the CFTC and/or the SEC, as applicable.
18. As is customary for all Futures Trades, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures and Permitted Client orders that are submitted to the exchange in the name of the recognized exchange member and clearing broker. The Permitted Client of the Applicant is responsible to its clearing broker for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Permitted Client's clearing broker is in turn responsible to the clearing corporation/division for payment.
19. Permitted Clients will pay commissions for trades introduced by the Applicant. The Applicant will pay commissions to the executing broker and the clearing broker.
20. The trading restrictions in the CFA apply unless, among other things, an Exchange-Traded Future is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no Non-Canadian Exchanges have been recognized or registered under the CFA.
21. If the Applicant were registered under the CFA as a "futures commission merchant", it could rely upon certain exemptions from the trading restrictions in the CFA to effect Futures Trades to be entered into on certain Non-Canadian Exchanges.
22. Section 3.1 of Rule 91-502 provides that any person who trades as agent in, or gives advice in respect of, a recognized option, as defined in section 1.1 of Rule 91-502, is required to successfully complete the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).
23. All Representatives who would trade in options in the U.S. have satisfied the futures and options proficiency requirements of the National Futures Association (i.e., passed the National Commodity Futures Examination (Series 3) administered by FINRA or met such other alternatives to the Series 3 examination as permitted by the National Futures Association) and are registered in the capacity of Associated Person.

**AND UPON** the Commission and Director being satisfied that it would not be prejudicial to the public interest to grant the exemptions requested;

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

- (a) each client effecting Futures Trades is a Permitted Client;
- (b) the executing broker and clearing broker have each represented to the Applicant, and the Applicant has taken reasonable steps to verify, that it is appropriately registered under the CFA, or has been granted exemptive relief from the registration requirements in the CFA, in connection with the Permitted Client effecting Futures Trades;
- (c) the Applicant only introduces Futures Trades for Permitted Clients on Non-Canadian Exchanges;
- (d) at the time trading activity is engaged in, the Applicant:
  - (i) has its head office or principal place of business in the U.S.;
  - (ii) is registered in the category of introducing broker with the CFTC,

- (iii) is a member of the NFA; and
- (iv) engages in the business of an introducing broker in Exchange-Traded Futures in the U.S.;
- (e) the Applicant has provided to the Permitted Client the following disclosure in writing:
  - (i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;
  - (ii) a statement that the Applicant's head office or principal place of business is located in New York in the U.S.;
  - (iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;
  - (iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and
  - (v) the name and address of the Applicant's agent for service of process in Ontario.
- (f) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto;
- (g) the Applicant notifies the Commission of any regulatory action initiated after the date of this ruling in respect of the Applicant, or any predecessors or specified affiliates of the Applicant, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of such action;
- (h) if the Applicant 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 Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Applicant relied on the IDE; and
- (i) by December 1st of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to this Decision by filing Form 13-502F4 *Capital Markets Participation Fee Calculation*; and
- (j) this Decision will terminate on the earliest of:
  - (A) the expiry of any such transition period as may be provided by law, after the effective date of the repeal of the CFA;
  - (B) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirement in the CFA or the trading restrictions in the CFA; and
  - (C) five years after the date of this Decision.

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

"Philip Anisman"  
Commissioner  
Ontario Securities Commission

"Deborah Leckman"  
Commissioner  
Ontario Securities Commission

**IT IS THE DECISION** of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant's Representatives in respect of Futures Trades, provided that:

## Decisions, Orders and Rulings

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- (a) the Applicant and its Representatives maintain their respective registrations and memberships with the CFTC and NFA which permit them to facilitate trades in commodity futures options in the U.S.; and
- (b) this Decision will terminate on the earliest of:
  - (A) the expiry of any such transition period as may be provided by law, after the effective date of the repeal of the CFA;
  - (B) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirement in the CFA or the trading restrictions in the CFA; and
  - (C) five years after the date of this Decision.

“Marriane Bridge”  
Deputy Director  
Ontario Securities Commission

APPENDIX "A"

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

1. Name of person or company ("International Firm"):
2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:
3. Jurisdiction of incorporation of the International Firm:
4. Head office address of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.  
  
Name:  
E-mail address:  
Phone:  
Fax:
6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):  
  
 Section 8.18 [*international dealer*]  
  
 Section 8.26 [*international adviser*]  
  
 Other [specify]:
7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
  - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
  - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
  - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.
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>

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE IS NOTHING TO REPORT THIS WEEK. Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation

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

THERE IS NOTHING TO REPORT THIS WEEK.

