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1.1 Notices

1.1.1 Reducing Regulatory Burden in Ontario's Capital Markets 2019

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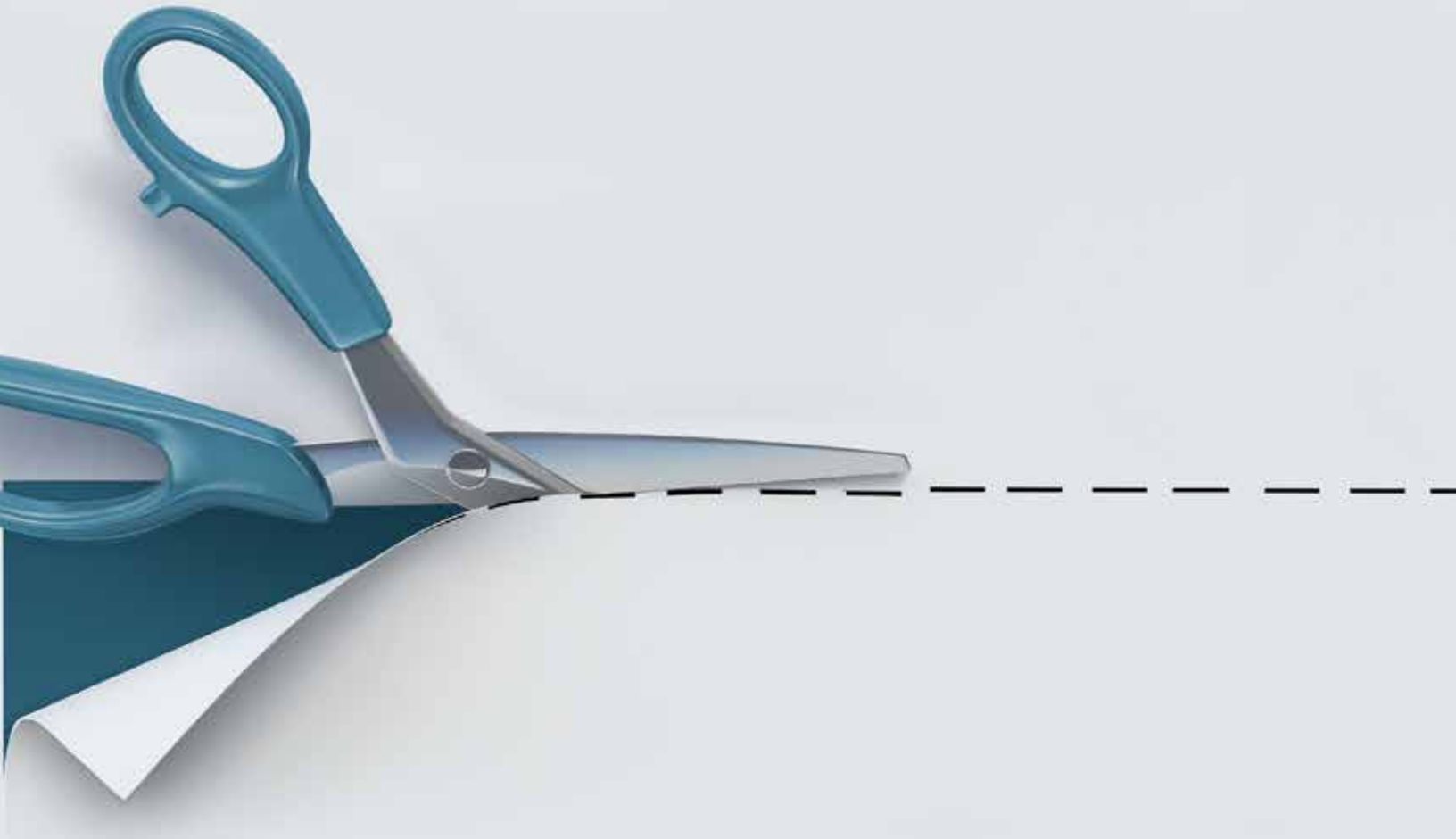
OSC

ONTARIO
SECURITIES
COMMISSION

REDUCING REGULATORY BURDEN IN ONTARIO'S CAPITAL MARKETS

2019



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MESSAGE FROM THE CHAIR

Having spent the first half of my career in the mining industry navigating regulatory requirements, I know firsthand the frustrations that can be involved for regulated entities and individuals. It was this experience that led me to become involved in regulation in the first place – to try to make things better.

Over the past 12 months, the Ontario Securities Commission (OSC), in coordination with the Ontario Ministry of Finance, has begun a process to reduce regulatory burden in our capital markets and to make it easier to do business in Ontario. This is a real opportunity for us to take a hard look at all aspects of our work to see if there are ways to do things better and to alleviate burden.

This work does not come at the expense of protecting investors or the integrity of our market. Regulatory oversight contributes to greater confidence, which means more investment and participation in our market, to everyone's benefit.

Effective regulation is essential to the health of our capital markets and the competitiveness of our economy. Outdated rules, unnecessary duplication and complexity benefit no one. In fact, they add costs that are ultimately borne by investors, and they reduce participation in our markets.

> **I'm pleased that we are acting on the vast majority of underlying concerns in the comments we received. We're doing so in ways that are tangible, practical and within our mandate.**

Central to this initiative is hearing what businesses and investors have to say about how regulatory burden impacts them, and what key concerns we should focus on. I want to thank everyone who took the time to provide input to this initiative. Comments were constructive and mindful of our efforts to deliver on our mandate in a fair and efficient way.

I'm pleased that we are acting on the vast majority of underlying concerns in the comments we received. We're doing so in ways that are tangible, practical and within our mandate

The changes we are making reflect a more modern and tailored approach, including more flexibility for businesses, stronger regulatory coordination, enhanced technology tools and more accessible information.

We have prioritized initiatives that would address a clear and measurable burden, that were supported by many commenters and that would have a broad impact. We have also given precedence to initiatives that would have a positive impact on small and medium-sized businesses, which together make up nearly 70 per cent of the public companies we regulate, as well as on smaller registrant firms. I am confident that the decisions and recommendations in this report will:

- make it easier to navigate the regulatory process when you start, fund and grow a business in Ontario;
- allow businesses to devote more time to growing and innovating and spend less time on the details of regulatory compliance; and finally,
- streamline our oversight processes to allow businesses to contribute to more competitive Ontario capital markets.

This initiative is the beginning of a process of modernization for the OSC that will extend into the years ahead. We are committed to continuously improving how we regulate, and we will keep working with those we regulate and those who invest in our market to reduce regulatory burden. The establishment of the OSC's new Office of Economic Growth and Innovation will provide a platform for ongoing feedback and dialogue with all market participants to ensure this progress continues.

We're focused on the key risks and issues and we're committed to modernizing how we regulate. This report is full of great opportunities and we're already making good progress in many areas. We're excited to continue that work.

Maureen Jensen
Chair and Chief Executive Officer
Ontario Securities Commission

EXECUTIVE SUMMARY

Background

In November 2018, the OSC established a Burden Reduction Task Force (the Task Force) to identify ways to enhance competitiveness for Ontario businesses by saving time and money for issuers, registrants, investors and other capital market participants. This initiative is a central component of the Ontario government's five-point plan for creating confidence in our capital markets, which consists of the following elements:

- Executing the mandate of the OSC's Burden Reduction Task Force,
- Establishing the Office of Economic Growth and Innovation,
- Improving the investor experience and protection,
- Ensuring economically focused rule-making, and
- Ensuring competitiveness and clear service standards.

Gathering feedback

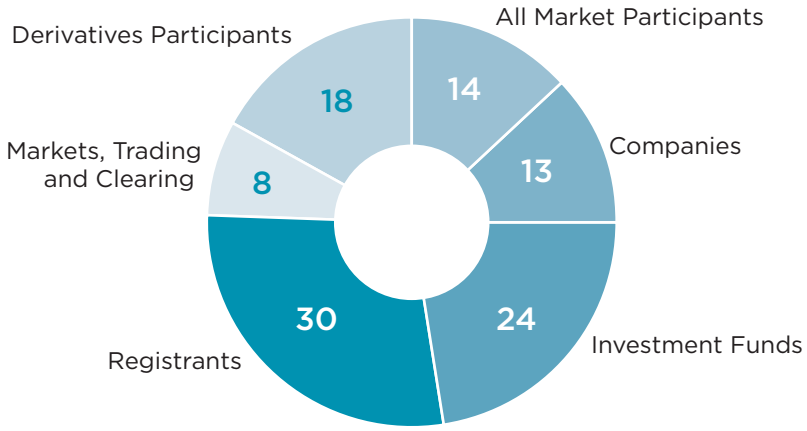
Led by the Task Force, the OSC conducted a stakeholder consultation to gather feedback on unnecessary burden and areas for improvement. Through this process, as well as through staff input, we received 69 comment letters and 199 suggestions on how we can do things better. We grouped those suggestions into 38 underlying concerns related to existing rules, processes and interactions.

Responding to concerns

We are pleased to be taking action to address 34 of those concerns through 107 specific decisions and recommendations outlined in this report, beginning on page 29. These include commitments we are making about things entirely within our control (i.e. decisions), as well as steps that require action from others (i.e. recommendations), such as the Ontario government for statutory amendments, the Minister of Finance for rule changes, our partners comprising the Canadian Securities Administrators (CSA), and/or the self-regulatory organizations (SROs).

Each of these decisions and recommendations has been considered within the context of our mandate to protect investors and foster market integrity and financial stability. These changes will help alleviate regulatory burden for a wide range of individuals and businesses. They will particularly benefit the small and medium-sized businesses operating in Ontario's capital markets who have fewer resources to devote to regulatory compliance.

107 Decisions and Recommendations to Reduce Regulatory Burden



Timing

Some of the changes we are undertaking are achievable within a relatively short time frame of about a year; most of these initiatives fall entirely within the OSC's purview, such as those related to our internal processes. Other changes require legislative amendments, harmonization with other regulators, or long-term investments in technology, systems or expertise. We are addressing these changes over a longer time frame.

In other cases, you will see tangible changes that have been completed by us alone and others in coordination with our CSA partners since the start of our burden reduction work.

Methodology

In formulating our decisions and recommendations, we were guided by the principle of proportionate regulation, which means that regulation needs to be balanced, tailored, flexible and responsive to different businesses and to our evolving marketplace. We used a clear and consistent methodology for identifying and measuring burden, evaluating and prioritizing initiatives based on a standard set of criteria, and setting timelines. Drawing from our stakeholders' feedback, we committed to addressing as many concerns as possible, as quickly as possible. We were mindful that there would be difficult decisions required and, in many cases, the need to work with our CSA partners on policy changes.

Benefits

The initiatives outlined in our decisions and recommendations will make it easier for businesses to operate in our capital markets by helping to minimize regulatory delays, reduce the cost of capital and free up resources to focus on growth. They will also address common frustrations and help to ensure that the costs of regulation do not outweigh its benefits. As the initiatives are implemented, many of the people and businesses we regulate will begin to see tangible benefits, specifically:

- Enhanced service levels
- New tools and use of technology to assist with navigating the regulatory process
- More transparency around our processes
- Clearer communication from staff
- More manageable timelines for certain filings
- Greater clarity and flexibility on what is required to fulfill regulatory requirements
- Less duplication of requirements and form filings
- Improved coordination between the OSC and our regulatory partners
- Rules and guidance that are easier to read and understand
- Information that will be easier to find and better organized on our website
- Improved coordination of reviews
- A more tailored regulatory approach that takes into account the size and type of businesses

Some initiatives will result in direct savings to businesses through lower fees and other compliance costs. While our focus has been on responding to stakeholder concerns as opposed to cost savings alone, we have provided early savings estimates for about one fifth of the initiatives outlined in our decisions and recommendations, using the methodology outlined in Appendix 2. We estimate these initiatives will result in approximately $7.8 million of average annual cost savings for the businesses we regulate. As more initiatives begin, we anticipate that this number will grow. We will continue to report on cost savings as our burden reduction work progresses.

What this means for small and medium-sized businesses

We recognize that many of the businesses we regulate are small or medium-sized, and that their cost of regulatory compliance is disproportionately high relative to that of larger businesses. Our focus is on simplifying communication and regulatory interactions, so they are manageable even for registrant firms made

up of just one or two individuals. We also recognize that many of our small and medium-sized public companies are particularly affected if a planned public financing experiences unexpected delays arising from our prospectus review process.

Small and medium-sized companies and registrants will benefit, in particular, from:

- Expanded and improved service standards, particularly in respect of compliance reviews
- More support for companies seeking public financing, through a confidential prospectus review process prior to announcing an IPO or other financing
- For small registrants, being able, in appropriate circumstances, to hire a Chief Compliance Officer who acts in that role for other, unaffiliated registrant firms

What this means for innovative businesses and startups

Building upon the work already being done by OSC LaunchPad, we want to provide more flexibility to innovative businesses. We are inviting these businesses to work with us to identify and help modify regulatory requirements that do not properly take account of their business models. We also recognize that the current disharmonized crowdfunding rules across the CSA limit the viability of crowdfunding as a startup financing tool.

Innovative businesses and startups will benefit from:

- For new business models, more flexibility from staff in how we approach registration, resales in the secondary market, who can invest (e.g. individuals with specialized knowledge) and other regulatory requirements
- For individuals applying to be Chief Compliance Officers of fintech firms, assessments of their qualifications and experience that take into account their broader business experience and its alignment with the firm's business model
- For startups seeking financing, harmonization of the crowdfunding rules across the CSA jurisdictions

What this means for large businesses

A more tailored approach will help address the unique issues faced by large firms with multiple business units, which are most affected by duplication and lack of harmonization among regulatory bodies – or even within the OSC itself. The initiatives we've identified are sensitive to the global nature of financial markets and the unique circumstances of global firms, as well as the distinct risk considerations of sophisticated investors.

Large businesses will benefit from:

- Reduced red tape for investment fund managers that are currently subject to duplicative filing requirements in investment funds and registration rules
- Proposals to codify routine exemptive relief for investment funds
- Measures to facilitate registration of multiple Chief Compliance Officers for large registrants with multiple business divisions
- A process for registering of Advising and Associate Advising Representatives as Client Relationship Managers
- The ability for public companies to conduct at-the-market offerings without having to obtain prior exemptive relief

Ongoing regulatory improvement

The publication of this report is an important step in an ongoing process that will reshape how we operate and make us an even more responsive regulator. The establishment of the OSC's new Office of Economic Growth and Innovation will support our long-term burden reduction efforts and will drive continued engagement and collaboration with our diverse stakeholders.

1.0 INTRODUCTION

Ontario's capital markets are evolving quickly due to technology, demographics and consumer behavior, and securities regulation must keep up with these changes. To be a modern, innovative and adaptable regulator, the OSC must assess whether the existing rules still make sense for today's markets, whether they have become too complex, and whether there are better ways for us to interact with our regulated entities.

Reducing regulatory burden is integral to effective regulation of our capital markets, which in turn is crucial for the competitiveness of Ontario businesses. According to a 2019 Ontario Chamber of Commerce survey, of the nine top factors critical to businesses' ability to thrive, two involved regulatory concerns: navigating regulation (61 per cent of respondents) and competitive regulations (48 per cent of respondents)[1].

While reducing regulatory burden is clearly important, this work doesn't always get the attention it deserves. The Government of Ontario's Open for Business commitment in 2018 addressed this issue, which presented an opportunity for the OSC to focus on reducing regulatory burden for businesses of all sizes.

The OSC formed a Burden Reduction Task Force in November 2018, in coordination with the Government of Ontario. The Task Force's mandate was to identify ways to enhance competitiveness for Ontario businesses by saving time and money for issuers, registrants, investors and other capital market participants. Its work is a major component of the government's five-point plan for creating confidence in Ontario's capital markets. It also aligns with the OSC's ongoing commitment to continuously improve our processes and update our regulatory requirements based on the needs of our market.

1 Ontario Economic Report 2019

Led by the Task Force, we have the following objectives in our burden reduction work:

1. **Make clear commitments to save market participants time and money**
2. **Take swift action to identify and address as many stakeholder concerns as possible, as quickly as possible**
3. **Be accountable for following through on our recommended actions**
4. **Embed burden reduction into our operations and commit to a process of continuous improvement**

The OSC's new Office of Economic Growth and Innovation will continue our focus on these goals, and on fostering innovation in our capital markets.

> **Reducing regulatory burden is integral to effective regulation of our capital markets, which in turn is crucial for the competitiveness of Ontario businesses.**

2.0 ONTARIO'S CAPITAL MARKETS

2.1 Overview

Ontario's capital markets are the largest in Canada, with an aggregate market capitalization of approximately $1.4 trillion[2]. In 2018, Ontario companies (public and private) raised $27.9 billion in equity financings, broken down as follows:[3]

Equity Financings by Ontario Issuers (FY 2018–2019)

	PUBLIC MARKET FINANCINGS	PRIVATE MARKET FINANCINGS
Ontario Publicly Listed Issuers	$12.7B	$10.6B
Ontario Private Issuers	N/A	$4.6B[4]

A diverse range of entities participate in our capital markets, including:

- Public and private companies
- Dealers, advisers and investment fund managers
- Stock exchange and other marketplaces engaged in securities trading
- Clearing agencies
- Entities engaged in derivatives activity

> **Ontario's capital markets are characterized by a high concentration of small and medium-sized firms.**

2 OSC calculation as of March 31, 2019

3 Total equity financings by Ontario issuers listed on the TSX and TSXV calculated by OSC from TMX Group data. Total equity financings by all other publicly listed (CSE and NEO) and private Ontario issuers calculated by CPE Media Inc. The OSC also regulates debt securities, which are not quantified herein.

4 Private financings by Ontario private companies include capital provided by angel investors and venture capital firms.

2.2 Importance of Small and Medium-sized Businesses

Ontario's capital markets are characterized by a high concentration of small and medium-sized firms. Almost 70 per cent of Ontario-based public companies fall into this category (with a market capitalization of $100 million or less). In addition, a significant number of Ontario registrants have only one or two registered individuals.

Reducing regulatory burden is especially critical for these businesses. According to a 2018 research report by the Canadian Federation of Independent Business, small businesses with fewer than five employees face significantly higher costs for regulatory compliance than larger ones with 100 or more employees–over five times higher on a per-employee basis[5].

Meanwhile, the economic impact of reducing the regulatory load on smaller firms is heightened because of their important role in Ontario's economy. Small and medium-sized businesses employ 88 per cent of the people working in Ontario's private sector, and were responsible for 84 per cent of private sector employment growth between 2013 and 2017[6].

2.3 Public and Private Companies

The OSC is the principal securities regulator for approximately 1,100 Canadian public companies (reporting issuers). Of these issuers, approximately:

- 52 per cent have a market capitalization below $20 million
- 17 per cent have a market capitalization between $20 million and $100 million
- 19 per cent have a market capitalization between $100 million and $1 billion
- 12 per cent have a market capitalization above $1 billion[7]

Ontario-based issuers also accounted for $362.2 billion of outstanding corporate bonds in 2018.[8]

In addition, the OSC oversees capital raising by public and private companies in the exempt market. In 2017, Ontario investors invested $37.6 billion in approximately 1,890 Canadian issuers in the exempt market. Of those issuers, 44 per cent were headquartered in Ontario, and approximately 10 per cent were small Ontario issuers with less than $5 million in assets and that raised capital in that year of less than $1 million.[9]

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5 The Cost of Government Regulation on Canadian Businesses

6 Government of Canada Key Small Business Statistics – January 2019

7 OSC calculation as of September 30, 2019.

8 OSC calculation as of March 30, 2019. Based on data from Bloomberg LP.

9 OSC Staff Notice 45-716 Ontario Exempt Market Report

2.4 Registered Dealers, Advisers and Investment Fund Managers (Registrants)

In general, anyone distributing securities, offering investment advice or managing an investment fund in Ontario must register with the OSC, unless they have an exemption. The OSC is the principal securities regulator for over 970 registered firms and more than 54,000 registered individuals.