### 4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Brompton Dividend & Income Class  
Brompton Resource Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 to the Final Simplified Prospectus dated  
February 23, 2017

Received on February 23, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Brompton Funds Limited

**Project #2472668**

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**Issuer Name:**

Canoe EIT Income Fund  
Principal Regulator - Alberta

**Type and Date:**

Amended and Restated Preliminary Short Form Prospectus  
dated February 24, 2017

NP 11-202 Preliminary Receipt dated February 24, 2017

**Offering Price and Description:**

Offering: \$ \* - (\* Preferred Units) \* % Cumulative  
Redeemable Series 1 Preferred Units

Price: \$25.00 per Series 1 Preferred Unit

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

Scotia Capital Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
National Bank Financial Inc.  
TD Securities Inc.  
Canaccord Genuity Corp.  
Industrial Alliance Securities Inc.  
Manulife Securities Incorporated

**Promoter(s):**

-

**Project #2585324**

**Issuer Name:**

Clearpoint Short Term Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to the AIF dated February 22, 2017  
Received on February 23, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

-

**Project #2552022**

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**Issuer Name:**

Desjardins Global Equity Growth Corporate Class  
Desjardins Global Equity Growth Fund  
Desjardins IBrix Canadian Equity Focus Corporate Class  
Desjardins IBrix Canadian Equity Focus Fund  
Desjardins IBrix Canadian High Dividend Equity Corporate  
Class  
Desjardins IBrix Canadian High Dividend Equity Fund  
Desjardins IBrix Global Equity Focus Fund  
Desjardins IBrix Low Volatility Global Equity Fund  
Desjardins Money Market Corporate Class  
Principal Regulator - Quebec

**Type and Date:**

Final Simplified Prospectus dated January 17, 2017  
NP 11-202 Receipt dated January 18, 2017

**Offering Price and Description:**

A-, T-, I-, C-, R-, F- and S-Class Units and Series A, T, C  
and R Shares @ Net Asset Value

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

-

**Promoter(s):**

Desjardins Investments Inc.

**Project #2553979**

**Issuer Name:**

DFA Global Equity Portfolio  
Principal Regulator - British Columbia

**Type and Date:**

Amendment #1 to the Final Simplified Prospectus dated  
February 21, 2017

Received on February 22, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

-

**Project #2484846**

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**Issuer Name:**

Fidelity American Disciplined Equity Class  
Fidelity American Disciplined Equity Currency Neutral  
Class  
Fidelity American Equity Class  
Fidelity American Equity Currency Neutral Class  
Fidelity AsiaStar Class  
Fidelity Balanced Class Portfolio  
Fidelity Canadian Asset Allocation Class  
Fidelity Canadian Balanced Class  
Fidelity Canadian Disciplined Equity Class  
Fidelity Canadian Growth Company Class  
Fidelity Canadian Large Cap Class  
Fidelity Canadian Opportunities Class  
Fidelity Canadian Short Term Income Class  
Fidelity China Class  
Fidelity Corporate Bond Class  
Fidelity Dividend Class  
Fidelity Dividend Plus Class  
Fidelity Emerging Markets Class  
Fidelity Europe Class  
Fidelity Event Driven Opportunities Class  
Fidelity Far East Class  
Fidelity Global Balanced Class Portfolio  
Fidelity Global Class  
Fidelity Global Concentrated Equity Class  
Fidelity Global Consumer Industries Class  
Fidelity Global Disciplined Equity Class  
Fidelity Global Disciplined Equity Currency Neutral Class  
Fidelity Global Dividend Class  
Fidelity Global Financial Services Class  
Fidelity Global Growth Class Portfolio  
Fidelity Global Health Care Class  
Fidelity Global Income Class Portfolio  
Fidelity Global Intrinsic Value Class  
Fidelity Global Intrinsic Value Currency Neutral Class  
Fidelity Global Large Cap Class  
Fidelity Global Large Cap Currency Neutral Class  
Fidelity Global Natural Resources Class  
Fidelity Global Real Estate Class  
Fidelity Global Small Cap Class  
Fidelity Global Technology Class  
Fidelity Global Telecommunications Class  
Fidelity Greater Canada Class  
Fidelity Growth Class Portfolio  
Fidelity Income Class Portfolio  
Fidelity Insights Class

Fidelity Insights Currency Neutral Class  
Fidelity International Disciplined Equity Class  
Fidelity International Disciplined Equity Currency Neutral  
Class  
Fidelity International Growth Class  
Fidelity Japan Class  
Fidelity Monthly Income Class  
Fidelity North American Equity Class  
Fidelity NorthStar Class  
Fidelity NorthStar Currency Neutral Class  
Fidelity Small Cap America Class  
Fidelity Small Cap America Currency Neutral Class  
Fidelity Special Situations Class  
Fidelity True North Class  
Fidelity U.S. All Cap Class  
Fidelity U.S. All Cap Currency Neutral Class  
Fidelity U.S. Focused Stock Class (formerly Fidelity Growth  
America Class)  
Fidelity U.S. Focused Stock Currency Neutral Class  
Principal Regulator - Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated February 23, 2017  
NP11-202 Preliminary Receipt dated February 23, 2017

**Offering Price and Description:**

Series E2, E3, E4, E5, E1T5, E2T5, E3T5, P1T5, P2T5,  
P3T5, P2, P3, P4, P5, P4T5 and P5T5 Securities

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

-

**Promoter(s):**

Fidelity Investments Canada ULC  
**Project #2586927**

---

**Issuer Name:**

Greystone Canadian Equity Income & Growth Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 to the Final Simplified Prospectus dated  
February 23, 2017  
Received on February 24, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Brandes Investment Partners & Co.  
**Project #2517821**

---

**Issuer Name:**

Horizons Canadian Dollar Currency ETF  
Horizons Canadian Midstream Oil & Gas Index ETF  
Horizons Cdn Insider Index ETF  
Horizons Medical Marijuana Life Sciences ETF  
Horizons US Dollar Currency ETF  
Principal Regulator - Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Long Form  
Prospectus dated February 21, 2017  
NP11-202 Preliminary Receipt dated February 22, 2017

**Offering Price and Description:**

Class A Units

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

-

**Promoter(s):**

Horizons ETFs Management (Canada) Inc.

**Project #2586349**

---

**Issuer Name:**

Invesco Global Dividend Income Fund  
Invesco Global Monthly Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated February 24, 2017  
NP11-202 Preliminary Receipt dated February 27, 2017

**Offering Price and Description:**

Series A, Series F, Series I, Series P, Series PF and Series  
PTF Units

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

-

**Promoter(s):**

Invesco Canada Ltd.

**Project #2587766**

---

**Issuer Name:**

Mackenzie Core Plus Canadian Fixed Income ETF  
Mackenzie Core Plus Global Fixed Income ETF  
Mackenzie Floating Rate Income ETF  
Mackenzie Global High Yield Fixed Income ETF  
Mackenzie Unconstrained Bond ETF  
Principal Regulator - Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Long Form  
Prospectus dated February 17, 2017  
NP11-202 Preliminary Receipt dated February 21, 2017

**Offering Price and Description:**

Units

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

-

**Promoter(s):**

Mackenzie Financial Corporation

**Project #2585822**

---

**Issuer Name:**

Mackenzie Global High Yield Bond Fund  
Mackenzie US Strategic Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated February 15, 2017  
NP 11-202 Preliminary Receipt dated February 21, 2017

**Offering Price and Description:**

Series A, AR, D, F, F8, FB, O, PW, PWF, PWF8, PWFB,  
PWT8, PWX, PWX8, SC, S5, S8, R, T5, F5, FB5, PWT5,  
PWF5, PWFB5, PWX5 and T8 Securities

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

-

**Promoter(s):**

Mackenzie Financial Corporation

**Project #2585274**

---

**Issuer Name:**

Manulife Canadian Dividend Growth Class  
Manulife Canadian Dividend Growth Fund  
Manulife Canadian Dividend Income Class  
Manulife Canadian Dividend Income Fund  
Manulife Canadian Stock Class  
Manulife Canadian Stock Fund  
Manulife Canadian Equity Balanced Class  
Manulife Canadian Monthly Income Class  
Manulife Canadian Monthly Income Fund  
Manulife Conservative Income Fund  
Manulife Tactical Income Fund  
Manulife Canadian Equity Private Pool  
Manulife Canadian Growth and Income Private Trust  
Principal Regulator - Ontario

**Type and Date:**

Amendment #3 to the Final Simplified Prospectus dated  
February 23, 2017

Received on February 23, 2017

**Offering Price and Description:**

-

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

Manulife Asset Management Investments Inc.

**Promoter(s):**

Manulife Asset Management Limited

**Project #2496519**

---

**Issuer Name:**

LifePoints Balanced Class  
LifePoints Balanced Growth Class  
LifePoints Balanced Growth  
LifePoints Balanced Income Class  
LifePoints Balanced Income  
LifePoints Balanced  
LifePoints Long-Term Growth Class  
LifePoints Long-Term Growth  
Russell Investments Income Essentials  
Russell Investments Diversified Monthly Income  
Russell Investments Income Essentials Class  
Russell Investments Diversified Monthly Income Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #3 to the Final Simplified Prospectus dated February 23, 2017  
Received on February 23, 2017

**Offering Price and Description:**

-

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

Russell Investments Canada Limited

**Promoter(s):**

Russell Investments Canada Limited  
Project #2492228

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**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  
NP 11-202 Receipt dated February 24, 2017

**Offering Price and Description:**

Series T5 and Series FT5 units, Series A, Advisor Series, Series D, Series F and Series O units @ Net Asset Value

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

RBC Global Asset Management Inc.  
Royal Mutual Funds 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

**Issuer Name:**

BMO Advantaged Canadian Q-Model® Fund  
BMO Advantaged U.S. Q-Model® Fund  
BMO Canadian Q-Model® Trust  
BMO U.S. Q-Model® Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus dated February 23, 2017  
NP 11-202 Receipt dated February 27, 2017

**Offering Price and Description:**

Series A, Series F and Series I mutual fund units; and Series A (CAD), Series F (CAD), Series I (CAD), Series A (CAD Hedged), Series F (CAD Hedged), Series I (CAD Hedged), Series A (USD), Series F (USD), and Series I (USD) @ Net Asset Value

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

BMO Nesbitt Burns Inc.