Ontario registrants are very diverse, with small firms (with one or two registered individuals) making up one third of all registrants. The remaining two thirds consist of medium to large firms, including firms with multiple registration categories and varied numbers and types of individual registrants.

2.5 Investment Funds

There are over 4,300 investment funds that are reporting issuers in Ontario and the OSC is the principal regulator for more than 3,500 of them. This includes conventional mutual funds, exchange-traded funds, alternative funds, non-redeemable investment funds, and scholarship plans, among others.

2.6 Markets, Trading and Clearing

Forty-six separate marketplaces operate in Ontario, trading in equities, debt, futures, and listed and over-the-counter (OTC) derivatives, or engaging in securities lending operations. Fifteen of these are based in Canada.

Fourteen clearing agencies provide clearing and settlement services for equities, debt, and listed and OTC derivatives. Three of these are based in Canada.

Lastly, the OSC also oversees two recognized SROs, the Investment Industry Regulatory Organization of Canada (IIROC) and Mutual Fund Dealers Association of Canada (MFDA), and two approved investor protection funds for client assets in the event of an SRO member insolvency, the Canadian Investor Protection Fund (CIPF) and the MFDA Investor Protection Corporation (MFDA IPC).

2.7 Derivatives Participants

The OSC has regulatory oversight of the OTC derivatives market in Ontario, working with the International Organization of Securities Commissions (IOSCO), the Financial Stability Board (FSB), the CSA and other agencies to fulfill Canada's various commitments in the creation of a transparent framework for regulating OTC derivatives markets. Our work in this area helps us discharge our mandate to contribute to the stability of the financial system and to reduce systemic risk.

Financial institutions, pension funds, and other corporations and individuals participate in Ontario's OTC derivatives market, and 95 per cent of all Canadian OTC derivatives trading involves an Ontario market participant. Three designated trade repositories, all based in the U.S., offer OTC derivative trade reporting services to Ontario market participants.

3.0 WHAT WE HEARD FROM MARKET PARTICIPANTS

3.1 Consultation Process

In undertaking this initiative, it was important for us to hear from stakeholders who bear the cost of complying with our rules and following our processes, as well as from those who represent the investors that fuel our capital markets. We also wanted to hear from OSC staff, who administer our rules and processes every day and who have a wealth of expertise to contribute.

Led by the Task Force, in early 2019, we launched a broad public consultation to obtain feedback on how to reduce the burden that our rules and processes cause. We began by putting out a call for written submissions via OSC Notice 11-784 *Burden Reduction*. Recognizing that not all firms – particularly smaller firms and startups – have the time or dedicated staff available to craft a formal comment letter, we also hosted three public roundtables.

In addition, we held more than 30 consultations with industry associations, advisory committees and the OSC's independent Investor Advisory Panel, which allowed for in-depth dialogue on specific issues important to them.

Businesses of all sizes, law firms, industry associations and investors took the time to provide us with detailed and valuable feedback. We received 69 comment letters, and a total of 764 people attended our roundtables in person, while many others joined the discussions remotely via webcast.

We are appreciative of everyone who took the time to provide input, as their insights help us better understand the impact of our activities and help us choose the best path forward to reduce burden. Appendix 3 contains a list of those who submitted comment letters to us.

3.2 Common Themes

A number of themes emerged from our consultations:

- Businesses would like to more clearly understand how to satisfy our regulatory requirements, and must have the ability to access helpful information to enable them to comply.
- As they grow, they would like support along the way so they aren't held up by regulation.
- They would like us to understand the full scale of the burden they bear and for us to work across our branches and with other regulatory bodies so they aren't pressed to submit the same information repeatedly, or at different times, all of which amplifies the burden of complying.
- They would like service standards and timelines they can count on.
- They would like to feel that what's being asked of them is relevant to their specific business, and to be able to see a clear purpose behind it.
- If there is a solution to a common frustration, and that solution is being held up in regulatory processes, they would like us to push to get it done.

In short, they asked:

- to spend less time and money following our rules, getting our approvals and answering our questions;
- for our rules to be more sensitive to their size and type of business, and to the risks involved – to keep costs manageable for all firms, especially smaller businesses;
- for us to be more flexible with early stage and innovative businesses, allowing for interactions that are easier and faster; and
- to see a good balance in our rules so that they provide enough clarity and detail while maintaining sufficient principles-based flexibility, supported by guidance where appropriate to help businesses understand how to comply.

Investor Feedback

Feedback from investors and their advocates was supportive of our efforts to make regulation more efficient and effective, provided that we do not compromise the standards of investor protection and market integrity. They cited potential benefits from time and cost savings through reducing administrative burden, eliminating outdated or ineffective requirements, and other improvements, including:

- streamlined and plain language disclosure of material information,
- clearer and more accessible guidance on our requirements and investor rights, and
- greater emphasis on responsive and tailored rule-making.

National Systems

Finally, both businesses and investors provided a range of comments on modernizing and increasing the usability of national filing systems, specifically the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI) and the National Registration Database (NRD). The OSC is currently participating in a separate CSA National Systems Renewal Program (NSRP) to replace these and other systems with a comprehensive records filing system named SEDAR+. When completed, SEDAR+ will be a web-based system that will function as a portal between all national systems and that will provide easier access for filers and investors.

We have provided all stakeholder comments we received about national systems to the steering group overseeing the CSA SEDAR+ project. The steering group will continue to provide relevant updates as the project progresses.

4.0 METHODOLOGY TO IDENTIFY AND REDUCE BURDEN

4.1 General Approach

At the OSC, everything we do must be considered within the parameters of our statutory mandate, which is defined in section 1.1 of the *Securities Act*:

> *1.1 The purposes of this Act are,*
>
> *(a) to provide protection to investors from unfair, improper or fraudulent practices;*
>
> *(b) to foster fair and efficient capital markets and confidence in capital markets; and*
>
> *(c) to contribute to the stability of the financial system and the reduction of systemic risk.*

Reducing burden does not mean weakening core investor protections or undermining market confidence. Our mandate gives us the flexibility to ask ourselves tough questions about the work we do, including – What problem is this rule designed to address? Is there a fairer or more efficient way to do it? Is there a less intrusive way to instill confidence in our market?

Coming to decisions on what actions to take, and how to prioritize our actions, was one of the major challenges of this undertaking. While recognizing that we wouldn't be able to act on every suggestion, we committed to addressing as many concerns as possible, as quickly as possible, for the maximum benefit to our capital markets. We were mindful that there would be difficult decisions required based on what was feasible. In many cases, the responses require us to work with our government or our CSA partners on policy changes.

Where we couldn't land on an immediate course of action or where the suggestion warranted further review, we have committed to study the issue. This will allow us to establish the best way forward. Finally, some suggestions we received were not feasible for various reasons, including that they did not relate to activities we regulate or were suggestions for other regulatory bodies. Other suggestions were considered inconsistent with our mandate because they would compromise investor protection or not allow us to do our job.

4.2 Guiding Principle

Given the volume and breadth of suggestions, it was critical that we evaluate and analyze them in a consistent way. To accomplish this, we were guided by the fundamental principle of *proportionate regulation* found in section 2.1 of the *Securities Act*, which we consider when executing our mandate.

> *2.1 Principles to consider – In pursuing the purposes of this Act, the Commission shall have regard to the following fundamental principles:*
>
> *...*
>
> *6. Business and regulatory costs and other restrictions on the business and investment activities of market participants should be proportionate to the significance of the regulatory objectives ought to be realized.*

In applying this principle to our process of reducing burden, our view was that regulation is proportionate when it is:

- **Balanced.** The regulatory costs imposed on stakeholders are commensurate with the anticipated benefits in terms of investor protection, market efficiency, confidence in the market, and financial stability.
- **Tailored.** It avoids, where appropriate, a "one-size-fits-all" approach and takes into account how rules and processes affect entities of different sizes and business models.
- **Flexible.** It recognizes that there can be multiple ways to achieve regulatory objectives, and incorporates stakeholder input to arrive at an optimal solution.
- **Responsive.** It is frequently updated to support innovation and dynamism in our capital markets, while always keeping in mind investor protection, market efficiency, confidence in the market, and financial stability.

Conversely, regulation that imposes undue regulatory burden is, by definition, disproportionate and is inconsistent with how we are expected to execute our mandate.

4.3 Identifying Burden and Developing Responses

We began by documenting the feedback we received through our consultations. We identified 199 suggestions about our requirements and processes, reflecting 38 underlying concerns. We carefully considered each suggestion by asking three questions to determine the best path forward.

Question 1

What is the regulatory objective of the requirement or process causing stakeholder concern?

It is our responsibility to have a clear regulatory objective when we impose a rule or process. This question tested whether the rule or process in question (or in some cases, the lack thereof) addressed a defined problem with a clear link to our mandate. If it did not, it likely created undue or unnecessary burden.

Question 2

Can we eliminate or streamline the process or requirement without compromising the regulatory objective?

Even when a requirement or process has a clear regulatory objective, its design or the way in which it is implemented may still impose undue burden. This led us to think holistically about addressing the underlying issue related to the specific concern raised, and about determining what action was appropriate.

In some cases, we decided that we need to do a more detailed analysis of the burden or underlying issues to better understand potential solutions and risks of unintended consequences. In other cases, we need to allow for time to monitor developments in other jurisdictions, or to assess whether the burden will be reduced by changes we are making to other processes or requirements.

Question 3

What is the priority and estimated implementation time for taking action?

Once we developed our recommended responses, we categorized them by priority and by estimated implementation time – six months or less, 12 months or less, 24 months or less, or more than 24 months.

We prioritized our choices using the following factors:

- A clear and measurable burden
- A broad beneficial impact on the market
- A high degree of stakeholder support for taking action
- Greater regulatory harmonization (domestically or internationally)
- An existing CSA national initiative, with resources already committed and engaged in the work
- A positive impact on small and medium-sized businesses

We considered the following factors when estimating implementation time:

- Whether the initiative involves only the OSC or requires CSA involvement
- The degree of public consultation required
- Whether the initiative is a change to our operational processes (shorter timeline) versus a rule amendment (longer timeline)
- Whether there is one clear solution or multiple options requiring consideration
- Whether implementing the initiative requires other organizational support (such as information technology)

Our focus has been on securities regulatory requirements and processes that the OSC is responsible for, including those where there is duplication between the OSC and SROs. Other than policy initiatives arising from ongoing burden reduction work, we did not generally review requirements and processes that are already the subject of separate, existing policy initiatives.

5.0 ASSESSING THE BENEFITS

Addressing the specific concerns raised by our stakeholders is a critical component of this process. The companies and individuals we regulate are the best sources of information about how our rules and processes impose undue regulatory burden. By addressing their concerns, the burden reduction initiatives outlined in this report will have a wide range of benefits for those we regulate, and for the overall competitiveness of our capital markets.

5.1 Ease of Doing Business

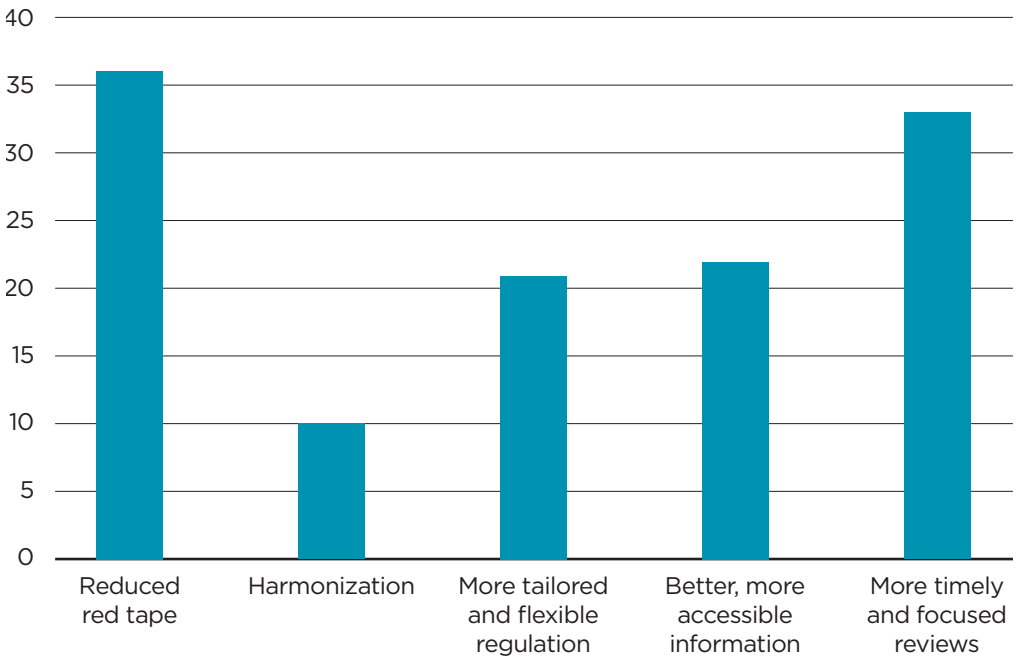
When regulation is overly complex, outdated or inefficient, it can cause frustration for our stakeholders and impede their ability to do business. For example:

- When a registrant firm has to allocate resources to respond to a compliance review without a clear sense of how long the review will take or an understanding of why certain information is being requested.
- When a fintech firm's ability to implement an innovative business model is held back by regulatory requirements that pre-date technological advances.
- When a public company's access to capital is delayed because a prospectus review takes an unexpectedly long time.

The decisions and recommendations in this report will streamline and modernize our rules and processes, making it easier to operate in our capital markets. While many of the resulting benefits are not easily expressed in dollar amounts, we are confident that they represent significant economic value for businesses and for our markets. In section six of this report, for each initiative, we have identified the specific benefits, and we have organized these benefits into the following five categories:

- **Reduced red tape** so businesses are no longer subject to unnecessary or outdated requirements or processes, and available resources can be reallocated to more productive tasks
- **More tailored and flexible regulation** that takes into account different business sizes, models, and methods for achieving regulatory objectives
- **Harmonization** so that businesses can deal with the same set of requirements across our CSA partners or internationally
- **Better, more accessible information** to help businesses understand our requirements, timelines and expectations
- **More timely and focused reviews** to reduce the time and resources that businesses spend resolving issues as part of compliance reviews or in order to obtain regulatory approvals

Decisions and Recommendations by Category[10]



5.2 Direct Cost Savings

For a small number of initiatives outlined in our decisions and recommendations, we have also calculated the anticipated direct cost savings to those we regulate. Generally, these estimated savings relate to initiatives that are well underway or completed. While calculating direct cost savings is not the primary focus of our burden reduction work, we want to provide this information to stakeholders where it is feasible to do so, to be transparent about the potential impact of our burden reduction initiatives.

10 Some decisions and recommendations fall into more than one category.

Specifically, we have determined that calculating cost savings is appropriate for initiatives where:

- we have identified a clear and specific requirement or process to be eliminated or modified,
- we have begun work to eliminate or modify that specific requirement or process, and
- we can reasonably identify the activities and time involved to comply with that requirement or process, using information from our operational work, third-party sources or market participants (e.g. advisory committees and industry associations).

Our calculation methodology adapts the Standard Cost Model, which has been used by the governments of Canada and Australia, among others, to measure the administrative burden of regulation. We have calculated average annual savings by dividing the net present value of total cost savings over a 10-year review period by 10.

The calculation takes into account two broad categories of costs associated with regulatory compliance:

- **Fees:** Direct payments to the OSC as set out in OSC Rules 13-502 *Fees* and 13-503 (*Commodity Futures Act*) *Fees*. Examples include participation, activity and late fees.
- **Regulatory compliance costs:** Costs associated with the activities required to meet regulatory obligations. Examples include costs of providing information to the OSC, recordkeeping and reporting, filing applications or requests for regulatory approvals, and participating in audits or compliance reviews.

At the time of publication, we have calculated direct cost savings for 21 of the 107 initiatives set out in section six of this report. In total, we estimate conservatively that these 21 initiatives will result in approximately $7.8 million of average annual cost savings for the businesses we regulate. As part of these savings, we estimate that businesses would have paid approximately $1.6 million less annually in fees had these initiatives been in place. These estimates are based on a review of fees paid to the OSC from 2015 to 2018.

A list of these initiatives, their associated cost savings and an explanation of our methodology are provided in Appendix 2.

In the coming months, as more initiatives progress to a point where they meet the criteria for calculating direct cost savings, we anticipate that this number will grow. We will provide updates on cost savings as part of our progress reporting.

6.0 CONCERNS, DECISIONS AND RECOMMENDATIONS

What follows is a list of our decisions and recommendations on how to reduce regulatory burden, organized by the concerns identified through our consultation process. We begin by describing actions that will have a broad impact across multiple market participants and that relate to the OSC generally. We follow that with sections for five groups of stakeholders (public companies, investment funds, registrants; markets, trading and clearing; and derivatives participants).

For each group, we set out the concerns we heard and how we plan to address them, the benefits for stakeholders and an estimated timeline for implementing changes. We also identify the benefits that the change would have for stakeholders. In many cases, the benefits are more qualitative in nature, and for each change, we have identified one or more of the qualitative benefits mentioned above:

- Reduced red tape
- More tailored and flexible regulation
- Harmonization
- Better and more accessible information
- More timely and focused reviews

The full list of concerns, decisions and recommendations begins on page 29. **Items marked with asterisks (**) already involve, or require the involvement of, our CSA partners.** We also provide a summary of decisions and recommendations in Appendix 1.

6.1 Concerns, Decisions and Recommendations Affecting All Market Participants

We identified 14 suggestions from our consultations that cut across stakeholder groups, reflecting four underlying concerns relating to:

1. **differences between the *Securities Act* and equivalent legislation in other jurisdictions,**
2. **regulatory approvals and reviews,**
3. **policy making, and**
4. **interaction with stakeholders.**

We developed 13 decisions and recommendations to address these concerns. These decisions and recommendations are set out in detail below and focus on:

- making compliance with our rules less time consuming, expensive and confusing,
- reducing the time and cost of our regulatory review and approval processes,
- improving our policy making process through better regulatory impact analysis and clearer drafting, and
- finding ways to help market participants get information from us and provide information to us more easily and cost effectively.

These are in addition to the numerous initiatives targeted at specific stakeholders, as set out in the sections that follow.

CONCERN 1: RESTRICTIVE AND DISHARMONIZED *SECURITIES ACT* PROVISIONS

Provisions that are unique to Ontario result in unnecessary costs and confusion for market participants:

- The OSC's inability to issue orders or rulings of general application means that market participants must each file an application and must pay fees to address routine issues that are common to a group of market participants.
- In some instances, provisions of National and Multilateral Instruments do not apply in Ontario because the *Securities Act* contains a substantially equivalent provision. This type of drafting creates the appearance of substantive differences between Ontario and other Canadian jurisdictions where none exist and it makes the rules more difficult to understand.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
A-1	**Recommend an amendment to the *Securities Act* to obtain authority to make exemptive relief orders applicable to multiple market participants ("blanket orders") to avoid the costs associated with filing multiple separate exemptive relief applications**	Completed	Completed	Completed	Reduced red tape
A-2	**Evaluate whether to recommend relocating various provisions found in the *Securities Act* into National Instruments to harmonize the placement of OSC requirements with those of other Canadian jurisdictions**	Summer 2019	24 months	In progress	Harmonization

DISCUSSION

Several stakeholders suggested that the OSC should recommend amendments to the *Securities Act* to provide the authority to issue blanket orders. Having blanket order authority, similar to other Canadian securities regulators, would enable us to be more responsive to the needs of market participants by facilitating routine, industry-wide exemptive relief that would otherwise have to be granted on a case-by-case basis. In these circumstances, blanket orders can reduce costs for market participants and allow us to be more responsive than the traditional rule-making process permits, without any impact on investor protection. On November 6, 2019, the Ontario Government announced its intention to amend the *Securities Act,* in line with the Capital Markets Plan, to allow the OSC to issue blanket orders supporting greater efficiency in capital markets.