**Promoter(s):**

BMO Nesbitt Burns Inc.

Project #2568239

---

**Issuer Name:**

Brompton 2017 Flow-Through Limited Partnership  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated February 24, 2017  
NP 11-202 Receipt dated February 27, 2017

**Offering Price and Description:**

\$30,000,000 (Maximum)  
1,200,000 Limited Partnership Units  
Price per Unit: \$25  
Minimum Subscription: \$5,000 (200 Units)

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

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

**Promoter(s):**

Brompton Flow-Through Management Limited  
Brompton Funds Limited

Project #2570232

**Issuer Name:**

Financial 15 Split Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus (NI 44-101) dated February 24, 2017

NP 11-202 Receipt dated February 24, 2017

**Offering Price and Description:**

\$61,090,000

2,980,000 Preferred Shares @ \$10.00 per share and

2,980,000 Class A Shares @ \$10.50 per 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**

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**Issuer Name:**

June 2021 Investment Grade Bond Pool

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated February 24, 2017

NP 11-202 Receipt dated February 24, 2017

**Offering Price and Description:**

Maximum Offering: \$75,000,000.00 - 7,500,000.00 Units

Minimum Offering: \$15,000,000 - 1,500,000 Units

Price: \$10.00 per Class A Unit and Class T Unit

Price: 100 Units

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

National Bank Financial Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

GMP Securities L.P.

Canaccord Genuity Corp.

Desjardins Securities Inc.

Industrial Alliance Securities Inc.

Raymond James Ltd.

Manulife Securities Incorporated

Echelon Wealth Partners Inc.

Mackie Research Capital Corporation

**Promoter(s):**

Redwood Asset Management Inc.

**Project #2580503**

**Issuer Name:**

Manulife Canadian Dividend Growth Class

Manulife Canadian Dividend Growth Fund

Manulife Canadian Dividend Income Class

Manulife Canadian Dividend Income Fund

Manulife Canadian Stock Class

Manulife Canadian Stock Fund

Manulife Canadian Equity Balanced Class

Manulife Canadian Monthly Income Class

Manulife Canadian Monthly Income Fund

Manulife Conservative Income Fund

Manulife Tactical Income Fund

Manulife Canadian Equity Private Pool

Manulife Canadian Growth and Income Private Trust

Principal Regulator - Ontario

**Type and Date:**

Amendment #3 to the AIF dated February 23, 2017

NP 11-202 Receipt dated February 27, 2017

**Offering Price and Description:**

-

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

Manulife Asset Management Investments Inc.

**Promoter(s):**

Manulife Asset Management Limited

**Project #2496519**

---

**Issuer Name:**

Russell Investments Fixed Income Class

Principal Regulator - Ontario

**Type and Date:**

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

NP 11-202 Receipt dated February 27, 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:**

TD Canadian Aggregate Bond Index ETF  
TD International Equity CAD Hedged Index ETF  
TD International Equity Index ETF  
TD S&P 500 CAD Hedged Index ETF  
TD S&P 500 Index ETF  
TD S&P/TSX Capped Composite Index ETF  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated February 23, 2017  
NP 11-202 Receipt dated February 23, 2017

**Offering Price and Description:**

Exchange traded units at net asset value

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

-

**Promoter(s):**

-

**Project #2566518**

---

NON-INVESTMENT FUNDS

**Issuer Name:**

Advantage Lithium Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 24, 2017

NP 11-202 Preliminary Receipt dated February 24, 2017

**Offering Price and Description:**

26,667,000 Units issuable upon the exercise of 26,667,000 issued and outstanding Subscription Receipts  
Price: \$0.75 per Subscription Receipt

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

Eight Capital  
Canaccord Genuity Corp.

**Promoter(s):**

-

**Project #2587666**

**Issuer Name:**

Argonaut Gold Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 27, 2017

NP 11-202 Preliminary Receipt dated February 27, 2017

**Offering Price and Description:**

\$40,080,000.00 - 16,700,000 Common Shares  
Price: \$2.40 per Common Share

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

BMO Nesbitt Burns Inc.  
Desjardins Securities Inc.  
GMP Securities L.P.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
Canaccord Genuity Corp.  
Cormark Securities Inc.  
Mackie Research Capital Corporation

**Promoter(s):**

-

**Project #2588271**

**Issuer Name:**

Ascendant Resources Inc. (formerly, Morumbi Resources Inc.)  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2017