With respect to harmonizing the placement of requirements by relocating them from the *Securities Act* to National Instruments, we will assess whether this will meaningfully reduce burden for market participants and, if so, we will recommend legislative changes. Extensive changes would be required to eliminate the appearance of differences between jurisdictions where none actually exist. Since there would be no changes of substance, there would be no impact on investor protection. However, for the same reason, the reduction in burden for market participants would not be as great as that realized by focusing our efforts on eliminating or reducing substantive requirements that are no longer serving a valid purpose.

CONCERN 2: REGULATORY APPROVALS AND REVIEWS

Obtaining regulatory approvals and participating in compliance and other regulatory reviews is too expensive and time-consuming.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
A-3	**Adopt and publish service standards that cover more processes, particularly compliance reviews, and establish a framework for performance measurement and continuous improvement**	Summer 2019	12 months	In progress	Better and more accessible information More timely and focused reviews
A-4	**In consultation with stakeholders, review compliance processes to improve focus on materiality, clarity, consistency, efficiency of interactions with staff and increased reliance on the principal regulator**	Summer 2019	12 months	In progress	More timely and focused reviews

DISCUSSION

Market participants emphasized the need for increased efficiency and consistency in our service standards. We will identify ways to become more efficient in how we do our work, without compromising our mandate. Similarly, we will find ways to improve our compliance processes and make them more transparent, while at the same time ensuring that those processes help us identify and rigorously analyze the key issues.

CONCERN 3: POLICYMAKING

When rules are made, not enough attention is paid to how entities with different business models or of different sizes are impacted. The costs and benefits of proposed rules should be articulated more clearly. Rules, policies and guidance are sometimes drafted in a confusing or unclear manner. The OSC's approach to regulation is often too prescriptive and the difference between rules and guidance may not always be clear.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
A-5	**Enhance regulatory impact analysis for rule-making**	Summer 2019	12 months	In progress	More tailored and flexible regulation
A-6	**Improve clarity and consistency in drafting OSC rules, policies and guidance**	Summer 2019	12 months	In progress	Better and more accessible information
A-7	**Work with the CSA to improve clarity and consistency in drafting CSA rules, policies and guidance****	Summer 2019	TBD	In progress	Better and more accessible information
A-8	**Engage in targeted consultations with market participants on how to better combine and balance principles-based rules, prescriptive rules and guidance**	Summer 2019	24 months	In progress	More tailored and flexible regulation
A-9	**Engage in targeted consultations to further understand and address stakeholders' concerns that staff guidance is being applied as rules**	Summer 2019	12 months	In progress	More timely and focused reviews Better and more accessible information

DISCUSSION

When making rules, we will conduct a deeper and more comprehensive regulatory impact analysis. Underlying our analysis will be an understanding that regulatory requirements can impose significant costs, directly or indirectly, on stakeholders and that those requirements should be proportionate to the benefits we seek to achieve. We will also recognize that our capital markets are composed of a varied group of stakeholders and that the impacts of rules on those stakeholders can be equally varied.

With respect to improving clarity and consistency in rules, policies and guidance, market participants will benefit from a reduction in the time and expense required to evaluate and understand the applicable rules.

We will engage in targeted consultations with market participants to better understand their concerns about finding the right balance between prescriptive and principles-based rules. We also received comments that we should be more mindful in considering whether guidance is generally helpful or is itself a source of burden. In our view, the ideal regulatory approach involves combining and balancing principles-based rules, prescriptive rules and guidance. We welcome the opportunity for additional dialogue with market participants on how best to refine this balance.

We also intend to engage in targeted consultations regarding the application of staff guidance, because it is important that everyone can recognize the differences between guidance and rules and that guidance is being used appropriately in compliance and regulatory reviews.

CONCERN 4: INTERACTION WITH STAKEHOLDERS

Interacting with, and accessing information from, the OSC can be complicated, time-consuming and expensive.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
A-10	**Redevelop the OSC website format and content, prioritizing the posting of updated consolidated rules and better access to staff contact information**	Summer 2019	12 months	In progress	Better and more accessible information
A-11	**Evaluate the extent to which improvements to local filing systems can be made given the scope, resource and timing implications for existing local project work and SEDAR+**	Summer 2019	24 months	In progress	Reduced red tape
A-12	**Consider improvements to existing outreach programs (e.g., checklists, guides, in-person outreach, and channels of delivery)**	Summer 2019	24 months	In progress	Better and more accessible information
A-13	**Review the terms of engagement with advisory committees to increase their value as a source of input**	Summer 2019	24 months	In progress	Better and more accessible information
A-14	**Evaluate existing service standards for OSC stakeholders and establish a framework for determination, measurement and continuous improvement**	January 2020	24 months	Planning	Better and more accessible information

DISCUSSION

Redeveloping the OSC website's content and format will allow market participants to access relevant information more quickly and easily, as will our evaluation of possible improvements to local filing systems.

Improvements to existing outreach programs will enhance investor protection and confidence in the capital markets, since they will make such programs more effective.

Finally, our review of ways in which to increase the contributions made by advisory committees will foster investor protection and will assist in our burden reduction efforts, as such committees serve as a forum through which investors and market participants can express views and concerns.

6.2 Concerns, Decisions and Recommendations Affecting Companies

We identified 72 suggestions through our consultations, reflecting 13 underlying concerns relating to:

1. **prospectus reviews,**
2. **reports of exempt distribution,**
3. **cease-trade orders,**
4. **exempt market capital raising,**
5. **continuous disclosure documents,**
6. **electronic delivery of documents,**
7. **prospectus offering requirements,**
8. **insider reporting and trading by insiders,**
9. **venture issuer material change reports,**
10. **overlapping exchange rules,**
11. **insurance issuers,**
12. **environmental, social and governance reporting, and**
13. **the Multijurisdictional Disclosure System.**

We have developed 13 decisions and recommendations to address the first seven of the 13 concerns. We aim to reduce burden through these initiatives by:

- streamlining the prospectus review process to increase certainty for issuers conducting a public financing,
- making the process for filing reports of exempt distribution less time-consuming and expensive,
- making it easier to obtain information about issuers that are subject to cease-trade orders,
- harmonizing the crowdfunding rules to make it easier for start-ups to raise capital,
- streamlining continuous disclosure requirements,
- increasing the ability of issuers to deliver documents to investors in digital format, and
- developing proposals to make it more cost-effective for reporting issuers to conduct public offerings.

We are not addressing the remaining six concerns at this time, as discussed in more detail below.

While the initiatives we are pursuing will reduce burden for all public companies, small and medium-sized companies for whom the time and costs of undertaking a public financing are particularly significant will benefit from a more timely and transparent prospectus review process. In addition, reduced costs of accessing the exempt market and more streamlined continuous disclosure requirements will be of particular benefit to small and medium-sized companies. Harmonization of the crowdfunding rules will also facilitate capital raising by startup companies.

CONCERN 1: PROSPECTUS REVIEWS

The timing for obtaining a receipt for a final prospectus is too uncertain, and the review process is too cumbersome. There is insufficient clarity about what types of issues staff may raise when reviewing a prospectus, and whether and why these issues are considered material. Issues raised during the course of the review of a preliminary prospectus may lead to unexpected delays.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-1	**Develop a process for mining issuers to request confidential staff review of publicly-filed mining disclosure prior to commencing an offering**	Completed	Completed	Completed. See OSC Staff Notice 43-706 *Pre-filing Review of Mining Technical Disclosure*	More timely and focused reviews
C-2	**Develop a process for issuers to request confidential staff review of an entire prospectus prior to announcing an offering****	Summer 2019	12 months	In progress	More timely and focused reviews
C-3	**Publish guidance about issues that staff would raise during prospectus reviews that may impact the structure of an offering or where there may be questions regarding the interpretation of certain requirements**	Fall 2019	12 months	In progress	Better and more accessible information
C-4	**Harmonize the requirements for financial statements to be included in a long form prospectus relating to an issuer's primary business****	Fall 2018	24 months	In progress	Harmonization

(Continued on next page)

Concern 1: Prospectus Reviews *(continued)*

DISCUSSION

We received a number of comments on how our prospectus review process could be improved to increase deal certainty. Stakeholders want to have a better understanding of how long a prospectus review should take and what types of issues staff will raise. We implemented a program for mining issuers to request a review of their existing technical reports and disclosure so that any concerns may be addressed before launching an offering. This was an area of particular focus because updating technical reports may require considerable time and work, and may involve retaining geologists and other experts. We are also proceeding with a general program to allow for confidential review of prospectuses prior to an offering to provide issuers and dealers with greater flexibility and certainty over the timing of an offering. Additional guidance on issues that may be raised in connection with a prospectus review and the required financial statements will also enable issuers to avoid unnecessary delays.

After careful consideration, we have identified the above priority decisions and recommendations. In our view, implementing these actions will increase deal certainty with minimal to no negative impact on investor protection. Completed upgrades to SEDAR have substantially eliminated any delays in posting documents through the system for SEDAR users and the public SEDAR website is updated every 15 minutes. Technical and operational improvements included in SEDAR+ will further enhance secure and centralized communication for prospectus reviews.

We also think that our pre-filing review program for technical disclosure will address the suggestion to modify the triggers for a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) technical report by enabling mining issuers to address issues and inquire about the applicability of NI 43-101 interpretations for their public technical disclosure prior to an offering being commenced.

Some commenters noted that the requirements for manual signatures for forms required under the SEDAR system should be eliminated. These concerns will be addressed by SEDAR+.

We received a suggestion to reconsider the impact of an issuer's financial condition on its ability to use the shelf prospectus system. In light of the potential investor protection concerns arising from less robust financials, we will continue to address these issues on a case-by-case basis. As discussed above, we will also consider providing additional guidance concerning financial condition concerns in connection with prospectus reviews.

We considered a suggestion that we should no longer require separate applications for exemptive relief that arise in the context of a prospectus filing. We require a separate application in these circumstances to provide greater transparency for other market participants that may need to request similar relief in the future and to treat all requests for relief in the same manner.

We also received a suggestion that we allow capital pool companies that conduct a qualifying transaction with a foreign company to be approved by the exchange rather than require them to file a non-offering prospectus. We are reviewing whether the requirement for a non-offering prospectus should remain given the unique risks that arise in some foreign jurisdictions.

CONCERN 2: REPORTS OF EXEMPT DISTRIBUTION

The process for filing reports of exempt distribution (REDs) is too time-consuming and expensive.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-5	**Review options for extending the filing deadline, and engage in public consultation ****	Summer 2019	24 months	In progress	More tailored and flexible regulation

DISCUSSION

We are considering whether the filing deadline for REDs can be extended in a way that reduces regulatory burden on issuers but that does not compromise our ability to obtain timely information to support our compliance and enforcement work. Extending the filing deadline will allow issuers in continuous distribution to report more transactions on a single report, which will reduce the number of filings and the total amount of fees paid in connection with exempt distributions. Issuers who conduct discrete offerings will have more time to file reports.

We also heard that it is unduly burdensome to have to file REDs on up to three different filing systems (OSC Electronic Filing Portal, BCSC eServices, SEDAR). The existing filing systems will be replaced by a single filing system as part of SEDAR+.

We are also considering reducing the $500 filing fee. Our proposals will be published for comment as part of amendments to OSC Rule 13-502.

We received suggestions to reduce the amount of information required in the RED, and to keep more information confidential. We recently harmonized the content of the RED form across the CSA through an extensive public consultation. We do not plan to make additional changes to the content of the report at this time. We also think that having information on exempt market financing (which does not include the personal information of investors) publicly available supports transparency in this sector. The RED does not include information that would generally be considered to be commercially sensitive; however, individual issuers with unusual circumstances that would result in prejudice if the RED were disclosed may apply for confidentiality.

We also received a comment that there is a lack of harmonization when REDs and filing fees are triggered for distributions involving pooled funds or managed accounts. As described in CSA Staff Notice 45-325 *Filing Requirement and Fee Payable for Exempt Distributions involving Fully Managed Accounts*, this issue is a result of requirements that apply in other jurisdictions.

CONCERN 3: CEASE-TRADE ORDERS

It is difficult to confirm if an issuer is subject to a cease-trade order (CTO) based on the information provided on the OSC and CSA websites, particularly where the issuer has undergone a name change or restructuring.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-6	**Provide clearer information on the OSC website on an issuer's CTO status**	Summer 2019	18 months	In progress	Better and more accessible information
C-7	**Where applicable, include additional information, such as CUSIP numbers or more details regarding individual officers and directors subject to a CTO, in published orders to better identify which securities are covered by the CTO**	Summer 2019	18 months	In progress	Better and more accessible information

DISCUSSION

These decisions and recommendations respond to comments from investment dealers and are intended to provide them with more information to assist in determining if trading in a particular security should be restricted. We also expect that SEDAR+ will result in easier access to information regarding CTOs, since all information regarding an issuer will be available through a single system.

Some comments indicated confusion about the impact of reciprocal CTOs in multiple jurisdictions and the process for seeking revocations in more than one jurisdiction. We will consider whether updated guidance is necessary.

CONCERN 4: EXEMPT MARKET CAPITAL RAISING

There should be more done to facilitate capital raising in the exempt market. For example, the disharmonized crowdfunding rules across the CSA add additional cost and time to startups wanting to use this exemption and are confusing given the varied requirements between jurisdictions.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-8	**Harmonize the crowdfunding exemption and publish proposed amendments for public consultation****	Fall 2018	24 months	In progress	Harmonization

DISCUSSION

In Ontario, there are crowdfunding rules that allow companies, particularly startups and companies in their early stages of development, to raise funds online from the public through a single funding portal registered with securities regulators. Investor protection measures include investment limits, completion of a risk acknowledgment form by the investor, the ability to withdraw within 48 hours of making an investment, and prescribed offering disclosure. We have received feedback that crowdfunding is not an attractive capital-raising tool because of the disharmonized rules across the CSA. This recommended action will seek to harmonize the various CSA crowdfunding rules. We will also seek comment on increases to the issuer and investor limits to make crowdfunding more attractive.

We received other suggestions regarding capital raising on a prospectus-exempt basis that require further study, including by monitoring developments in the U.S. These suggestions include:

- expanding the accredited investor exemption criteria, e.g. by adding a category of investors with specialized knowledge or financial expertise,
- harmonizing the offering memorandum exemption,
- eliminating the requirement for disclosure of statutory rights of rescission and damages in offering memoranda,
- developing a new prospectus exemption for banks, money managers and investment funds to participate in private placements by foreign non-reporting issuers, and
- developing a new prospectus exemption for corporate actions by a foreign non-reporting issuer.

We also considered, but are not currently planning to implement, suggestions that we modify or expand prospectus exemptions and other requirements related to exempt market capital raising. We think that the following suggestions would have a negative impact on investor protection or our enforcement capabilities:

- eliminate the Risk Acknowledgement Form for the accredited investor exemption,
- eliminate the requirement to deliver offering memoranda to the OSC,
- allow the $150,000 prospectus exemption to apply to individuals, and
- allow issuers to solicit private placement investors on their unrestricted websites and through social media.

With regard to a suggestion to allow resale of non-reporting issuer securities in the exempt market, we plan to take a measured approach in order to mitigate the risk of unduly compromising investor protection. Although we generally consider resale restrictions for retail investors to be appropriate for issuers that do not provide continuous disclosure, we will consider case-by-case exemptive relief based on the specific types of issuers, investors and intermediaries involved. We encourage fintech or other innovation firms considering distributions of securities (including novel securities) to consult with OSC Launchpad on potential exemptive relief. We continue to monitor developments in other jurisdictions and will consider adopting any advances in this area that are consistent with our mandate.

One commenter suggested additional guidance on the types of documents that could be considered to be an offering memorandum under the *Securities Act*. We will consider this comment in connection with our ongoing issuer outreach programs.

CONCERN 5: CONTINUOUS DISCLOSURE DOCUMENTS

Some of the information required to be disclosed under the continuous disclosure requirements is duplicative or not meaningful to investors, which results in issuers incurring unnecessary time and cost.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-9	**Amend the rules to reduce the number of instances when financial statements are required to be filed for significant acquisitions in business acquisition reports (BARs) and other disclosure****	Fall 2018	24 months	In progress. Proposed amendments were published in August 2019	Reduced red tape
C-10	**Amend the disclosure required in the Annual Information Form (AIF) and Management Discussion and Analysis (MD&A) to avoid duplicative or unnecessary disclosure****	Fall 2018	24 months	In progress	Reduced red tape

DISCUSSION

These decisions and recommendations are part of our existing regulatory burden policy initiatives that we announced last year. We received several comments related to these initiatives which we will address in our ongoing work.

Some commenters suggested streamlining the information circular requirements, including with respect to executive compensation. We are not currently proceeding with this initiative in light of our focus on streamlining AIF and MD&A disclosure. We will examine this issue in the future. We received a comment that the requirements relating to forward-looking information (FLI) may cause companies to be reluctant to communicate their future expectations due to concerns about legal liability. Based on our operational work, we have observed issuers frequently providing FLI. We note that we have published staff guidance on the preparation and use of FLI (CSA Staff Notice 51-330 *Guidance Regarding the Application of Forward-looking Information Requirements under NI 51-102 Continuous Disclosure Obligations*) and Commission policy guidance on the scope of the statutory defence for civil liability (OSC Policy 51-604 *Defence for Misrepresentations in Forward-Looking Information*).

A commenter suggested that we introduce rules to allow Canadian issuers that are subject to U.S. securities legislation (because they are not considered "foreign private issuers") to comply with U.S. law in lieu of Canadian securities law. We are not planning to follow that suggestion at this time, in light of our other priority actions and the limited number of issuers in this situation. We also are not planning at this time to introduce specific disclosure requirements for non-revenue generating mining companies as the MD&A requirements are already able to support tailored disclosure of this type – see OSC Staff Notice 51-722 *Report on a Review of Mining Issuers' Management's Discussion and Analysis and Guidance*.

One commenter cautioned against extending the accommodations currently provided to venture issuers more generally. We are not considering this change at this time.

CONCERN 6: ELECTRONIC DELIVERY OF DOCUMENTS

The current rules do not enable issuers to deliver required documents (e.g., prospectuses) using lower-cost and more efficient digital formats.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-11	**Develop a comprehensive approach to modernizing delivery requirements for corporate issuer documents and publish a concept paper for consultation****	Fall 2018	18 months	In progress	Reduced red tape

DISCUSSION

This initiative is one of the existing regulatory burden policy initiatives that we announced last year. We received several comments related to this initiative, that we will address in our ongoing work. In general, the comments supported moving to greater reliance on electronic delivery and "access equals delivery" models, subject to investors having the option to request physical delivery.

CONCERN 7: PROSPECTUS OFFERING REQUIREMENTS

The disclosure, marketing and other requirements related to prospectus offerings are too inflexible and cumbersome, and make the process of conducting a financing in the public market too lengthy and too costly.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
C-12	**Develop and publish proposals to make it more cost-effective for issuers to conduct a prospectus offering****	Fall 2018	24 months	In progress	More tailored and flexible regulation
C-13	**Amend the rules so that at-the-market (ATM) offerings can be conducted without having to obtain prior exemptive relief ****	Fall 2018	24 months	In progress. Proposed amendments were published in May 2019	Reduced red tape

DISCUSSION

These decisions and recommendations are part of our existing regulatory burden policy initiatives that we announced last year.