NP 11-202 Preliminary Receipt dated February 21, 2017

**Offering Price and Description:**

\$\* - \* Units  
Price: \$\* per Unit

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

Eight Capital

**Promoter(s):**

-

**Project #2585785**

**Issuer Name:**

Ascendant Resources Inc. (formerly, Morumbi Resources Inc.)  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Short Form Prospectus dated February 22, 2017

NP 11-202 Preliminary Receipt dated February 22, 2017

**Offering Price and Description:**

\$17,425,000.00 - 20,500,000 Units  
Price: \$0.85 per Unit

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

Eight Capital

**Promoter(s):**

-

**Project #2585785**

**Issuer Name:**

Blackbird Energy Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated February 27, 2017

NP 11-202 Preliminary Receipt dated February 27, 2017

**Offering Price and Description:**

Up to \$80,000,000.00  
Up to \* Common Shares  
Up to \* CEE Flow-Through Shares  
Up to \* CDE Flow-Through Shares

Price:  
\$\* per Common Shares  
\$\* per CEE Flow-Through Shares  
\$\* per CDE Flow-Through Shares

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

Cormark Securities Inc.  
TD Securities Inc.

**Promoter(s):**

-

**Project #2588360**

**Issuer Name:**

Canadian Imperial Bank of Commerce

**Type and Date:**

Preliminary Shelf Prospectus dated February 24, 2017  
(Preliminary) Receipted on February 24, 2017

**Offering Price and Description:**

US\$10,000,000,000.00  
Senior Debt Securities (unsubordinated indebtedness)  
Subordinated Debt Securities (subordinated indebtedness)  
Common Shares

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

-

**Promoter(s):**

-

**Project #2587533**

**Issuer Name:**

Conifex Timber Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 22, 2017  
NP 11-202 Preliminary Receipt dated February 22, 2017

**Offering Price and Description:**

\$9,150,000.00 - 3,000,000 Common Shares  
Price: \$3.05 per Common Share

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

Raymond James Ltd.  
CIBC World Markets Inc.

**Promoter(s):**

-

**Project #2584989**

---

**Issuer Name:**

Emblem Corp. (formerly Saber Capital Corp.)  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2017  
NP 11-202 Preliminary Receipt dated February 22, 2017

**Offering Price and Description:**

4,385,668 Units Issuable on Exercise of Outstanding  
Special Warrants  
Price: \$3.63 per Unit

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

PI Financial Corp.  
Canaccord Genuity Corp.  
GMP Securities L.P.

**Promoter(s):**

-

**Project #2585952**

---

**Issuer Name:**

Fortune Minerals Limited  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2017  
NP 11-202 Preliminary Receipt dated February 22, 2017

**Offering Price and Description:**

\$5,700,000.00 (22,800,000 Units)  
Price: \$0.25 per Unit

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

Cormark Securities Inc.

**Promoter(s):**

-

**Project #2586070**

**Issuer Name:**

Golden Predator Mining Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated February 23, 2017  
NP 11-202 Preliminary Receipt dated February 24, 2017

**Offering Price and Description:**

\$15,000,550.00 - 6,250,000 Common Shares - price:\$1.60  
per Offering Share  
2,703,000 Flow-Through Common Shares - price \$1.85 per  
FT Share

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

Clarus Securities Inc.  
GMP Securities L.P.

**Promoter(s):**

-

**Project #2585742**

---

**Issuer Name:**

Hope Well Capital Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated February 17, 2017  
NP 11-202 Preliminary Receipt dated February 21, 2017

**Offering Price and Description:**

Maximum Offering - \$1,250,000.00 or 6,250,000 Common  
Shares  
Minimum Offering - \$450,000.00 or 2,250,000 Common  
Shares  
Price: 0.20 per Common Share

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

Mackie Research Capital Corporation

**Promoter(s):**

-

**Project #2585243**

---

**Issuer Name:**

Iron Man Protection Systems, Inc.

**Type and Date:**

Preliminary Long Form Prospectus dated February 17, 2017  
(Preliminary) Receipted on February 21, 2017

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Richard M. Smith  
John D. Kuykendall  
George Rock Rutherford

**Project #2585241**

**Issuer Name:**

Killam Apartment Real Estate Investment Trust  
Principal Regulator - Nova Scotia

**Type and Date:**

Preliminary Short Form Prospectus dated February 27, 2017

NP 11-202 Preliminary Receipt dated February 27, 2017

**Offering Price and Description:**

\$70,017,750.00 - 5,535,000 Trust Units

Price: \$12.65 per Unit

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

RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
Canaccord Genuity Corp.  
National Bank Financial Inc.  
Raymond James Ltd.  
GMP Securities L.P.  
Industrial Alliance Securities Inc.  
Brookfield Financial Securities LP  
Eight Capital

**Promoter(s):**

-

**Project #2586008**

---

**Issuer Name:**

Mainstreet Health Investments Inc. (formerly, Kingsway Arms Retirement Residences Inc.)  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated February 23, 2017