We received several suggestions related to these initiatives which we will consider in our ongoing work. These include:

- extending the term of a shelf prospectus to three years,
- streamlining prospectus disclosure requirements,
- introducing automatic shelf prospectus procedures similar to the U.S. Well-Known Seasoned Issuer (WKSI) concept,
- allowing a qualified person other than the qualified person that prepared a technical report to approve disclosure in a prospectus,
- streamlining the PIF filing requirements, and
- expanding the "testing the waters" exemption for a prospectus offering.

However, commenters also advised us to exercise caution in making any changes to the current prospectus rules that could affect current market practices. For example, there would be concerns if bought deals were inadvertently impacted by any rule changes.

We will consider whether the expanded "testing the waters" exemption recently adopted in the U.S. will affect financing activity by Canadian issuers who are also trading in the U.S., or will impact Canadian-based institutional investors, and whether changes to our requirements are necessary.

We will need to study further some suggestions that would mark a significant departure from our existing rules, such as having two years of financial statements in IPO prospectuses instead of three; eliminating the requirement to send a preliminary prospectus; and reducing the withdrawal right in the *Securities Act* to one business day from two. We have also considered whether there is a need for any additional guidance or changes to the marketing rules beyond a "testing the waters" exemption, as suggested by some commenters. We are not proposing to introduce any changes at this time in light of our other priorities.

CONCERN 8: INSIDER REPORTING AND TRADING

Insider reporting should be required in fewer situations. Its content should be simplified, as the time and money spent on its preparation is disproportionate to its benefit.

DISCUSSION

We received several comments pertaining to the insider reporting requirements, a number of which suggested we should provide more guidance or more flexible reporting requirements, particularly in connection with automatic securities disposition plans. We will consider these comments in connection with the recently announced CSA review of automatic securities disposition plans. This review will consider whether the regulatory framework for these plans should be enhanced and harmonized across Canada, including whether any changes are required to the existing approach to granting exemptions for insider reporting in connection with trades under these plans.

We also received a comment that it would be beneficial if we provided updated guidance on when material information is "generally disclosed" for the purposes of compliance with insider trading rules. We will consider whether updated guidance is necessary; however, we do not expect to complete this within the next 24 months in light of our other priorities.

CONCERN 9: VENTURE ISSUER MATERIAL CHANGE REPORTS

The requirement to file a material change report (MCR) imposes an undue burden on venture issuers, who are more likely to experience material changes than are other issuers.

DISCUSSION

We received a comment that filing MCRs imposes a burden on venture issuers, who are more likely to experience material changes, and that such reports often do not provide additional information beyond what is included in a news release. We believe that the MCR is a core disclosure document that provides investors with important, material information. MCRs must contain enough information for an investor to understand the nature and implications of the change, which may go beyond what would be found in a typical news release. MCRs also help market participants differentiate between news releases that disclose material changes and those that are more routine. Removing this distinction could expand the scope of potential liability for issuers and increase confusion for investors. Finally, we note that issuers can, and often do, attach the relevant news release to the MCR, with supplemental disclosure as needed; thus, minimizing the burden of preparing the MCR. Accordingly, we are not proposing changes at this time.

CONCERN 10: OVERLAPPING EXCHANGE RULES

Issuers must comply with exchange rules that often overlap with similar statutory or other requirements and that require additional time and expense.

DISCUSSION

We received a comment that we should generally defer to exchange requirements where such requirements overlap with securities law requirements. Before we determine whether we should defer in those circumstances, we would first need to conduct a thorough and comprehensive assessment of whether those rules and processes adequately address the specific regulatory concerns to which our rules are directed. We do not expect this to occur within the next 24 months, as we are focusing on other significant initiatives that we have identified as significantly reducing regulatory burden without compromising the relevant regulatory objectives. In the interim, we will continue to reduce overlapping requirements where possible as part of our ongoing policy work.

CONCERN 11: INSURANCE ISSUERS

A substituted compliance regime is lacking in the insurance sector, which results in various regulators imposing requirements that in some cases overlap with, or duplicate, requirements for reporting issuers.

DISCUSSION

We received a comment that there are overlapping and duplicative requirements imposed on insurance reporting issuers by various regulators including the OSC, and that a substituted compliance regime would be appropriate for such issuers. We will share these comments and consider opportunities to work with the insurance regulators on reducing burden for this subset of reporting issuers in the future. However, we are currently prioritizing initiatives that will reduce burden for reporting issuers generally.

CONCERN 12: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

A lack of consistent requirements with respect to ESG reporting and disclosure imposes additional time and cost on issuers and investors.

DISCUSSION

We received a comment that the lack of consistent standards for reporting of environmental, social and corporate governance imposes costs on issuers and investors. We refer readers to the recently-published CSA Staff Notice 51-358 *Reporting of Climate Change-related Risks*, which provides additional guidance on the application of our existing requirements in this area. We are not currently considering proposing new requirements.

CONCERN 13: MULTIJURISDICTIONAL DISCLOSURE SYSTEM (MJDS)

Misalignments between Canadian and U.S. rules applicable to southbound MJDS create uncertainty for issuers and may require them to seek exemptive relief.

DISCUSSION

We received a comment that there are misalignments between Canadian and U.S. rules applicable to offerings that occur under MJDS that create uncertainty for issuers and, in some cases, require issuers to seek exemptive relief. In our view, any misalignments under MJDS are relatively minor and are outweighed by the resources required to make changes to the MJDS, including managing the risk of disruption to a generally well-functioning system. We will continue to address any misalignments on a case-by-case basis.

6.3 Concerns, Decisions and Recommendations Affecting Investment Funds

We identified 44 suggestions through our consultations about how to change our requirements and processes, reflecting five underlying concerns relating to:

1. **the prospectus regime for investment funds,**
2. **continuous disclosure requirements for investment funds,**
3. **operational requirements for investment funds,**
4. **routine applications for exemptive relief, and**
5. **engagement with investment fund stakeholders.**

We have identified 24 decisions and recommendations to address the concerns. These decisions and recommendations are set out in detail below and focus on:

- streamlining the investment funds prospectus regime,
- streamlining investment fund continuous disclosure requirements,
- increasing operational flexibility, and
- codifying routine exemptive relief to eliminate the need to file exemptive relief applications.

CONCERN 1: INVESTMENT FUND PROSPECTUS REGIME

The prospectus regime for investment funds is cumbersome and the filing process is unnecessarily repetitive and frequent:

- Prospectuses must be filed annually even when there are no substantive changes in content.
- Any change to the prospectus filing process for a particular issuer (e.g., extension of lapse date, extension of preliminary 90-day filing period) must be effected by way of exemptive relief, which results in unnecessary costs for that issuer.
- Investment fund managers face the unnecessary burden of providing similar information to Investment Funds and Structured Products Branch (IFSP) staff twice – once as a registrant under securities legislation, and again for the purpose of security checks.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
F-1	(a) Publish a consultation paper to consider how to reduce the frequency of investment fund prospectus filings	Fall 2019	12 months	In progress	Reduced red tape
	(b) implement changes to reduce the frequency of prospectus filings**	Fall 2020	12 months	Pending	
F-2	Introduce a simplified process to address 90-day preliminary prospectus extension applications, similar to OSC Staff Notice 12-703 *Applications for a Decision that an Issuer is not a reporting issuer*	Fall 2019	12 months	Planning	Reduced red tape
F-3	Finalize amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and National Instrument 41-101 *General Prospectus Requirements* to streamline personal information form filing requirements and to rely on the current registration regime**	January 2020	9 months	Pending	Reduced red tape

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Concern 1: Investment Fund prospectus Regime *(continued)*

Number	Description	Start	Target Date (from start)	Status	Benefits
F-4	**Finalize amendments to NI 81-101, NI 81-102 *Investment Funds*, NI 81-106 *Investment Fund Continuous Disclosure*, National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*, NI 13-101 *System for Electronic Document Analysis and Retrieval*, and NI 13-102 *System Fees for SEDAR and NRD* to consolidate the simplified prospectus and the annual information form for mutual funds in continuous distribution****	January 2020	9 months	Pending	Reduced red tape
F-5	**Consider potential options for adapting the shelf prospectus system to investment funds and, if viable, publish a consultation paper****	Fall 2019	24 months	Planning	More flexible and tailored regulation

DISCUSSION

We received a comment with respect to the prospectus review process that issuing comment letters and receipts for prospectus through SEDAR can lead to delays, and that such documents should be sent concurrently by email. Completed upgrades to SEDAR have substantially eliminated any delays in posting documents through the system for SEDAR users and the public SEDAR website is updated every 15 minutes. Technical and operational improvements included in SEDAR+ will further enhance secure and centralized communication for prospectus reviews.

Other commenters suggested that it would be appropriate for staff to consider new or revised rules or processes to: (i) establish new financial reporting standards for investment funds in a streamlined reporting format, (ii) establish new, updated rules for scholarship plans, and (iii) remove the requirement to pre-file ETF Facts for new funds prior to being cleared for final receipt. We view all of these as important suggestions, however, further study is required to assess the underlying concerns and to determine potential solutions.

CONCERN 2: INVESTMENT FUND CONTINUOUS DISCLOSURE REQUIREMENTS

Commenters told us that current content and process requirements do not result in meaningful and concise disclosure for investors.

- Certain filings require duplicative information and would be more useful to investors if streamlined.
- Certain disclosure requirements have minimal utility and should be eliminated.
- Providing investors with access to information is costly for filers and can be better achieved using electronic means.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
F-6	**Develop and implement an alternative to the annual notice reminder requirement contained in NI 81-106****	Fall 2019	18 months	Planning	Reduced red tape
F-7	**Develop and implement amendments to streamline the material change reporting regime for investment funds****	Fall 2019	18 months	Planning	Reduced red tape
F-8	**Develop and implement an alternative disclosure model for non-IFRS financial statement content****	Fall 2019	24 months	Planning	More tailored and flexible regulation
F-9	**Streamline duplicative continuous disclosure content requirements (*e.g.*, MRFPs, related party disclosure requirements) and prospectus content requirements****	Fall 2019	36 months	Planning	Reduced red tape
F-10	**Identify opportunities to promote electronic delivery of investment fund continuous disclosure documents and publish a proposal that considers the final recommendations of the *CSA Reducing Regulatory Burden – Enhancing Electronic Delivery Committee***	Winter 2019	24 months	Planning	Reduced red tape

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Concern 2: Investment Fund Continuous Disclosure Requirements *(continued)*

Number	Description	Start	Target Date (from start)	Status	Benefits
F-11	**Finalize amendments that require each investment fund to have a designated website with the potential for investment fund regulatory disclosure to be posted****	January 2020	9 months	Pending	Reduced red tape

DISCUSSION

One commenter suggested that the requirement to file a report of voting results be removed where a news release announcing results has already been filed. Another commenter suggested that we develop a new format of information circular that is tailored to investment funds seeking approval of a fundamental change. In our view, there is sufficient flexibility in the current content requirements of the information circular. We look forward to working with filers on a case-by-case basis.

Other commenters suggested that staff: (i) re-evaluate the value of reports required by NI 81-107 Independent Review Committee for Investment Funds, (ii) replace current requirements in NI 81-102 to publish multiple warnings and disclaimers in sales communications, and (iii) streamline the process for linked notes. These are all important suggestions, however, further study is required to assess the underlying concerns and to determine potential solutions.

CONCERN 3: INVESTMENT FUND OPERATIONAL REQUIREMENTS

Current operational restrictions on investment funds unnecessarily impair operational efficiency and impede investment fund managers from innovating, which can negatively impact investors' returns:

- Limiting investment funds to only one custodian for portfolio assets is unnecessary given the ability of other entities to act as a qualified custodian of investment fund assets.
- Unnecessary proficiency restrictions for Alternative Funds (Alt Funds) create impediments to having a wider distribution network thus limiting investor access to Alt Funds as well as limiting opportunities for greater scale.
- Unnecessary investment restrictions that are not rooted in investor protection concerns place undue limits on portfolio management options, which can negatively impact investor outcomes.
- Unnecessary use of sunset clauses in exemptive relief creates operational uncertainty regarding whether relief will be extended and requires filer time and effort to seek an extension.
- Current pre-approval criteria for investment fund mergers require filers to seek regulatory approval of such mergers which are already subject to securityholder approval and oversight of the investment fund's Independent Review Committee.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
F-12	**Finalize an exemptive relief precedent[11] to allow an investment fund to have more than one custodian for additional operational flexibility without impacting the safety of assets**	Completed	Completed	Completed	More tailored and flexible regulation
F-13	**Clarify CSA expectations on the rehypothecation of an investment fund's assets[12]****	Completed	Completed	Completed	More tailored and flexible regulation
F-14	**Finalize an exemptive relief precedent to allow for more flexibility for Alt Funds to manage how they obtain their leverage while operating within the overall leverage limit**	Fall 2019	12 months	In progress	More tailored and flexible regulation

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11 The CSA recently granted exemptive relief from the single-custodian requirement in NI 81-102 to permit the use of more than one qualified custodian (see *In the Matter of Purpose Investments Inc.* (August 23, 2019) as found in OSC Bulletin Volume 42, Issue 36, page 7161 (September 5, 2019) - https://www.osc.gov.on.ca/en/SecuritiesLaw_ord_20190905_211_purpose.htm). The conditions of this precedent set out a basis for how custodial requirements may be expanded to allow investment funds additional operational flexibility without impacting the safety of assets.

12 The CSA recently granted exemptive relief from the requirement in NI 81-102 that all portfolio assets of an investment fund must be held under the custodianship of one custodian (see *In the Matter of Fidelity Investments Canada ULC* (August 16, 2019) as found in the OSC Bulletin Volume 42, Issue 38, page 7647 (September 19, 2019) - https://www.osc.gov.on.ca/en/SecuritiesLaw_ord_20190919_211_fidelity.htm. Representation 16 of this decision clarifies the CSA' s position on the rehypothecation of an investment fund's assets.

Concern 3: Investment Fund Operational Requirements (continued)

Number	Description	Start	Target Date (from start)	Status	Benefits
F-15	**Develop alternatives to the current Alt Funds proficiency requirements and alternative education programs and propose changes to the proficiency regime for Alt Funds**	Fall 2019	18 months	In progress	More tailored and flexible regulation
F-16	**Adopt an internal process for the IFSP Branch to ensure the use of sunset clauses in exemptive relief decisions only where appropriate**	Completed	Completed	Completed	More tailored and flexible regulation

DISCUSSION

One commenter suggested that there should be a separate carve-out reflecting specific investment restrictions for exchange-traded funds (ETFs) in NI 81-102 similar to what currently exists in NI 81-102 for Alt Funds. The ETF industry is growing rapidly both locally and globally. As a result, modernizing and having the right regulation for ETFs is important to support the industry's continued growth. Policy work on ETFs is already underway as stated in the OSC's Statement of Priorities.

CONCERN 4: APPLICATIONS FOR ROUTINE EXEMPTIVE RELIEF

Applications for routine exemptive relief that do not raise concerns and for which the underlying policy rationale has clearly been established, are expensive and time-consuming:

- Routine relief has not been codified, resulting in unnecessary costs for filers.
- Securities regulation is not regularly updated to crystallize and reflect the OSC's established policy views as evidenced in the terms and conditions that form part of routinely granted exemptive relief.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
F-17	Publish *Revised Approval 81-901 Mutual Fund Trusts: Approval of Trustees Under Clause 213(3)(b) of the Loan and Trust Corporations Act* to codify routinely granted relief to allow any body corporate that is an investment fund manager to act as trustee of any pooled fund organized as a mutual fund trust in Ontario that it manages	Completed	Completed	Completed	Reduced red tape
F-18	Finalize amendments to NI 81-106 to codify exemptive relief granted in respect of notice and access applications**	January 2020	9 months	Pending	Reduced red tape
F-19	Finalize amendments to NI 81-102 and NI 81-107 to codify exemptive relief granted in respect of conflicts applications**	January 2020	9 months	Pending	Reduced red tape
F-20	Finalize amendments to NI 81-102 to broaden pre-approval criteria for investment fund mergers**	January 2020	9 months	Pending	Reduced red tape

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Concern 4: Applications for Routine Exemptive Relief (continued)

Number	Description	Start	Target Date (from start)	Status	Benefits
F-21	**Finalize amendments to NI 81-102 to repeal regulatory approval requirements for a change of manager, a change of control of manager and a change of custodian that occurs in connection with a change of manager****	January 2020	9 months	Pending	Reduced red tape
F-22	**Finalize amendments to NI 81-101 to codify exemptive relief granted in respect of Fund Facts delivery applications and which seek comment on the circumstances in which a combination of Fund Facts is appropriate****	January 2020	9 months	Pending	Reduced red tape

DISCUSSION

When exemptive relief is granted, operational efficiencies and investor protection are duly considered. Accordingly, it is an opportune time to codify such relief and to relieve filers from the need to apply for relief that has been routinely granted and that reflects established policy positions. As discussed above, the exemptive relief process may be further enhanced for common industry-wide issues by the ability to grant blanket orders to classes of market participants.

CONCERN 5: ENGAGEMENT WITH INVESTMENT FUND STAKEHOLDERS

Investment fund managers commented that engagement and relationship management with IFSP and OSC staff are not fully effective:

- Currently, investment fund managers experience duplicative requests for information and inconsistent outcomes between OSC branches.
- It is too difficult to locate relevant and useful information, resulting in filers having to make unnecessary inquiries of staff.
- Policy initiatives relevant to investment funds do not incorporate ongoing technical input from stakeholders as well as they should.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
F-23	**Repurpose the Investment Funds Product Advisory Committee into the Investment Funds Technical Advisory Committee to provide greater focus on technical compliance challenges in the investment funds product regulatory regime**	Completed	Completed	Completed	Better and more accessible information
F-24	**Publish the Investment Funds Practitioner Newsletter with a new focus on providing practical information**	Fall 2019	6 months	Planning	Better and more accessible information

DISCUSSION

Certain commenters requested that we consider more frequent publication of concerns we raise on prospectus filings to alert the industry to staff's expectations. Other commenters suggested that we engage in early consultations with our advisory committees well before policies are developed, establish greater outreach programs to foster open dialogue with stakeholders, and make greater use of investor testing and behavioral economics in our policy development. We agree with these suggestions and will determine how to incorporate these ideas into the decisions and recommendations outlined above with the aim of improving our communication and engagement with stakeholders.

Other commenters suggested that we make changes to how we coordinate our reviews of prospectuses and applications, for example, that we: (i) improve our file assignment processes to ensure that all filings from the same issuer are assigned to the same staff member and all comments between analysts and Review Officers are coordinated before clearing a prospectus for final in SEDAR, (ii) streamline our comments on prospectuses and applications and develop a materiality threshold for same, (iii) reduce the number of conditions in exemptive relief orders, and (iv) promote deference to the views of a firm's lead regulator on filings. We agree that improvements can be made to our internal Branch procedures and we are in the process of implementing changes to address these concerns.

We also heard from certain commenters who suggested that we improve our focus on stakeholder engagement by: (i) developing fund group expertise by establishing a single point of contact at the OSC who acts as the relationship manager to a firm, (ii) publishing a current list of staff contact information to facilitate dialogue between the OSC and registrants, and (iii) redesigning the OSC website to provide relevant information to investment fund stakeholders in a more readily accessible way. We agree with these suggestions and will determine how to address these ideas as part of the OSC's overall approach to improving stakeholder engagement using multiple approaches.

6.4 Concerns, Decisions and Recommendations Affecting Registrants

We identified 44 suggestions through our consultations about how to change our requirements and processes, reflecting nine underlying concerns related to:

1. **registrant information requirements,**
2. **compliance reviews,**
3. **the Risk Assessment Questionnaire,**
4. **registration of fintech firms,**
5. **Client Relationship Managers,**
6. **Chief Compliance Officers,**
7. **dual requirements and oversight for SRO members,**
8. **overlapping Ontario, federal and international requirements; and**
9. **general registrant obligations.**

We have developed 30 decisions and recommendations to address these concerns. These decisions and recommendations are set out in detail below and focus on:

- clarifying and modernizing the registration information registrants must report to us;
- making our compliance reviews more timely and transparent through service standards and better communication with industry;
- reducing the time and cost of completing the RAQ through changes to the form;
- through OSC LaunchPad, providing more support and flexibility when registering fintech firms;
- facilitating the registration of Client Relationship Managers for portfolio manager registrants;
- making it easier for registrants to implement the CCO function in a manner that aligns with their particular operating needs and business models;
- streamlining regulatory requirements for registrants that are SRO members and subject to dual regulation or oversight;
- reducing the overall number of overlapping Ontario, federal and international requirements; and
- clarifying and modernizing general registrant obligations.

Smaller registrants with fewer compliance resources will particularly benefit from knowing what to expect during compliance reviews, changes to the RAQ form, and being able to retain a CCO who also acts as CCO for other unaffiliated registrants.

Innovative fintech firms will benefit from more support and flexibility in the registration process through OSC LaunchPad, as well as from the acceptance of a broader range of business experience to satisfy the experience requirements for CCO applicants.

CONCERN 1: REGISTRATION INFORMATION REQUIREMENTS

Several requirements in NI 33-109 are unclear or complex, which increases the time required to complete the registration process. Other requirements impose burden that is disproportionate to, or does not achieve, the intended regulatory objective. Timelines to file amendments to registration information are too stringent.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-1	**Develop and implement an expedited rule amendment to establish a moratorium on outside business activity (OBA) late fees**	Completed	Completed	Completed	Reduced red tape
R-2	**NI 31-103, s. 13.4 – reassess OBA conflicts of interest and reporting obligations****	Fall 2019	24 months	In progress	Reduced red tape
R-3	**Modernize the registration information required by NI 33-109 and associated forms****	Fall 2019	24 months	In progress	More tailored and flexible regulation

DISCUSSION

Through the above decisions and recommendations, we intend to streamline and clarify the registration information that registrants must report to us. We are leading a CSA initiative that was recently announced in the CSA business plan for 2019-2022 that will modernize the registration information required by NI 33-109 and the associated forms. The CSA project committee will consider all the comments provided to us regarding the collection and use of registrant information, including comments that:

- late filing fees may not be effective in encouraging registrants to meet the filing deadlines and should not apply to less material information,
- related party filings are onerous and do not always support the intended regulatory objective,
- the requirement for reporting continuous updates for civil claims is unnecessary, and
- there should be greater public access to registration decisions.

CONCERN 2: COMPLIANCE REVIEWS

Compliance reviews lack service standards and timelines, take too long to complete, and are insufficiently coordinated within the OSC and across the CSA.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-4	**Review and revise documents used to communicate compliance review findings to registrants**	Completed	Completed	Completed	Better and more accessible information
R-5	**Commence communication with the industry on how guidance issued to the industry is used during our compliance reviews**	Summer 2019	12 months	In progress	Better and more accessible information
R-6	**Enhance communications with registrants throughout the compliance review process to increase transparency**	Fall 2019	6 months	In progress	Better and more accessible information
R-7	**Review and streamline compliance review books and records requests**	Fall 2019	6 months	In progress	More timely and focused reviews
R-8	**Organize and provide a Registrant Outreach presentation explaining our oversight review processes and the elements of an effective compliance system, and make the presentation available as an ongoing resource for registrants' reference**	Fall 2019	6 months	In progress	Better and more accessible information
R-9	**Reassess the classification of significant vs. non-significant deficiencies and communicate criteria to enhance transparency**	Fall 2019	6 months	In progress	Better and more accessible information
R-10	**Improve coordination of compliance/ desk reviews and other compliance related initiatives with other regulators (CSA and Non-principal regulators (NPRs), SROs)**	January - March 2020	6 months	Planning	More timely and focused reviews

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Concern 2: Compliance Reviews *(continued)*

Number	Description	Start	Target Date (from start)	Status	Benefits
R-11	**Implement the use of a secure file transfer process used to collect registration information on a confidential basis during compliance reviews**	Completed	Completed	Completed	More timely and focused reviews
R-12	**Develop and implement a process for timely oversight of new rules and related compliance issues and a method to communicate related compliance review results in a clear and transparent manner to industry to enhance understanding and communication of compliance issues****	January – March 2020	24 months	Planning	Better and more accessible information

DISCUSSION

We recognize that compliance reviews consume significant registrant resources, and that registrants want these reviews to be timely, transparent, and executed by teams with relevant expertise. Over the years, we have introduced various features into our compliance review program to improve its efficiency and effectiveness, such as: using a risk-based approach to focus on higher risk issues; establishing three operational teams, each having a focus on the different categories of registration and the unique issues related to different business models; and establishing a professional development group to organize staff training on emerging issues, novel products and other developing market trends. We will continue to work on improving registrant compliance reviews through the above decisions and recommendations, as well as the broader organizational initiatives on service standards and improving compliance processes. We will report on this work in the 2020 Summary Report for Dealers, Advisers and Investment Fund Managers.

We also received suggestions for improving the Registrant Outreach program, including the Summary Report for Dealers, Advisers and Investment Fund Managers, organized and executed by the Compliance & Registrant Regulation (CRR) Branch. We will consider these suggestions when organizing future registrant outreach sessions.

Finally, we received suggestions that on-site reviews should be eliminated so long as registrants submit certain information to the OSC. We do not plan to eliminate on-site reviews at this time, as they are an important means of assessing registrant compliance in a more complete manner.

CONCERN 3: RISK ASSESSMENT QUESTIONNAIRE (RAQ)

Responding to and filing the RAQ consumes too much time and resources.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-13	**Review the RAQ to determine if any questions can be removed based on information already received through other OSC filings and revise the RAQ accordingly**	Summer 2019	12 months	In progress	More timely and focused reviews
R-14	**Evaluate the OSC's ability to pre-populate certain fields in the RAQ to reduce the number of times information is required to be submitted**	Summer 2019	12 months	In progress	More timely and focused reviews
R-15	**Enhance the existing support tools to assist firms with completing the RAQ, including FAQs and continuing to have staff available to respond to questions**	Summer 2019	12 months	In progress	Better and more accessible information
R-16	**Organize and provide a Registrant Outreach session on the RAQ after issuance of a revised Form**	Summer 2019	12 months	In progress	Better and more accessible information

DISCUSSION

The above decisions and recommendations will seek to address feedback that it is burdensome to have to re-populate answers in the RAQ even if there is no year-over-year change to the response, or to provide information already submitted to the OSC through other filings.

Some commenters suggested that we should request information through the RAQ every three years (instead of every two), and only from a limited group of registrants. These registrants would be identified using a risk-based approach that would take into account the results of compliance reviews conducted during the time between RAQ requests. We have decided not to proceed with this suggestion at this time, as we think that a three-year gap will prevent us from having sufficiently up-to-date information about Ontario capital markets and firm operations for our compliance review program. With the enhancements contemplated above, the time and effort for completing the RAQ should be reduced.

Some commenters also suggested that we share the RAQ risk score with each registrant. The RAQ score is only one component of our risk assessment model, and must be understood in the larger context of the particular business lines and models of our registrant population. We have concerns that providing the RAQ risk score in isolation could result in registrants unduly relying on this number, and therefore we do not plan to share this internal indicator at this time.

CONCERN 4: REGISTRATION OF FINTECH FIRMS

Fintech firms find the initial and ongoing registration requirements confusing and potentially inapplicable to their novel business models or the novel products or services they offer. They also do not understand how OSC staff assess compliance with any terms and conditions imposed on the registration.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-17	**Through OSC LaunchPad, evaluate what additional tools may be developed to assist fintech firms**	Summer 2019	12 months	In progress	More tailored and flexible regulation

DISCUSSION

We will actively consider ways to provide more support to fintech firms through OSC LaunchPad. These measures will be in addition to the existing support OSC LaunchPad provides by organizing "Info Days" to assist fintech firms in understanding registration and other regulatory requirements; maintaining a dedicated web page that provides high level summaries of key regulatory requirements; and providing direct support to fintech firms to help them navigate regulatory requirements.

We are also considering how best to address suggestions we received to modify regulatory requirements that are not well-suited to fintech firms. As a first step, we invite firms to help us identify any such regulatory requirements. We will consider the possibility of permitting the collection of client identification information to be outsourced to service providers.

We received comments that the terms and conditions imposed on the registration of novel fintech businesses should be less restrictive. The terms and conditions on registration are intended to allow these novel businesses to operate, while addressing the risks of these business models and any associated novel products. We will consider the suggestions submitted and other potential solutions to support greater flexibility for these businesses.

Some commenters also suggested that the CSA clarify its position on what constitutes a “qualified custodian” in the crypto asset space. A “qualified custodian” is defined in NI 31-103 and includes investment dealers that are IIROC members and permitted to hold client assets. The CSA, together with IIROC, is considering the appropriate requirements for crypto asset custodians as part of the policy project related to Joint CSA/IIROC Consultation Paper 21-402 *Proposed Framework for Crypto-Asset Trading Platforms.*

CONCERN 5: CLIENT RELATIONSHIP MANAGERS (CRMS)

The current experience requirements applicable to Advising and Associate Advising representatives are outdated and restrict registration of otherwise qualified individuals to act as CRMs in large portfolio management firms

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-18	**Develop a process to permit the registration of Advising and Associate Advising Representatives as CRMs through terms and conditions****	Summer 2019	12 months	In progress	More tailored and flexible regulation

DISCUSSION

In large portfolio management firms, there has been an evolution of responsibilities between advising representatives that are managing portfolios and advising representatives that are client relationship managers. However, the relevant investment management experience required to be registered has not evolved to reflect these different roles.

We are working on a possible solution involving the use of terms and conditions on an individual registration that would expressly define the activity that a Client Relationship Manager Advising and Associate Advising Representative may conduct.

CONCERN 6: CHIEF COMPLIANCE OFFICERS (CCOs)

The registration requirements relating to CCOs do not sufficiently take into account different business models:

- The current requirement for one registered CCO per legal entity may not support the operating needs of businesses with multiple divisions.
- Current business experience requirements may limit the pool of qualified individuals who can register as a CCO for fintech firms.
- Certain business models may not transact often enough to support a full-time CCO.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-19	**Facilitate multiple CCOs to be registered for a single legal entity where a business need is demonstrated****	Fall 2019	24 months	In progress	More tailored and flexible regulation
R-20	**For fintech firms in Ontario, accept broader business experience when assessing the sufficiency of a CCO applicant's qualifications****	Fall 2019	Ongoing	Ongoing	More tailored and flexible regulation
R-21	**Permit Ontario registrants in the appropriate circumstances to have a CCO who also is CCO for other unaffiliated registrants****	Fall 2019	Ongoing	Ongoing	More tailored and flexible regulation

DISCUSSION

Through the above measures, we aim to make it easier for registrants to implement the CCO responsibilities in a manner that aligns with their particular operating needs and business models. We will immediately implement all three initiatives in respect of registrants that operate in Ontario only, which will be of particular benefit to small or innovative registrants. Any firms interested in these initiatives should contact the OSC Registration Team. We are committed to working with our CSA partners on a harmonized approach for firms operating in multiple jurisdictions.

We also received a suggestion that a CCO certificate program be developed as an alternative to the current experience requirements for CCOs. Currently, no such program exists in Canada. We will consider this suggestion as part of a broader CSA policy project to update proficiency requirements.

CONCERN 7: DUAL REQUIREMENTS AND OVERSIGHT FOR SELF-REGULATORY ORGANIZATION (SRO) MEMBERS

In some circumstances, registrants are subject to dual requirements and oversight under Ontario securities law and SRO member rules that are cumbersome or duplicative.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-22	**Develop expedited rule amendments to OSC Rule 13-502 to allow additional senior officers of a registrant firm to certify the annual participation fee calculation form**	Completed	Completed	Completed	Reduced red tape; Harmonization
R-23	**With the MFDA, clarify and streamline the application process to reactivate registration for MFDA member firms and their dealing representatives after conclusion of MFDA disciplinary proceedings**	Fall 2019	12 months	Planning	Better and more accessible information
R-24	**Evaluate options to reduce duplication in the registration and membership processes for IIROC member firms**	January-March 2020	12 months	Planning	Reduced red tape; Harmonization
R-25	**Evaluate options to reduce duplication in the review of notices required by sections 11.9 and 11.10 of NI 31-103 for IIROC member firms**	January-March 2020	12 months	Planning	Reduced red tape; Harmonization

DISCUSSION

Registrants who are also SRO members are, in certain circumstances, subject to dual regulatory requirements or oversight. Through the above decisions and recommendations, we will be addressing the following duplicative or cumbersome requirements:

- The requirement in the OSC participation fee form that a registrant's CCO certify the form, which results in an IIROC member firm having two different senior officers (the CCO and CFO) certify the registrant's financial statements.
- Duplicative registration and membership requirements and requirements to provide notices relating to acquisitions of registrant securities or assets, which result in IIROC member firms having to file substantially the same/identical information with IIROC and the OSC.

We will also work with MFDA staff to streamline the process for reviewing registration reactivation applications, as well as raise awareness of the different roles played by the OSC and the MFDA. The OSC has a statutory responsibility to act as a gatekeeper that assesses whether a person or company is suitable for registration; while the MFDA regulates the operations, standards of practice and business conduct of its members and their representatives. To fulfill the OSC's gatekeeping role, OSC staff must review the application to reactivate registration, even where the MFDA has concluded its disciplinary proceedings against that particular member firm or individual.

We also received a comment related to IIROC restrictions concerning affiliated exempt market dealers. As this relates to an IIROC requirement, we have forwarded this comment to them.

CONCERN 8: OVERLAPPING DOMESTIC AND INTERNATIONAL REQUIREMENTS FOR REGISTRANTS

Registrants are subject to a broad spectrum of Canadian and international regulatory obligations, that can result in duplicative regulation or create inefficiencies and unnecessary costs:

- Registrants and exempt international firms have UN Suppression of Terrorism and Canadian Sanctions reporting obligations with FINTRAC, CSIS and the RCMP as well as the OSC.
- The *Commodity Futures Act* (CFA) is outdated and not harmonized with Ontario securities law.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-26	**With appropriate departments of the Federal Government (Canada), eliminate the requirement for registrants and exempt international firms to submit duplicative information to securities regulators**	Spring 2018	TBD	In progress	Reduced red tape
R-27	**Develop a rule that exempts international dealers, advisers and sub-advisers from registration under the CFA**	Fall 2019	12 months	In progress	Reduced red tape; More tailored and flexible regulation

DISCUSSION

The above items would help to eliminate requirements that either are duplicative, as they are captured by other legal requirements, or require compliance with Ontario securities law requirements for which we already provide exemptive relief.

In April 2018, the OSC submitted a letter to the Department of Finance (Canada) requesting that registrants and exempt international firms be removed from the reporting obligations under the UN Suppression of Terrorism and Canadian Sanctions legislation. Amendments have been made to eliminate five of the seven requirements. However, to completely remove securities regulators from the reporting process, the *Criminal Code* would have to be amended. This is a long-term initiative that is outside the OSC's control. We will continue to advocate with the appropriate departments of the Federal Government (Canada) for the requisite amendments.

Some commenters advocated for the repeal of the CFA and related registration categories, given the duplication with Ontario securities law. We will revisit this issue once a derivatives regime is implemented.

We also received suggestions relating to the current disclosure requirements relating to syndicated mortgages. These relate to requirements pursuant to the mortgage broker regulatory regime. We will consider syndicated mortgage issues as part of the broader, existing initiative regarding certain syndicated mortgages becoming subject to securities law requirements.

CONCERN 9: GENERAL REGISTRANT OBLIGATIONS

Several ongoing registrant obligations in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and related regulatory processes should be evaluated for opportunities to reduce burden, such as:

- The current regulatory requirements and related process to file and execute the notices under sections 11.9 and 11.10 of NI 31-10, which are onerous, time consuming and inefficient.
- The process followed to lift close supervision terms and conditions once the terms and conditions have been satisfied, which lacks clarity.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
R-28	**Evaluate changes to the percentage thresholds that trigger an 11.9 or 11.10 notice under NI 31-103****	January-March 2020	24 months	Planning	Reduced red tape
R-29	**Improve processing of 11.9 and 11.10 notices under NI 31-103**	January-March 2020	12 months	Planning	Reduced red tape
R-30	**Review and enhance the current process followed to remove close supervision terms and conditions**	Summer 2019	6 months	In progress	Reduced red tape

DISCUSSION

In our view, the above decisions and recommendations can reduce regulatory burden without compromising the underlying objective of NI 31-103. With regard to processing of s. 11.9 and 11.10 notices under NI 31-103, we will consider a technology solution to simplify the submission of these notices.

We also received suggestions relating to Phase 2 of the Client Relationship Model (CRM2). At this time, we have decided not to pursue these suggestions given that CRM2 was implemented recently in 2016, and is currently undergoing a CSA Study to evaluate its outcomes. Based on the findings of this and other studies, the CSA could consider potential changes to the reporting obligations at that time.

We also received comments regarding the following:

- Excess working capital requirements,
- Ombudsman for Banking Services and Investments,
- Individuals registered with multiple registrants,
- Exemptions from registration, business trigger analysis and accredited investor guidance, and
- harmonizing the definition of "permitted client" in NI 31-103 and the definition of "institutional client" in IIROC rules to allow for ease of application of waivers for Know Your Client (KYC) and suitability assessments.

We will further study these suggestions to determine the scope of the existing regulatory burden and appropriate next steps. We have also informed IIROC of the comment related to the definitions of "permitted" and "institutional" clients.

We received suggestions regarding the provision, content and delivery of trade confirmations. We encourage the relevant registrant industry associations to come together to discuss these issues and develop a set of recommendations for us to consider.

We also received suggestions relating to the Client Focused Reforms. Once the Client Focused Reforms receive ministerial approval, suggestions concerning implementation issues will be considered through a specialized committee that will be formed.

We also received suggestions to eliminate the requirement to register with the OSC for international dealers that are exempt from registration in their foreign jurisdiction. The registration exemption for international dealers is based on a substituted compliance model; therefore, registration in the home jurisdiction is necessary. We will not be pursuing this suggestion.

6.5 Concerns, Decisions and Recommendations Affecting Markets, Trading and Clearing

We identified 12 suggestions through our consultations, reflecting three underlying concerns relating to:

1. **entity oversight,**
2. **specific rule requirements, and**
3. **our approach to foreign entity regulation.**

We will be implementing eight decisions and recommendations to address the concerns. These decisions and recommendations are set out in detail below and focus on:

- streamlining oversight of various entities we regulate through revising and updating various recognition and approval orders, as well as the reporting requirements for marketplaces,
- revisiting burdensome or unnecessary requirements in several specific rules, and
- reviewing our approach to regulation of foreign entities.

CONCERN 1: ENTITY OVERSIGHT

Certain reporting requirements and regulatory approvals required by entities are onerous:

- Requirements might be in multiple places and are often overlapping.
- Some terms and conditions in orders are onerous and unnecessary.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
M-1	**Revise the terms and conditions of exchange recognition orders to remove burdensome and duplicative reporting requirements for exchanges**	Summer 2019	12 months	In progress	More tailored and flexible regulation
M-2	**Update SRO recognition orders and MOUs to ensure consistency with oversight activities****	Fall 2018	18 months	In progress	More tailored and flexible regulation
M-3	**Update CIPF and MFDA IPC approval orders and MOUs to ensure consistency with oversight activities****	Summer 2018	18 months	In progress	More tailored and flexible regulation
M-4	**Revise the terms and conditions of clearing agency recognition orders to remove burdensome and duplicative requirements for clearing agencies**	Summer 2019	12 months	In progress	More tailored and flexible regulation
M-5	**Amend National Instrument 21-101 *Marketplace Operation* to remove burdensome and duplicative reporting requirements for marketplaces****	Fall 2018	18 months	In progress	More tailored and flexible regulation

(Continued on next page)

Concern 1: Entity Oversight *(continued)*

DISCUSSION

Commenters identified numerous specific regulatory requirements they considered burdensome and duplicative. For exchanges, these included constraints on operations such as OSC approval of changes to internal cost allocation models, outsourcing arrangements and the reorganization of corporate functions. For recognized clearing agencies, these included OSC approval of fees as well as prescriptive requirements regarding the clearing agency's governance structure.