NP 11-202 Preliminary Receipt dated February 23, 2017

**Offering Price and Description:**

US\$500,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Warrants, Subscription Receipts, Units

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

-

**Promoter(s):**

Mainstreet Investment Company, LLC

**Project #2586894**

**Issuer Name:**

New Gold Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 22, 2017

NP 11-202 Preliminary Receipt dated February 23, 2017

**Offering Price and Description:**

US\* - \* Common Shares

Price: US\$\* per Common Share

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

RBC Dominion Securities Inc.  
Scotia Capital Inc.  
CIBC World Markets Inc.  
J.P. Morgan Securities Canada Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
Merrill Lynch Canada Inc.  
Desjardins Securities Inc.  
National Bank Financial Inc.  
Paradigm Capital Inc.  
Credit Suisse Securities (Canada) Inc.  
Eight Capital  
GMP Securities L.P.

**Promoter(s):**

-

**Project #2586355**

---

**Issuer Name:**

New Gold Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Short Form Prospectus dated February 23, 2017

NP 11-202 Preliminary Receipt dated February 23, 2017

**Offering Price and Description:**

US\$150,080,000.00 - 53,600,000 Common Shares

Price: US\$2.80 per Common Share

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

RBC Dominion Securities Inc.  
Scotia Capital Inc.  
CIBC World Markets Inc.  
J.P. Morgan Securities Canada Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
Merrill Lynch Canada Inc.  
Desjardins Securities Inc.  
National Bank Financial Inc.  
Paradigm Capital Inc.  
Credit Suisse Securities (Canada) Inc.  
Eight Capital  
GMP Securities L.P.

**Promoter(s):**

-

**Project #2586355**

**Issuer Name:**

PharmaCan Capital Corp. (formerly Searchtech Ventures Inc.)

Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2017

NP 11-202 Preliminary Receipt dated February 21, 2017

**Offering Price and Description:**

\$15,075,000.00 - 6,700,000 Common Shares

Price: \$2.25 per Share

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

Eight Capital

PI Financial Corp.

Beacon Securities Limited

GMP Securities L.P.

Cormark Securities Inc.

Mackie Research Capital Corporation

**Promoter(s):**

Alan Friedman

**Project #2585794**

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**Issuer Name:**

Prairie Provident Resources Inc.

Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated February 21, 2017

NP 11-202 Preliminary Receipt dated February 22, 2017

**Offering Price and Description:**

\$4,000,150.00 - 5,195,000 Flow-Through Shares

Price: \$0.77 per Flow-Through Share

\$4,000,150.00 - 5,971,000 Subscription Receipts each representing the right to receive one Unit

Price: \$0.67 per Subscription Receipt

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

Mackie Research Capital Corporation

Beacon Securities Limited

Industrial Alliance Securities Inc.

**Promoter(s):**

-

**Project #2586067**

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**Issuer Name:**

Slate Retail REIT

Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated February 23, 2017

NP 11-202 Preliminary Receipt dated February 23, 2017

**Offering Price and Description:**

U.S.\$750,000,000.00 – Units, Debt Securities, Subscription Receipts

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

-

**Promoter(s):**

-

**Project #2586765**

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**Issuer Name:**

CanadaBis Capital Inc.

Principal Regulator - Alberta

**Type and Date:**

Final CPC Prospectus dated February 22, 2017

NP 11-202 Receipt dated February 24, 2017

**Offering Price and Description:**

Minimum Offering: \$250,000.00 (2,500,000 common shares)

Maximum Offering: \$500,000.00 (5,000,000 common shares)

Price: \$0.10 per Offered Share

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

Richardson GMP Limited

**Promoter(s):**

Gregory H. Smith

**Project #2573699**

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**Issuer Name:**

Genesis Trust II

Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated February 21, 2017

NP 11-202 Receipt dated February 22, 2017

**Offering Price and Description:**

Up to \$7,000,000,000.00 Real Estate Secured Line of Credit Backed Notes

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

TD Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Desjardins Securities Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

**Promoter(s):**

The Toronto Dominion Bank

**Project #2583366**

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**Issuer Name:**

INV Metals Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated February 24, 2017  
NP 11-202 Receipt dated February 24, 2017

**Offering Price and Description:**

\$24,000,000.00 - 24,000,000 Common Shares at a price of \$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**

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**Issuer Name:**

TransCanada Trust  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated February 24, 2017  
NP 11-202 Receipt dated February 24, 2017

**Offering Price and Description:**

U.S.\$1,250,000,000.00 - Trust Notes — Series 2017

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

-

**Promoter(s):**

-

**Project #2585385**

---

**Issuer Name:**

Knightswood Financial Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus (NI 44-101) dated February 22, 2017