In developing the above decisions and recommendations, we considered the risk that streamlined oversight would unduly compromise investor protection or fair and efficient capital markets, including investor confidence. In our view, this risk will be adequately managed because the decisions and recommendations will target requirements that no longer meaningfully contribute to our oversight of an entity.

In addition to the issues listed above, we received comments that we should review how we regulate non-operating exchange holding companies. We intend to do that after we complete the above recommended action relating to marketplaces.

Lastly, we received comments pertaining to current processes at regulated entities where there might be opportunities for improvement. For example, one commenter noted that there is duplication of processes and requirements for registration of traders by IIROC and the TSX. We have engaged IIROC and TSX on the issue and TSX staff is working to streamline the relevant TSX processes and requirements. Another commenter noted that it would be helpful if we were to review the Canadian Depository for Securities' processes for both ETFs and mutual fund issuances. We will be considering this as part of our ongoing oversight activities.

CONCERN 2: SPECIFIC RULE REQUIREMENTS

Certain requirements in rules are burdensome and unnecessary. For example, National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101) requires quarterly reports to be filed by dealers and advisers if certain thresholds in the rule are not met, which is burdensome and may no longer be relevant.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
M-6	**Eliminate reporting requirements for investment dealers and advisers in NI 24-101 if certain thresholds are not met****	Summer 2019	12 months	In progress	More tailored and flexible regulation
M-7	**Consider potential changes to the requirements in OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* to eliminate duplicative regulation and trading restrictions**	Summer 2019	12 months	In progress	More tailored and flexible regulation

DISCUSSION

In developing the above decisions and recommendations, we considered whether they would unduly compromise investor protection or fair and efficient capital markets. In our view, they would not because they target prescriptive requirements that no longer meaningfully contribute to our oversight, or in the case of OSC Rule 48-501, they duplicate IIROC requirements where there are general anti-manipulation principles that currently provide adequate protection and that would continue to apply.

CONCERN 3: APPROACH TO FOREIGN ENTITY REGULATION

Foreign entities assert that the frequency and extent of reporting is onerous and that we should defer more to home regulators. Domestic entities are of the view that the current approach of relying on home regulators may create an unlevel playing field, as there are additional requirements on domestic entities.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
M-8	**Review approach to foreign entity regulation and make recommendations**	Summer 2019	12 months	In progress	More tailored and flexible regulation

DISCUSSION

We are considering whether the current approach to rely on home regulators and impose limited requirements continues to be appropriate and whether we can make changes to the current approach that would not compromise investor protection. We are also considering whether requirements imposed on domestic entities should be reduced.

6.6 Concerns, Decisions and Recommendations Affecting Derivatives Participants

We identified 21 suggestions through our consultations regarding our proposed derivatives rules, reflecting seven underlying concerns related to:

1. **margin and collateral requirements for non-centrally cleared OTC derivatives,**
2. **the proposed business conduct rule,**
3. **the proposed registration rule,**
4. **the scope of the mandatory clearing obligation,**
5. **requirements of the trade reporting rule,**
6. **derivatives market fragmentation and inefficiencies, and**
7. **proficiency requirements when advising on recognized options.**

We have identified 18 decisions and recommendations to address the concerns. These decisions and recommendations are set out in more detail below and focus on:

- delaying implementation of margin and collateral requirements for non-centrally cleared OTC derivatives,
- modifying the proposed business conduct rule to eliminate duplication and support cost-effective access to derivatives products for investors and customers,
- modifying the proposed registration rule to eliminate duplication with the existing regime for securities dealers and advisors,
- modifying the mandatory clearing requirement to narrow the scope of its application and streamline reporting requirements, and
- streamline the requirements of the trade reporting rule.

CONCERN 1: MARGIN AND COLLATERAL REQUIREMENTS FOR NON-CENTRALLY CLEARED OTC DERIVATIVES

A rule imposing mandatory margin and collateral requirements would impose unnecessary obligations because such a rule would not currently apply to any entity that is not already covered by the rules of the Office of the Superintendent of Financial Institutions.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-1	**Indefinitely delay the implementation of a new rule imposing mandatory margin and collateral requirements for non-centrally cleared derivatives****	Completed	Completed	Completed. See CSA Staff Notice 95-301 *Margin and Collateral Requirements for Non-Centrally Cleared Derivatives*	Reduced red tape

DISCUSSION

In Ontario, we have determined that delaying the implementation of a rule imposing mandatory margin and collateral requirements for non-centrally cleared OTC derivatives will not adversely impact systemic risk because such a rule would duplicate existing requirements applicable to most market participants whose derivatives exposure could have a systemic impact on Canadian financial markets. This recommended action was a data-driven development, taking into account the structure of the Canadian OTC derivatives market, the positions of participants in that market, and any existing requirements that participants already satisfy.

CONCERN 2: PROPOSED BUSINESS CONDUCT RULE

The derivatives dealer and adviser business conduct rule is still subject to ministerial approval. However, many commenters expressed concerns that the rule as proposed is overly broad. To maintain the competitiveness of Ontario's OTC derivatives market, obligations that would be imposed on derivatives dealers and derivatives advisers should be more closely aligned with existing regulations and the global nature of derivatives markets. The need for access to derivatives products for the hedging of risks should be given greater weight through increased reliance on foreign regulators.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-2	**Leverage existing regulatory requirements to eliminate duplicative obligations for dealers and advisers that are already registered****	Summer 2019	6 months	In progress	Reduced red tape
D-3	**Ensure domestic and foreign dealers remain active in offering OTC derivatives products to institutions hedging commercial risks associated with their businesses****	Summer 2019	6 months	In progress	More tailored and flexible regulation
D-4	**Expand the availability and ease the use of exemptions for international dealers, and international advisers and sub-advisers****	Summer 2019	6 months	In progress	More tailored and flexible regulation

DISCUSSION

We received a number of comments on how our proposed business conduct rule could be improved. The underlying concern was a potentially negative impact to liquidity in our markets.

In our view, implementing the above decisions and recommendations will eliminate negative consequences to investors and customers in the Canadian OTC derivatives markets by ensuring that access to derivatives products will not be unduly limited and that costs will remain competitive. As we complete our work and identify specific opportunities for improvement, we will assess the impact, if any, of each opportunity on investor protection.

We are not proceeding with suggestions to completely defer conduct oversight of our markets to other domestic regulators that are not conduct regulators. In our view, doing so would compromise investor protections.

CONCERN 3: PROPOSED REGISTRATION RULE

The proposed additional categories of registration (i.e., registered derivatives dealer and registered derivatives adviser) are unnecessary given the existing registration regime for securities dealers and advisers. A burdensome new registration rule would not result in proportionately meaningful benefits for investors and customers.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-5	**Leverage the existing registration regime to eliminate duplicative obligations for dealers and advisers that are already registered****	Fall 2019	24 months	In progress	Reduced red tape
D-6	**Review the existing registration regime for potential regulatory gaps to determine whether those regulatory gaps can be addressed by measures that are less burdensome than an OTC derivatives registration rule**	Fall 2019	6 months	In progress	Reduced red tape

DISCUSSION

We are considering the extent to which the existing registration regime for securities dealers and advisers can be utilized in respect of OTC derivatives as a less burdensome measure than the proposed additional categories of registration and corresponding derivatives-specific requirements. In our view, alternative measures may adequately address our concerns regarding investor protection, market integrity and systemic risk, while eliminating duplicative requirements.

CONCERN 4: SCOPE OF THE MANDATORY CLEARING OBLIGATION

The mandatory clearing requirement reduces counterparty risk in the OTC derivatives market by mandating central clearing of prescribed derivatives by market participants whose derivatives exposure could potentially have a systemic impact on Canadian financial markets. The scope of this requirement, however, goes beyond what was originally intended, in that it captures entities that do not contribute to systemic risk and applies in situations where it is not feasible to mandate clearing.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-7	**Publish for consultation proposed amendments to the interpretation of affiliated entity status to narrow the scope of entities subject to the mandatory clearing requirement****	Spring 2019	6 months	In progress	More tailored and flexible regulation
D-8	**Publish for consultation proposed amendments that eliminate forms filing requirements where we have alternative sources for obtaining the information that the filings would provide****	Spring 2019	6 months	In progress	Reduced red tape

DISCUSSION

These decisions and recommendations are responsive to the evolving OTC derivatives market and address feedback that certain trusts and investment funds generally should not be subject to a mandatory clearing requirement solely because they are affiliated with another entity. Any potential impact that these actions may have on systemic risk will be considered within the scope of the project.

CONCERN 5: REQUIREMENTS OF THE TRADE REPORTING RULE

The operational burdens and compliance risks market participants face in respect of the OTC derivatives trade reporting requirements may be further reduced.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-9	**Monitor international developments to harmonize data fields required to be reported under the provincial trade reporting rules with such international developments****	Fall 2019	24 months	In progress	Harmonization
D-10	**Review the monetary ceiling in the exclusion for reporting of commodity derivatives transactions****	Fall 2019	24 months	In progress	Harmonization
D-11	**Consider whether it would be appropriate to allow greater flexibility in the manner of delegation of reporting responsibility between two non-dealer counterparties**	Fall 2019	24 months	In progress	Harmonization
D-12	**Consider whether it would be appropriate to allow a reporting counterparty greater flexibility in the due diligence required when determining in which jurisdictions a derivatives transaction is reportable****	Fall 2019	24 months	In progress	More tailored and flexible regulation
D-13	**Reduce the frequency of *ad hoc* reporting required to demonstrate compliance**	Summer 2019	6 months	In progress	More tailored and flexible regulation

DISCUSSION

We received a number of comments on the compliance challenges reporting counterparties face with respect to their OTC derivatives trade reporting obligation. We plan to study the challenges identified to improve the operational feasibility of the trade reporting obligation, without unduly compromising investor protection or adversely impacting systemic risk.

We also received a comment that intended-to-be-cleared swaps executed on a swap execution facility that are not accepted for clearing are void as if they never existed, and that a reporting counterparty should not be required to trade report in this context. A reporting counterparty's trade reporting obligation is triggered when a transaction is necessarily involved. Accordingly, we are not proposing to introduce any changes at this time and refer readers to OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, which provides additional guidance.

CONCERN 6: DERIVATIVES MARKET FRAGMENTATION AND INEFFICIENCIES

The OSC should ensure that there are no regulatory-driven inefficiencies or an unlevel playing field among different market participants active in Ontario's derivatives market.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-14	**When adopting or amending rules, place increased emphasis on minimizing disparities in the national implementation of global reforms and deploying a risk-based framework for the evaluation of comparability and recognition of derivatives regulatory regimes of foreign jurisdictions****	N/A	N/A	In progress	Harmonization
D-15	**Review the requirement for exempt clearing agencies to deliver a monthly filing relating to their holdings of customer collateral****	Fall 2019	12 months	In progress	More tailored and flexible regulation
D-16	**Review approach to foreign clearing agency and trading facility regulation (i.e., exemption from recognition) and make recommendations**	Summer 2019	12 months	In progress	More tailored and flexible regulation
D-17	**Consider arrangements with the home regulators of foreign entities that may be utilized to eliminate overlapping audits**	Fall 2019	24 months	In progress	More timely and focused reviews

DISCUSSION

In developing the above decisions and recommendations, we are considering our current approach to equivalency assessments of the derivatives regulatory regimes of foreign jurisdictions and reliance on home regulators with limited requirements on foreign entities.

We are considering arrangements that may be entered into with the home regulators of foreign entities so that a single audit process may be leveraged to verify regulatory compliance in more than one jurisdiction.

In addition, as our modernized OTC derivatives regime is developed, we will need to study further any differences in regulations to ensure these differences are purposeful, are responsive to risks posed by the derivatives activities of different market participants, and do not inappropriately favour one type of derivatives market over another.

CONCERN 7: PROFICIENCY REQUIREMENTS WHEN ADVISING IN RECOGNIZED OPTIONS

The application of proficiency requirements with respect to advising in options[13] is unclear.

DECISIONS AND RECOMMENDATIONS

Number	Description	Start	Target Date (from start)	Status	Benefits
D-18	**Review the application of proficiency requirements, relating to registered advising representatives when advising in recognized options, and consider providing clarification**	Fall 2019	12 months	In progress	More tailored and flexible regulation

DISCUSSION

We plan to consider whether proficiency requirements for advising representatives are being applied inconsistently by market participants and the extent to which additional clarification may be required.

13 In September 2019, almost four million listed option contracts were bought and sold.

7.0 NEXT STEPS

Strong and effective regulation keeps our markets safe and fair; however, our regulatory approach must evolve to ensure that markets remain competitive and efficient. We must continually verify that the oversight regime appropriately serves the needs of our market by responding to change, allowing for innovation and maintaining critical investor protections.

We will continue consulting with our stakeholders through our advisory committees and other forums to refine and roll out our decisions and recommendations. We are mindful that they will require time and money on our part to implement. For example, some initiatives will require the procurement of services from outside vendors; others involve the purchasing of specialized data, software and training for staff. For the many that require rule amendments, we will need to publish specific proposals for stakeholder comment, prepare robust regulatory impact analyses, and obtain approval from the Ontario Minister of Finance. We will continue to work in partnership with the Government of Ontario on developing an implementation agenda for those actions that require legislative amendments or ministerial approval.

The implementation plan for each initiative is being integrated into our business plans at the organizational and branch levels. Our progress on these will be reflected in our Statement of Priorities and market updates, as well as in our Annual Report.

We are committed to a process of continuous improvement, and to embedding burden reduction into our organization by building it into our structure, our processes and the way we work. We will continue to identify and act upon opportunities to streamline and simplify things wherever possible, while working with our CSA colleagues on policy initiatives.

Finally, and as a key component of the Ontario Government's five-point plan for creating confidence in Ontario's capital markets, the OSC is creating a new Office of Economic Growth and Innovation. This group will work with other Branches within the OSC to ensure that we keep a close eye on emerging trends and risks, and that we maintain a dialogue with those we regulate, in order to hear and respond to their concerns and suggestions.

APPENDIX 1:
SUMMARY OF DECISIONS AND RECOMMENDATIONS[14]

Reference Number:	
All Market Participants	A-1 to A-14
Companies	C-1 to C-13
Investment Funds	F-1 to F-24
Registrants	R-1 to R-30
Markets, Trading and Clearing	M-1 to M-8
Derivatives Participants	D-1 to D-18
Total:	**107**

ALL MARKET PARTICIPANTS

CONCERN 1: RESTRICTIVE AND DISHARMONIZED *SECURITIES ACT* PROVISIONS

A-1	Recommend an amendment to the *Securities Act* to obtain authority to make exemptive relief orders applicable to multiple market participants ("blanket orders") to avoid the costs associated with filing multiple separate exemptive relief applications	Summer 2019	12 months	In progress	Reduced red tape
A-2	Evaluate whether to recommend relocating various provisions found in the *Securities Act* into National Instruments to harmonize the placement of OSC requirements with those of other Canadian jurisdictions	Summer 2019	24 months	In progress	Harmonization

CONCERN 2: REGULATORY APPROVALS AND REVIEWS

A-3	Adopt and publish service standards that cover more processes, particularly compliance reviews, and establish a framework for performance measurement and continuous improvement	Summer 2019	12 months	In progress	Better and more accessible information More timely and focused reviews
A-4	In consultation with stakeholders, review compliance processes to improve focus on materiality, clarity, consistency, efficiency of interactions with staff and increased reliance on the principal regulator	Summer 2019	12 months	In progress	More timely and focused reviews

14 Throughout the tables the** symbol indicates that CSA participation is required.

ALL MARKET PARTICIPANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 3: POLICYMAKING					
A-5	Enhance regulatory impact analysis for rule-making	Summer 2019	12 months	In progress	More tailored and flexible regulation
A-6	Improve clarity and consistency in drafting OSC rules, policies and guidance	Summer 2019	12 months	In progress	Better and more accessible information
A-7	Work with the CSA to improve clarity and consistency in drafting CSA rules, policies and guidance**	Summer 2019	TBD	In progress	Better and more accessible information
A-8	Engage in targeted consultations with market participants on how to better combine and balance principles-based rules, prescriptive rules and guidance	Summer 2019	24 months	In progress	More tailored and flexible regulation
A-9	Engage in targeted consultations to further understand and address stakeholders' concerns that staff guidance is being applied as rules	Summer 2019	12 months	In progress	More timely and focused reviews Better and more accessible information
CONCERN 4: INTERACTION WITH STAKEHOLDERS					
A-10	Redevelop the OSC website format and content, prioritizing the posting of updated consolidated rules and better access to staff contact information	Summer 2019	12 months	In progress	Better and more accessible information
A-11	Evaluate the extent to which improvements to local filing systems can be made given the scope, resource and timing implications for existing local project work and SEDAR+	Summer 2019	24 months	In progress	Reduced red tape
A-12	Consider improvements to existing outreach programs (e.g., checklists, guides, in-person outreach, and channels of delivery)	Summer 2019	24 months	In progress	Better and more accessible information
A-13	Review the terms of engagement with advisory committees to increase their value as a source of input	Summer 2019	24 months	In progress	Better and more accessible information
A-14	Evaluate existing standards for OSC stakeholders and establish a framework for determination, measurement and continuous improvement	January 2020	24 months	Planning	Better and more accessible information

COMPANIES

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 1: PROSPECTUS REVIEWS					
C-1	Develop a process for mining issuers to request confidential staff review of publicly-filed mining disclosure prior to commencing an offering	Completed	Completed	Completed. See OSC Staff Notice 43-706 *Pre-filing Review of Mining Technical Disclosure*	More timely and focused reviews
C-2	Develop a process for issuers to request confidential staff review of an entire prospectus prior to announcing an offering**	Summer 2019	12 months	In progress	More timely and focused reviews
C-3	Publish guidance about issues that staff would raise during prospectus reviews that may impact the structure of an offering or where there may be questions regarding the interpretation of certain requirements	Fall 2019	12 months	In progress	Better and more accessible information
C-4	Harmonize the requirements for financial statements to be included in a long form prospectus relating to an issuer's primary business**	Fall 2018	24 months	In progress	Harmonization
CONCERN 2: REPORTS OF EXEMPT DISTRIBUTION					
C-5	Review options for extending the filing deadline, and engage in public consultation**	Summer 2019	24 months	In progress	More tailored and flexible regulation
CONCERN 3: CEASE-TRADE ORDERS					
C-6	Provide clearer information on the OSC website on an issuer's CTO status	Summer 2019	18 months	In progress	Better and more accessible information
C-7	Where applicable, include additional information, such as CUSIP numbers or more details regarding individual officers and directors subject to a CTO, in published orders to better identify which securities are covered by the CTO	Summer 2019	18 months	In progress	Better and more accessible information

COMPANIES

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 4: EXEMPT MARKET CAPITAL RAISING					
C-8	Harmonize the crowdfunding exemption and publish proposed amendments for public consultation**	Fall 2018	24 months	In progress	Harmonization
CONCERN 5: CONTINUOUS DISCLOSURE DOCUMENTS					
C-9	Amend the rules to reduce the number of instances when financial statements are required to be filed for significant acquisitions in business acquisition reports (BARs) and other disclosure**	Fall 2018	24 months	In progress. Proposed amendments were published in August 2019	Reduced red tape
C-10	Amend the disclosure required in the Annual Information Form (AIF) and Management Discussion and Analysis (MD&A) to avoid duplicative or unnecessary disclosure**	Fall 2018	24 months	In progress	Reduced red tape
CONCERN 6: ELECTRONIC DELIVERY OF DOCUMENTS					
C-11	Develop a comprehensive approach to modernizing delivery requirements for corporate issuer documents and publish a concept paper for consultation**	Fall 2018	18 months	In progress	Reduced red tape
CONCERN 7: PROSPECTUS OFFERING REQUIREMENTS					
C-12	Develop and publish proposals to make it more cost-effective for issuers to conduct a prospectus offering**	Fall 2018	24 months	In progress	More tailored and flexible regulation
C-13	Amend the rules so that at-the-market (ATM) offerings can be conducted without having to obtain prior exemptive relief**	Fall 2018	24 months	In progress. Proposed amendments were published in May 2019	Reduced red tape

INVESTMENT FUNDS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 1: INVESTMENT FUND PROSPECTUS REGIME					
F-1	(a) Publish a consultation paper to consider how to reduce the frequency of investment fund prospectus filings	Fall 2019	12 months	In progress	Reduced red tape
	(b) implement changes to reduce the frequency of prospectus filings**	Fall 2020	12 months	Pending	
F-2	Introduce a simplified process to address 90-day preliminary prospectus extension applications, similar to OSC Staff Notice 12-703 *Applications for a Decision that an Issuer is not a reporting issuer*	Fall 2019	12 months	Planning	Reduced red tape
F-3	Finalize amendments to NI 81-101 and NI 41-101 to streamline personal information form filing requirements and to rely on the current registration regime**	January 2020	9 months	Pending	Reduced red tape
F-4	Finalize amendments to NI 81-101, NI 81-102, NI 81-106, NP 11-202, NI 13-101, and NI 13-102 to consolidate the simplified prospectus and the annual information form for mutual funds in continuous distribution**	January 2020	9 months	Pending	Reduced red tape
F-5	Consider potential options for adapting the shelf prospectus system to investment funds and, if viable, publish a consultation paper**	Fall 2019	24 months	Planning	More flexible and tailored regulation
CONCERN 2: INVESTMENT FUND CONTINUOUS DISCLOSURE REQUIREMENTS					
F-6	Develop and implement an alternative to the annual notice reminder requirement contained in NI 81-106.**	Fall 2019	18 months	Planning	Reduced red tape
F-7	Develop and implement amendments to streamline the material change reporting regime for investment funds**	Fall 2019	18 months	Planning	Reduced red tape
F-8	Develop and implement an alternative disclosure model for non-IFRS financial statement content**	Fall 2019	24 months	Planning	More tailored and flexible regulation

INVESTMENT FUNDS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 2: INVESTMENT FUND CONTINUOUS DISCLOSURE REQUIREMENTS (Continued)					
F-9	Streamline duplicative continuous disclosure content requirements (e.g. MRFPs, related party disclosure requirements) and prospectus content requirements**	Fall 2019	36 months	Planning	Reduced red tape
F-10	Identify opportunities to promote electronic delivery of investment fund continuous disclosure documents and publish a proposal that considers the final recommendations of the *CSA Reducing Regulatory Burden – Enhancing Electronic Delivery Committee***	Winter 2019	24 months	Planning	Reduced red tape
F-11	Finalize amendments that require each investment fund to have a designated website with the potential for investment fund regulatory disclosure to be posted**	January 2020	9 months	Pending	Reduced red tape
CONCERN 3: INVESTMENT FUND OPERATIONAL REQUIREMENTS					
F-12	Finalize an exemptive relief precedent to allow an investment fund to have more than one custodian for additional operational flexibility without impacting the safety of assets	Completed	Completed	Completed	More tailored and flexible regulation
F-13	Clarify CSA expectations on the rehypothecation of an investment fund's assets**	Completed	Completed	Completed	More tailored and flexible regulation
F-14	Finalize an exemptive relief precedent to allow for more flexibility for Alt Funds to manage how they obtain their leverage while operating within the overall leverage limit	Fall 2019	12 months	In progress	More tailored and flexible regulation
F-15	Develop alternatives to the current Alt Funds proficiency requirements and alternative education programs and propose changes to the proficiency regime for Alt Funds	Fall 2019	18 months	In progress	More tailored and flexible regulation
F-16	Adopt an internal process for the IFSP Branch to ensure the use of sunset clauses in exemptive relief decisions only where appropriate.	Completed	Completed	Completed	More tailored and flexible regulation

INVESTMENT FUNDS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 4: APPLICATIONS FOR ROUTINE EXEMPTIVE RELIEF					
F-17	Publish *Revised Approval 81-901 Mutual Fund Trusts: Approval of Trustees Under Clause 213(3)(b) of the Loan and Trust Corporations Act* to codify routinely granted relief to allow any body corporate that is an investment fund manager to act as trustee of any pooled fund organized as a mutual fund trust in Ontario that it manages	Completed	Completed	Completed	Reduced red tape
F-18	Finalize amendments to NI 81-106 to codify exemptive relief granted in respect of notice and access applications**	January 2020	9 months	Pending	Reduced red tape
F-19	Finalize amendments to NI 81-102 and NI 81-107 to codify exemptive relief granted in respect of conflicts applications**	January 2020	9 months	Pending	Reduced red tape
F-20	Finalize amendments to NI 81-102 to broaden pre-approval criteria for investment fund mergers**	January 2020	9 months	Pending	Reduced red tape
F-21	Finalize amendments to NI 81-102 to repeal regulatory approval requirements for a change of manager, a change of control of manager and a change of custodian that occurs in connection with a change of manager**	January 2020	9 months	Pending	Reduced red tape
F-22	Finalize amendments to NI 81-101 to codify exemptive relief granted in respect of Fund Facts delivery applications and which seek comment on the circumstances in which a combination of Fund Facts is appropriate**	January 2020	9 months	Pending	Reduced red tape
CONCERN 5: ENGAGEMENT WITH INVESTMENT FUND STAKEHOLDERS					
F-23	Repurpose the Investment Funds Product Advisory Committee into the Investment Funds Technical Advisory Committee to provide greater focus on technical compliance challenges in the investment funds product regulatory regime	Completed	Completed	Completed	Better and more accessible information
F-24	Publish the Investment Funds Practitioner Newsletter with a new focus on providing practical information	Fall 2019	6 months	Planning	Better and more accessible information

REGISTRANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 1: REGISTRATION INFORMATION REQUIREMENTS					
R-1	Develop and implement an expedited rule amendment to establish a moratorium on OBA late fees	Completed	Completed	Completed	Reduced red tape
R-2	NI 31-103, s. 13.4 – reassess OBA conflicts of interest and reporting obligations	Fall 2019	24 months	In progress	Reduced red tape
R-3	Modernize the registration information required by NI 33-109 and associated forms**	Fall 2019	24 months	In progress	More tailored and flexible regulation
CONCERN 2: COMPLIANCE REVIEWS					
R-4	Review and revise documents used to communicate compliance review findings to registrants	Completed	Completed	Completed	Better and more accessible information
R-5	Commence communication with the industry on how guidance issued to the industry is used during our compliance reviews	Summer 2019	12 months	In-progress	Better and more accessible information
R-6	Enhance communications with registrants throughout the compliance review process to increase transparency	Fall 2019	6 months	In progress	Better and more accessible information
R-7	Review and streamline compliance review books and records requests	Fall 2019	6 months	In progress	More timely and focused reviews
R-8	Organize and provide a Registrant Outreach presentation explaining our oversight review processes and the elements of an effective compliance system, and make such presentation available as an ongoing resource for registrants' reference	Fall 2019	6 months	In progress	Better and more accessible information
R-9	Reassess the classification of significant vs. non-significant deficiencies and communicate criteria to enhance transparency	Fall 2019	6 months	In progress	Better and more accessible information

REGISTRANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 2: COMPLIANCE REVIEWS (Continued)					
R-10	Improve coordination of compliance/ desk reviews and other compliance related initiatives with other regulators (CSA and NPRs, SROs)	January - March 2020	6 months	Planning	More timely and focused reviews
R-11	Implement the use of a secure file transfer process used to collect registration information on a confidential basis, during compliance reviews	Completed	Completed	Completed	More timely and focused reviews
R-12	Develop and implement a process for timely oversight of new rules and related compliance issues and a method to communicate related compliance review results in a clear and transparent manner to industry to enhance understanding and communication of compliance issues**	January - March 2020	24 months	Planning	Better and more accessible information
CONCERN 3: RISK ASSESSMENT QUESTIONNAIRE (RAQ)					
R-13	Review the RAQ to determine if any questions can be removed based on information already received through other OSC filings and revise the RAQ accordingly	Summer 2019	12 months	In progress	More timely and focused reviews
R-14	Evaluate the OSC's ability to pre-populate certain fields in the RAQ to reduce the number of times information is required to be submitted	Summer 2019	12 months	In progress	More timely and focused reviews
R-15	Enhance the existing support tools to assist firms with completing the RAQ, including FAQs and continuing to have staff available to respond to questions	Summer 2019	12 months	In progress	Better and more accessible information
R-16	Organize and provide a Registrant Outreach session on the RAQ after issuance	Summer 2019	12 months	In progress	Better and more accessible information
CONCERN 4: REGISTRATION OF FINTECH FIRMS					
R-17	Through OSC LaunchPad, evaluate what additional tools may be developed to assist fintech firms	Summer 2019	12 months	In progress	More tailored and flexible regulation

REGISTRANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 5: CLIENT RELATIONSHIP MANAGERS (CRMs)					
R-18	Develop a process to permit the registration of Advising and Associate Advising Representatives as CRMs through terms and conditions**	Summer 2019	12 months	In progress	More tailored and flexible regulation
CONCERN 6: CHIEF COMPLIANCE OFFICERS					
R-19	Facilitate multiple CCOs to be registered for a single legal entity where a business need is demonstrated**	Fall 2019	24 months	In progress	More tailored and flexible regulation
R-20	For fintech firms in Ontario, accept broader business experience when assessing the sufficiency of a CCO applicant's qualifications**	Fall 2019	Ongoing	Ongoing	More tailored and flexible regulation
R-21	Permit Ontario registrants in the appropriate circumstances to have a CCO who also is CCO for other unaffiliated registrants**	Fall 2019	Ongoing	Ongoing	More tailored and flexible regulation
CONCERN 7: DUAL REQUIREMENTS AND OVERSIGHT FOR SRO MEMBERS					
R-22	Develop expedited rule amendments to OSC Rule 13-502 to allow additional senior officers of a registrant firm to certify the annual participation fee calculation form.	Completed	Completed	Completed	Reduced red tape; Harmonization
R-23	With the MFDA, clarify and streamline the application process to reactivate registration for MFDA member firms and their dealing representatives after conclusion of MFDA disciplinary proceedings	Fall 2019	12 months	Planning	Better and more accessible information
R-24	Evaluate options to reduce duplication in the registration and membership processes for IIROC member firms	January - March 2020	12 months	Planning	Reduced red tape; Harmonization
R-25	Evaluate options to reduce duplication in the review of notices required by sections 11.9 and 11.10 of NI 31-103 for IIROC member firms	January - March 2020	12 months	Planning	Reduced red tape; Harmonization

REGISTRANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 8: OVERLAPPING DOMESTIC AND INTERNATIONAL REQUIREMENTS					
R-26	With appropriate departments of the Federal Government (Canada), eliminate the requirement for registrants and exempt international firms to submit duplicative information to securities regulators	Spring 2018	TBD	In progress	Reduced red tape
R-27	Develop a rule that exempts international dealers, advisers and sub-advisers from registration under the CFA	Fall 2019	12 months	In progress	Reduced red tape; More tailored and flexible regulation
CONCERN 9: GENERAL REGISTRANT OBLIGATIONS					
R-28	Evaluate changes to the percentage thresholds that trigger an 11.9 or 11.10 notice under NI 31-103**	January - March 2020	24 months	Planning	Reduced red tape
R-29	Improve processing of 11.9 and 11.10 notices under NI 31-103	January – March 2020	12 months	Planning	Reduced red tape
R-30	Review and enhance the current process followed to remove close supervision terms and conditions	Summer 2019	6 months	In progress	Reduced red tape

MARKETS, TRADING AND CLEARING

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 1: ENTITY OVERSIGHT					
M-1	Revise the terms and conditions of exchange recognition orders to remove burdensome and duplicative reporting requirements for exchanges	Summer 2019	12 months	In progress	More tailored and flexible regulation
M-2	Update SRO recognition orders and MOUs to ensure consistency with oversight activities**	Fall 2018	18 months	In progress	More tailored and flexible regulation
M-3	Update CIPF and MFDA IPC approval orders and MOUs to ensure consistency with oversight activities**	Summer 2018	18 months	In progress	More tailored and flexible regulation
M-4	Revise the terms and conditions of clearing agency recognition orders to remove burdensome and duplicative requirements for clearing agencies	Summer 2019	12 months	In progress	More tailored and flexible regulation
M-5	Amend National Instrument 21-101 *Marketplace Operation* to remove burdensome and duplicative reporting requirements for marketplaces**	Fall 2018	18 months	In progress	More tailored and flexible regulation
CONCERN 2 : REVISIT REQUIREMENTS IN RULES					
M-6	Eliminate reporting requirements for investment dealers and advisers in NI 24-101 if certain thresholds are not met**	Summer 2019	12 months	In progress	More tailored and flexible regulation
M-7	Consider potential changes to the requirements in OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* to eliminate duplicative regulation	Summer 2019	12 months	In progress	More tailored and flexible regulation
CONCERN 3 : APPROACH TO FOREIGN ENTITY REGULATION					
M-8	Review approach to foreign entity regulation and make recommendations	Summer 2019	12 months	In progress	More tailored and flexible regulation

DERIVATIVES PARTICIPANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 1: MARGIN AND COLLATERAL REQUIREMENTS FOR NON-CENTRALLY CLEARED OTC DERIVATIVES					
D-1	Indefinitely delay the implementation of a new rule imposing mandatory margin and collateral requirements for non-centrally cleared derivatives**	Completed	Completed	Completed. See CSA Staff Notice 95-301 *Margin and Collateral Requirements for Non-Centrally Cleared Derivatives*	Reduced red tape
CONCERN 2: PROPOSED BUSINESS CONDUCT RULE					
D-2	Leverage existing regulatory requirements to eliminate duplicative obligations for dealers and advisers that are already registered**	Summer 2019	6 months	In progress	Reduced red tape
D-3	Ensure domestic and foreign dealers remain active in offering OTC derivatives products to institutions hedging commercial risks associated with their businesses**	Summer 2019	6 months	In progress	More tailored and flexible regulation
D-4	Expand the availability and ease the use of exemptions for international dealers, and international advisers and sub-advisers**	Summer 2019	6 months	In progress	More tailored and flexible regulation
CONCERN 3: PROPOSED REGISTRATION RULE					
D-5	Leverage the existing registration regime to eliminate duplicative obligations for dealers and advisers that are already registered**	Fall 2019	24 months	In progress	Reduced red tape
D-6	Review the existing registration regime for potential regulatory gaps to determine whether those regulatory gaps can be addressed by measures that are less burdensome than an OTC derivatives registration rule	Fall 2019	6 months	In progress	Reduced red tape

DERIVATIVES PARTICIPANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 4: SCOPE OF THE MANDATORY CLEARING OBLIGATION					
D-7	Publish for consultation proposed amendments to the interpretation of affiliated entity status to narrow the scope of entities subject to the mandatory clearing requirement**	Spring 2019	6 months	In progress	More tailored and flexible regulation
D-8	Publish for consultation proposed amendments that eliminate forms filing requirements where we have alternative sources for obtaining the information that the filings would provide**	Spring 2019	6 months	In progress	Reduced red tape
CONCERN 5: REQUIREMENTS OF THE TRADE REPORTING RULE					
D-9	Monitor international developments to harmonize data fields required to be reported under the provincial trade reporting rules with such international developments**	Fall 2019	24 months	In progress	Harmonization
D-10	Review the monetary ceiling in the exclusion for reporting of commodity derivatives transactions**	Fall 2019	24 months	In progress	Harmonization
D-11	Consider whether it would be appropriate to allow greater flexibility in the manner of delegation of reporting responsibility between two non-dealer counterparties	Fall 2019	24 months	In progress	Harmonization
D-12	Consider whether it would be appropriate to allow a reporting counterparty greater flexibility in the due diligence required when determining in which jurisdictions a derivatives transaction is reportable**	Fall 2019	24 months	In progress	More tailored and flexible regulation
D-13	Reduce the frequency of *ad hoc* reporting required to demonstrate compliance	Summer 2019	6 months	In progress	More tailored and flexible regulation

DERIVATIVES PARTICIPANTS

Number	Description	Start	Target Date (from start)	Status	Benefits
CONCERN 6: DERIVATIVES MARKET FRAGMENTATION AND INEFFICIENCIES					
D-14	When adopting or amending rules, place increased emphasis on minimizing disparities in the national implementation of global reforms and deploying a risk-based framework for the evaluation of comparability and recognition of derivatives regulatory regimes of foreign jurisdictions**	N/A	N/A	In progress	Harmonization
D-15	Review the requirement for exempt clearing agencies to deliver a monthly filing relating to their holdings of customer collateral**	Fall 2019	12 months	In progress	More tailored and flexible regulation
D-16	Review approach to foreign clearing agency and trading facility regulation (i.e., exemption from recognition) and make recommendations	Summer 2019	12 months	In progress	More tailored and flexible regulation
D-17	Consider arrangements with the home regulators of foreign entities that may be utilized to eliminate overlapping audits	Fall 2019	24 months	In progress	More timely and focused reviews
CONCERN 7: PROFICIENCY REQUIREMENTS WHEN ADVISING IN RECOGNIZED OPTIONS					
D-18	Review the application of proficiency requirements, relating to registered advising representatives when advising in recognized options, and consider providing clarification	Fall 2019	12 months	In progress	More tailored and flexible regulation

APPENDIX 2:
SAVINGS CALCULATIONS

Methodology

Our methodology for calculating savings attempts to approximate the direct costs businesses incur to comply with requirements or processes, and would therefore save if that requirement or process was eliminated or modified.

We started by adapting the Standard Cost Model (SCM),[15] an activity-based costing model that aims to quantify the administrative burden imposed by regulation.

We identified two types of costs directly associated with complying with requirements or processes: fees and administrative costs.

COST TYPE	DESCRIPTION	EXAMPLES	TOTAL ASSOCIATED COST
Fees	Direct payments to the OSC as set out in OSC Rules 13-502 *Fees* and 13-503 *(Commodity Futures Act) Fees*	Participation fees (e.g. annual participation fees paid by reporting issuers) Activity fees (e.g. application fees) Late fees (e.g. fees for documents that were filed after a specified deadline)	*Fee x Quantity* Where: Fee is the amount payable for the fee category Quantity is the number of affected stakeholders and the number of times per year the fee is incurred
Administrative costs	Costs associated with the specific administrative activities required to meet regulatory obligations. Businesses can use in-house staff to perform these activities or outsource them.	Costs associated with: ■ becoming familiar with new obligations that result from regulatory changes ■ notifying the OSC of certain activities ■ recordkeeping and reporting ■ applications/seeking permission to undertake certain activities ■ cooperating with audits/ compliance reviews ■ other administrative activities	*Price x Time x Quantity* Where: Price is ■ in the case of labour costs, the hourly wage plus 25 per cent overhead for in-house labour ■ in the case of non-labour costs, the purchase cost Time is the amount of time required to complete the activity Quantity is the number of affected entities and the frequency of the activity

15 Standard Cost Model (SCM) Network, *International Standard Cost Manual* (2006). www.oecd.org/regreform/regulatory-policy/34227698.pdf

We identified the specific fee and administrative activities required for the relevant requirement or process, and calculated the total associated costs on an annual basis. We relied on internal operational information as well as information from our advisory committees.