NP 11-202 Receipt dated February 22, 2017

**Offering Price and Description:**

20,309,182 Common Shares and Warrants on Exercise of 20,309,182 Special Warrants

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

-

**Promoter(s):**

-

**Project #2567458**

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**Issuer Name:**

Pure Multi-Family REIT LP  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated February 21, 2017  
NP 11-202 Receipt dated February 21, 2017

**Offering Price and Description:**

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

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

-

**Promoter(s):**

Pure Multifamily Management Limited Partnership  
**Project #2583162**

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Silverthorn Capital Incorporated	Exempt Market Dealer	February 15, 2017
Suspension pursuant to Section 29(1) of the Securities Act	Starboard Capital Inc.	Exempt Market Dealer	January 31, 2017
Suspension pursuant to Section 29(1) of the Securities Act	Eosphoros Asset Management Incorporated	Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	January 31, 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 – Public Interest Rule Amendment – Rule 4-113 Commitments and Performance – Notice and Request for Comments

CSE Notice 2017-005  
March 2, 2017

#### CANADIAN SECURITIES EXCHANGE

#### PUBLIC INTEREST RULE AMENDMENT

#### RULE 4-113 COMMITMENTS AND PERFORMANCE

#### NOTICE AND REQUEST FOR COMMENTS

### A. DESCRIPTION OF THE PROPOSED AMENDMENTS

#### Background

In October 2014, the CSE implemented the Guaranteed Minimum Fill (“GMF”) facility to provide automatic fills for order types that met eligibility requirements as described in Rule 4-107 Guaranteed Fill Facility. The functionality is intended to provide, for eligible orders less than or equal to the Guaranteed Fill volume, an automatic execution at a single price. When the volume of the resting orders is insufficient to fill an eligible order, the balance will automatically trade with the designated market maker (“MM”).

#### Description of the Proposed Amendments

##### Significant Change to Rule 4-113

Currently, a MM is obliged to fill a GMF eligible order only at the existing CSE bid or offer. However, an eligible market order or better-priced limit order (that qualifies as a GMF eligible order) that is entered when the CSE best bid or offer is not equal to the NBBO must be repriced, cancelled, or routed away in accordance with the Order Protection Rule. This is not consistent with the spirit or intent of the GMF facility, which is to provide a guaranteed immediate fill at a single price for eligible orders. The CSE is proposing to introduce functionality by which market makers may automatically fill eligible orders at the NBBO regardless of whether the CSE quote is equal to the NBBO. There will be no difference to the determination of GMF eligibility of an order, including size, and the functionality may be turned on or off at the discretion of the Market Maker. The CSE proposes to move the existing Minimum Size of a Guaranteed Fill [Rule 4-113(2)] requirement and the proposed price guarantee into a new specific Guaranteed Minimum Fill section of Rule 4.

##### Housekeeping Change to Rule 4-107

It is implied in Rule 4, inherent in the functionality of the CSE trading system, and generally understood by the trading community that GMF eligible orders must be marketable orders, tradeable at the time of entry. Specifically, an order must be a market order or a better-priced limit order to qualify for a guaranteed fill. Presently, Rule 4-107 does not include a reference to price. The amended rule will provide clarity to the trading community. The amendment imposes no new requirements and does not change the application of the existing rule or functionality of the existing order type.

### B. EXPECTED IMPLEMENTATION DATE

The proposed amendments are expected to be implemented Q2, 2017 in accordance with applicable approval processes and protocol.

**C. RATIONALE FOR THE PROPOSED AMENDMENTS AND RELEVANT SUPPORTING ANALYSIS**

The principal benefit for GMF eligible orders (i.e. automatic execution of the full order at a single price on one trade execution report) is lost if an eligible order is rerouted, repriced or cancelled. CSE Market Makers have committed to filling eligible orders, yet the obligation under the current rule does not apply to those periods when the CSE quote may have temporarily moved away from the NBBO. Providing additional functionality to guarantee fills at the best price will ensure that the GMF functionality provides the greatest possible benefit to clients entering eligible orders.

**D. EXPECTED IMPACT OF THE AMENDMENTS ON MARKET STRUCTURE, MEMBERS, INVESTORS, ISSUERS, AND THE CAPITAL MARKET**

The amendments will benefit participants and their clients. When enabled, the fill guarantee will provide the best possible outcome for a GMF eligible order. A GMF eligible, tradeable order will get a one price execution at the best price, even if the CSE quote has moved from the NBBO before the order was received.

**E. EXPECTED IMPACT ON CSE'S COMPLIANCE WITH ONTARIO SECURITIES LAW (INCLUDING FAIR ACCESS AND MAINTENANCE OF FAIR AND ORDERLY MARKETS)**

The proposed amendments are not expected to impact the Exchange's compliance with Ontario securities law, including the requirements for fair access or the maintenance of fair and orderly markets.

**F. CONSULTATION**

The proposed functionality has been discussed with MM's and participants with significant GMF eligible flow.

**G. TECHNOLOGY CHANGES**

No technology changes will be required as a result of the proposed amendments.

**H. EXISTING RULES IN OTHER MARKETS OR JURISDICTIONS**

The CSE GMF is similar to the longstanding MGF functionality on the Toronto Stock Exchange. For securities interlisted with the Montreal Exchange, a Toronto Stock Exchange ruling provided that the Responsible Registered Trader ("RT") on the TSE may guarantee on a voluntary basis that MGF orders shall be bought or sold (as the case may be) at the best price that is currently available on the Toronto Stock Exchange or the Montreal Exchange. The "best price guarantee" was automatically enforced by the TSE trading systems. MGF orders are currently filled at the TSX bid/ask.

The recently approved Auto Execution Facility ("AEF") proposed by Aequitas NEO provides that a designated market maker ("DMM") may guarantee orders up to 50 standard trading units after visible and hidden volume has been exhausted at that price. The DMM may adjust the volume of the guarantee between zero (guarantee for oddlots only) up to 50 boardlots.

CSE Market Makers currently guarantee oddlots at the NBBO.

**I. COMMENTS**

Comments on the proposed amendments should be in writing and submitted no later than April 9th, 2017 to:

Mark Faulkner  
Vice President, Listings and Regulation  
CNSX Markets Inc.  
220 Bay Street, 9th Floor  
Toronto, ON, M5J 2W4  
Fax: 416.572.4160  
Email: [Mark.Faulkner@thecse.com](mailto:Mark.Faulkner@thecse.com)

A copy of the comments should be provided to:

Market Regulation Branch  
Ontario Securities Commission  
20 Queen Street West, 20th Floor  
Toronto, ON, M5H 3S8  
Fax: 416.595.8940  
Email: [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

The text of the amendments is attached in Appendix A.

APPENDIX A

Blacklined Text of the Amendments

Housekeeping Amendments to Rule 4-107

4-107 Guaranteed Fill Facility

(1) Eligibility

A ~~better priced limit or market~~ order that is a client order for a security that is, in its entirety, for a volume less than or equal to the Guaranteed Fill volume on that security is eligible for a guaranteed fill, provided that the order is not:

- a) One of multiple orders for the same client on the same day;
  - b) An order entered by a DEA client, unless the DEA client is a broker acting as an agent for retail client order flow;
  - c) An order entered on behalf of a U.S. dealer, unless
    - i. the order is for a client of the U.S. dealer; and
    - ii. the Dealer first confirms the order is for a client of the U.S. dealer; or
  - d) For a client that is generally involved in active and continuous trading on a daily basis
- (2) Fills that occur in violation of the eligibility requirements above may be cancelled at the request of the Market Maker. The Exchange may cancel or amend any trades deemed to be improper use of the Guaranteed Fill facility.

Significant Changes to Rule 4-113

4-113 Commitments and Performance

(1) *Two-Sided Quotations*. A Designated Market Maker shall

- (a) buy and sell such security for its own account on a continuous basis, and
- (b) ensure two sided quotations in the Trading System Within the accepted bid/ask spread goal.

(2) Guaranteed Fill

(a) Minimum Size of Guaranteed Fill.

A Designated Market Maker's Guaranteed Fill volume shall be for at least two Board Lots less one share on each side of the market and may be for larger Board Lot multiples thereof.

(b) Price

The Market Maker may enable a best bid or best offer function such that orders eligible for a Guaranteed Fill shall be filled automatically by the Market Maker at the national best bid or offer (NBBO) as calculated by the Trading System

- (3) *Odd Lots*. A better priced limit order or market order that is for a volume less than a Board Lot, or the portion of a tradeable order that is less than a Board Lot, shall be filled automatically by the Market Maker provided that the Board Lot portion of such an order is filled first.
- (4) *Quotations Reasonably Related to the Market*. A Market Maker shall enter and maintain quotations that are reasonably related to the prevailing market.
- (5) The Exchange will periodically review the performance of each Market Maker with respect to bid/ask spread maintenance and other relevant measures, as determined by the Exchange from time-to-time.

**13.2.2 Canadian Securities Exchange – Notice of Withdrawal of Proposed Changes to Trading Fees**

**CSE Notice 2017-006**  
**March 2, 2017**

**CANADIAN SECURITIES EXCHANGE**

**NOTICE OF WITHDRAWAL OF PROPOSED CHANGES TO TRADING FEES**

CNSX Markets Inc. (the “CSE”) is withdrawing proposed amendments to its trading fees in accordance with the Process for Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto.

Proposed changes to CSE trading fees were published for comment on June 30, 2016 (see CSE Notice 2016-010). Upon consideration of the comments received CSE has decided to withdraw the proposal.

We thank the commenters for their comments.

Questions about this Notice may be directed to:

Mark Faulkner  
Vice President, Listings and Regulation  
Fax: 416.572.4160  
Email: [Mark.Faulkner@thecse.com](mailto:Mark.Faulkner@thecse.com)

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