We applied two assumptions when determining administrative costs:

- **Overhead for labour costs:** We assumed an overhead of 25 per cent for in-house labour costs, and no overhead for outsourced labour costs. There is a wide range of overhead percentages applied in different industries and jurisdictions. According to the International Standard Cost Model Manual, Denmark, Norway and Sweden apply a 25 per cent overhead. The Netherlands generally applies an overhead percentage of 25 per cent but an overhead percentage of 50 per cent has been applied in the measurement of the regulation of the financial sector. The United Kingdom has an initial overhead percentage of 30 per cent, which is subject to review during the measurement process.
- **Hourly wage costs:** We broke labour costs into four categories of Legal, Accounting/Audit and Assurance Services, Compliance, and IT. We developed hourly wage estimates using average rates based on various salary and compensation guides, using where possible, data specific to the Ontario labour market and for the financial services industry. We further divided wage rates by seniority where applicable, based on years of experience.

The total cost savings from each initiative were calculated in accordance with the following formula:

$$NPV = -C_0 + \sum_{i=1}^{T} \frac{C_i}{(1+r)^i}$$

Where:
NPV = the net present value of total cost savings over a 10-year review period

$-C_o$ = initial investment (i.e., the initial costs borne by market participants as a result of the implementation of the burden reduction initiative)

C_i = total cost savings in each year

r = discount rate

T= Time

Finally, we calculated an average annual amount of cost savings using the following formula:

Average annual cost savings = NPV of total cost savings over the review period / 10

Our formula contains the following key assumptions:

- **Regulatory review period:** The estimated cost savings resulting from a particular initiative were forecast over a 10-year period. The 10-year review period is consistent with the approach taken in other jurisdictions such as the federal government, Australia and the U.K.
- **Time value of money and choice of discount rate:** Cost savings over the 10-year period are discounted using a 2.5 per cent discount rate and assume the initiative has come into effect at the time of calculation. Cost savings are assumed to grow at a rate equal to the average yearly Ontario all-items CPI for the period 2008-2018.

Average annual savings

The chart below outlines the cost savings we have calculated to date for 21 specific decisions and recommendations. We have calculated savings where:

- we have identified a clear and specific requirement or process to be eliminated or modified,
- we have begun work to eliminate or modify that specific requirement or process, and
- we can reasonably identify the activities and time involved to comply with that requirement or process, using information from our operational work, third-party sources or market participants (e.g. advisory committees and industry associations).

DECISION AND RECOMMENDATION		AVERAGE ANNUAL COST SAVINGS (ROUNDED)
R-1	Develop and implement an expedited rule amendment to establish a moratorium on OBA late fees	$830,000
R-7	Review and streamline compliance review books and records requests	$20,000
R-14	Evaluate the OSC's ability to pre-populate certain fields in the RAQ to reduce the number of times information is required to be submitted	$250,000
R-24	Develop expedited rule amendments to OSC Rule 13-502 to allow additional senior officers of a registrant firm to certify the annual participation fee calculation form	$680,000
R-29	Develop a rule that exempts international dealers, advisers and sub-advisers from registration under the CFA	$220,000
R-32	Review and enhance the current process followed to remove close supervision terms and conditions	$2,000
F-3	Finalize amendments to National Instrument 81-101 Mutual Fund Prospectus Disclosure (NI 81-101) and National Instrument 41-101 General Prospectus Requirements (NI 41-101) to streamline personal information form filing requirements and to rely on the current registration regime**	$1,500,000

DECISION AND RECOMMENDATION		AVERAGE ANNUAL COST SAVINGS (ROUNDED)
F-4	Finalize amendments to NI 81-101, NI 81-102, NI 81-106, NP 11-202, NI 13-101, and NI 13-102 to consolidate the simplified prospectus and the annual information form for mutual funds in continuous distribution**	$780,000
F-19	Finalize amendments to NI 81-102 and NI 81-107 to codify exemptive relief granted in respect of conflicts applications**	$1,200,000
F-20	Finalize amendments to NI 81-102 to broaden pre-approval criteria for investment fund mergers**	$310,000
F-22	Finalize amendments to NI 81-101 to codify exemptive relief granted in respect of Fund Facts delivery applications and which seek comment on the circumstances in which a combination of Fund Facts is appropriate**	$100,000
C-9	Amend the rules to reduce the number of instances when financial statements are required to be filed for significant acquisitions in business acquisition reports (BARs) and other disclosure**	$1,600,000
C-13	Amend the rules so that at-the-market (ATM) offerings can be conducted without having to obtain prior exemptive relief**	$59,000
D-8	Publish for consultation proposed amendments that eliminate forms filing requirements where we have alternative sources for obtaining the information that the filings would provide**	$38,000
D-13	Reduce the frequency of ad hoc reporting required to demonstrate compliance	$22,000
M-1	Revise the terms and conditions of exchange recognition orders to remove burdensome and duplicative reporting requirements for exchanges	$48,000
M-2	Update SRO recognition orders and MOUs to ensure consistency with oversight activities**	$10,000
M-3	Update CIPF and MFDA IPC approval orders and MOUs to ensure consistency with oversight activities **	$8,000
M-5	Amend National Instrument 21-101 Marketplace Operation (NI 21-101) to remove burdensome and duplicative reporting requirements for marketplaces **	$60,000
M-6	Eliminate reporting requirements for investment dealers and advisers in NI 24-101 if certain thresholds are not met **	$79,000
M-7	Consider potential changes to the requirements in OSC Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions (OSC Rule 48-501)	$17,000
		$7,833,000

APPENDIX 3: LIST OF COMMENTERS

Commenter

AGF Investments Inc. (Mark Adams)

Alternative Investment Fund Management Association (Claire Van Wyk Allan, Stacy McLean, Francesca Smirnakis, Sarah Gardiner, Robert Lemon, Tim Baron, Elizabeth Purrier, Michael Burns, Daniel Dorenbush, Belle Kaura, Steve Banquier and Supriya Kapoor)

Amsden, Barbara

AUM Law (Janet Holmes)

Blackrock Asset Management (Margaret Gunawan)

Borden Ladner Gervais (Rebecca Cowdery and Manoj Pundit)

Burgundy Asset Management (Cathy Hui Chun Lin and Jaclyn Moody)

Canadian Advocacy Council for Canadian CFA Institute Societies

Canadian Bankers Association

Canadian Coalition for Good Governance (Marcia Moffatt)

Canadian ETF Association (Pat Dunwoody)

Canadian Foundation for Advancement of Investor Rights (Ermanno Pascutto)

CIBC World Markets Inc. (Robert Lemon)

CI Investments Inc. (Tim Currie and Susan Copland)

Canadian Securities Exchange (Jamie Anderson)

Chartered Professional Accountants of Canada (Joy Thomas)

CME Group Inc. (John McKinlay)

Coerente Capital Management (Len Racioppo)

Davies (Timothy Baron, Robert Murphy, David Wilson and Daniel Pearlman)

Edgepoint Wealth Management (Sayuri Childs)

Enlightened Private Capital Inc. (Norman Light)

Evershed Sutherland (US) LLP, on behalf of the Canadian Commercial Energy Working Group (Alex S. Holtan and Blair P. Scott)

Fasken Martineau DuMoulin LLP (Anil Aggarwal, Stephen Erlichman, Garth J. Foster, Daniel Fuke, Munier M. Saloojee, John M. Sabetti, Tracy L. Hooey, John Kruk, François Brais, Jonathan Halwagi and Élise Renaud)

Federation of Mutual Fund Dealers (Sandra L. Kegie)

Fidelity Investments (Robert Sklar)

Foremost Financial (Ricky Dogon)

GLC Asset Management Group Ltd. (Frank Callaghan)

Global Foreign Exchange Division of the Global Financial Markets Association (James Kemp)

Great West Life Assurance Company (Andrew Fitzpatrick)

Harland, Andrea

Hershaw, James S.

Investment Industry Association of Canada (Michelle Alexander)

Independent Trading Group

International Swaps and Derivatives Association (Katherine Darras)

Intact Financial Corporation (Louis Marcotte)

Investor Advisory Panel (of the OSC) (Neil Gross)

Investment Funds Institute of Canada (Paul C. Bourque)

Kivenko, Ken

Leeds Jones Gable Inc. (Jason Jardine)

Lending Loop (Jenna Hay)

Lysander Funds Ltd. (Raj Vigh)

Manulife Asset Management Ltd. (Bernard Letendre and Rick Annaert)

Manulife Financial Corporation (Chris Donnelly)

Monardo, Sheri

National Bank of Canada (Martin Gagnon)

National Crowdfunding and FinTech Association of Canada

Neo Exchange (Cindy Petlock)

Nexus Investment Management Inc. (Denys Calvin)

Nicola Wealth Management Ltd. (Danielle MacDonald)

Pinnacle Wealth Brokers (Brian Koscak)

Portfolio Management Association of Canada (Katie Walmsley and Margaret Gunawan)

Private Capital Markets Association of Canada (David Gilkes, Nadine Milne, Brian Koscak, Frank Laferriere, Craig Skauge and Georgina Blanas)

Prospectors & Developers Association of Canada (Lisa McDonald)

Refinitiv, on behalf of Thomson Reuters (SEF) LLC and Reuters Transaction Services Ltd. (Daniella Shteynfield)

Resurgent Capital Corp. (Joel Freudman)

Rutke, Jeremy

Seneca College, School of Accounting and Financial Services
(FNT 104 Financial Services Regulatory Landscape and RegTech class)

Shareholder Association for Research and Education (Kevin Thomas)

Silver Maple Ventures Inc, dba FrontFundr (Anthony Couture)

Starkman, Rhonda

Sun Life Financial (Laura Hewitt)

TD Wealth (Leo Salom)

TMX Group Limited (Cheryl Graden)

Torys LLP

Tri-View Capital Ltd. (Jessica Mitchell)

Wildeboer Dellelce LLP (Ronald Schwass)

Xplornet Communications Inc. (Christine J. Prudham)

Zig Zag Applications and Solutions Inc. (Randee Pavalow)

OSC

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Ontario

As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial *Securities Act* and the provincial *Commodity Futures Act*, and administers certain provisions of the provincial *Business Corporations Act*. The OSC is a self-funded Crown corporation accountable to the Ontario Legislature through the Minister of Finance.

1.1.2 Notice of Ministerial Approval of Amended and Restated Memorandum of Understanding with the UK Financial Conduct Authority – Concerning Consultation, Cooperation and the Exchange of Information Related to the Supervision of Cross-Border Alternative Investment Fund Managers

NOTICE OF MINISTERIAL APPROVAL OF
AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING WITH
THE UK FINANCIAL CONDUCT AUTHORITY
CONCERNING CONSULTATION, COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION OF
CROSS-BORDER ALTERNATIVE INVESTMENT FUND MANAGERS

On November 14, 2019, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the amended and restated supervisory Memorandum of Understanding entered into between the Ontario Securities Commission, together with the Autorité des marchés financiers, Alberta Securities Commission and British Columbia Securities Commission (the "Canadian Authorities") and the United Kingdom Financial Conduct Authority (the "Amended Supervisory MoU").

The Canadian Authorities entered into similar supervisory MoUs with other European Union ("EU") and European Economic Area member state financial securities regulators in 2013. The entering into of such supervisory MoUs was a pre-condition under the EU Alternative Investment Fund Managers Directive ("AIFMD") for allowing non-EU Alternative Investment Fund Managers ("AIFMs") to manage and market Alternative Investment Funds ("AIFs") in the EU and to perform fund management activities on behalf of EU Managers. Under the AIFMD, AIFMs are legal persons whose regular business is the risk and/or portfolio management of AIFs and AIFs are collective investment undertakings other than those that comply with the EU Undertakings for Collective Investment in Transferable Securities Directive.

The OSC is a party to an existing supervisory MoU signed in 2013 with the Financial Conduct Authority based on the AIFMD. The Amended Supervisory MoU was necessary as the United Kingdom has given notice that it intends to leave the EU, and after this occurs, the European legislation referenced in the existing supervisory MoU with the Financial Conduct Authority will no longer apply to the United Kingdom. The Amended Supervisory MoU has been updated to reflect the regulatory regime that will apply in relation to AIFs in the United Kingdom after it has left the EU.

The purpose of the Amended Supervisory MOU is to facilitate consultation, cooperation and the exchange of information related to the supervision of AIFMs that operate on a cross-border basis in the jurisdictions of both the Financial Conduct Authority and the relevant Canadian Authority.

Questions may be referred to:

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1.2 Notices of Hearing

1.2.1 The Catalyst Capital Group Inc. et al. – s. 127

FILE NO.: 2019-41

IN THE MATTER OF
THE CATALYST CAPITAL GROUP INC.

AND

IN THE MATTER OF
HUDSON'S BAY COMPANY,
RICHARD A. BAKER,
LISA BAKER,
LISA AND RICHARD BAKER ENTERPRISES, LLC,
RED TRUST, YELLOW TRUST, BLUE TRUST,
ROBERT BAKER,
CHRISTINA BAKER,
A TRUST FOR BETTINA JANE RICHMAN,
A TRUST FOR EMMA RICHMAN,
A TRUST FOR FRANCESCA RICHMAN,
ASHLEY S. BAKER 3/15/84 TRUST,
LION TRUST,
MR. AND MRS. ROBERT BAKER FAMILY FOUNDATION,
CHRISTINA BAKER TRUST FOR GRANDCHILDREN,
ROBERT C. BAKER TRUST FOR GRANDCHILDREN,
WILLIAM MACK,
THE WILLIAM AND PHYLLIS MACK FAMILY FOUNDATION, INC.,
MACK 2010 FAMILY TRUST I,
RICHARD MACK,
WRS ADVISORS III, LLC,
WRS ADVISORS IV, LLC,
LEE NEIBART,
LEE S. NEIBART 2010 GRAT,
HANOVER INVESTMENTS (LUXEMBOURG) S.A.,
ABRAMS CAPITAL PARTNERS I, L.P.,
ABRAMS CAPITAL PARTNERS II, L.P.,
WHITECREST PARTNERS, LP, and
FABRIC LUXEMBOURG HOLDINGS S.À.R.L

NOTICE OF HEARING
Section 127 of the *Securities Act,* RSO 1990, c S.5

PROCEEDING TYPE: Application for Transactional Proceeding
HEARING DATE AND TIME: December 5, 2019 at 2:15 p.m.
LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this proceeding is to consider the Application filed by The Catalyst Capital Group Inc. dated December 2, 2019, in respect of the proposed acquisition of securities of Hudson's Bay Company (**HBC**) by Rupert Acquisition LLC (**Baker Corp.**), in connection with the plan of arrangement contemplated under a definitive arrangement agreement dated October 20, 2019 between Baker Corp. and HBC.

The hearing set for the date and time indicated above is the first attendance in this proceeding, as described in subsection 7(1) of the Commission's *Practice Guideline*.

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 3rd day of December, 2019.

"Robert Blair"
For Grace Knakowski
Secretary to the Commission

For more information

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

1.4 Notices from the Office of the Secretary

1.4.1 Farhang (Fred) Dagostar Nikoo

FOR IMMEDIATE RELEASE
November 28, 2019

FARHANG (FRED) DAGOSTAR NIKOO,
File No. 2019-36

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

A copy of the Reasons and Decision and the Order dated November 27, 2019 are available at www.osc.gov.on.ca

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 First Global Data Ltd. et al.

FOR IMMEDIATE RELEASE
December 3, 2019

FIRST GLOBAL DATA LTD.,
GLOBAL BIOENERGY RESOURCES INC.,
NAYEEM ALLI,
MAURICE AZIZ,
HARISH BAJAJ, AND
ANDRE ITWARU,
File No. 2019-22

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

A copy of the Order dated December 3, 2019 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.3 The Catalyst Group Inc. et al.

FOR IMMEDIATE RELEASE
December 3, 2019

THE CATALYST CAPITAL GROUP INC. and
HUDSON'S BAY COMPANY,
RICHARD A. BAKER,
LISA BAKER,
LISA AND RICHARD BAKER ENTERPRISES, LLC,
RED TRUST, YELLOW TRUST, BLUE TRUST,
ROBERT BAKER, CHRISTINA BAKER,
A TRUST FOR BETTINA JANE RICHMAN,
A TRUST FOR EMMA RICHMAN,
A TRUST FOR FRANCESCA RICHMAN,
ASHLEY S. BAKER 3/15/84 TRUST,
LION TRUST,
MR. AND MRS. ROBERT BAKER FAMILY FOUNDATION,
CHRISTINA BAKER TRUST FOR GRANDCHILDREN,
ROBERT C. BAKER TRUST FOR GRANDCHILDREN,
WILLIAM MACK,
THE WILLIAM AND PHYLLIS MACK FAMILY FOUNDATION, INC.,
MACK 2010 FAMILY TRUST I,
RICHARD MACK, WRS ADVISORS III, LLC,
WRS ADVISORS IV, LLC, LEE NEIBART,
LEE S. NEIBART 2010 GRAT,
HANOVER INVESTMENTS (LUXEMBOURG) S.A.,
ABRAMS CAPITAL PARTNERS I, L.P.,
ABRAMS CAPITAL PARTNERS II, L.P.,
WHITECREST PARTNERS, LP, and
FABRIC LUXEMBOURG HOLDINGS S.À.R.L,
File No. 2019-41

TORONTO – On December 3, 2019, the Commission issued a Notice of Hearing pursuant to Section 127 of the *Securities Act,* RSO 1990, c S.5 to consider the Application filed by The Catalyst Capital Group Inc. dated December 2, 2019, in respect of the proposed acquisition of securities of Hudson's Bay Company (**HBC**) by Rupert Acquisition LLC (**Baker Corp.**), in connection with the plan of arrangement contemplated under a definitive arrangement agreement dated October 20, 2019 between Baker Corp. and HBC.

The hearing will be held on December 5, 2019 at 2:15 p.m. at 20 Queen Street West, 17th Floor, Toronto, Ontario.

A copy of the Notice of Hearing dated December 3, 2019 and the Application dated December 2, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 HEXO Corp. et al.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Application for exemptive relief to permit issuer and underwriters, acting as agents for the issuer, to enter into equity distribution agreements to make "at the market" (ATM) distributions of common shares over the facilities of a marketplace in Canada – ATM distributions to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions – issuer will issue a press release and file agreements on SEDAR – application for relief from prospectus delivery requirement – delivery of prospectus not practicable in circumstances of an ATM distribution – relief from prospectus delivery requirement has effect of removing two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus – application for relief from certain prospectus form requirements – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document – decision will terminate 25 months after the issuance of a receipt for the shelf prospectus.

Applicable Legislative Provisions

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

Applicable Ontario Rules

National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1 and Item 20 of Form 44-101F1.
National Instrument 44-102 Shelf Distributions, s. 6.7, Part 9, s. 11.1, s. 2.2 of Part 2 of Appendix A.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

November 19, 2019

TRANSLATION

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

AND

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

AND

IN THE MATTER OF
HEXO CORP. (the Issuer),
CIBC WORLD MARKETS INC. (the Canadian Agent) AND
CIBC WORLD MARKETS CORP.
(the U.S. Agent and together with the Canadian Agent, the Agents, and together with the Issuer, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for the following relief (the **Exemption Sought**):

a) that the requirement that a dealer, not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies, send or deliver to the purchaser the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Agents or any other TSX participating organization or other marketplace participant acting as selling agent for the Agents (each, a **Selling Agent**) in connection with any at-the-market distribution (each, an **ATM Distribution** and collectively, the **ATM Offering**), as defined in *Regulation 44-102 respecting Shelf Distributions*, CQLR, c. V-1.1, r. 17 (**Regulation 44-102**) of common shares (**Common Shares**) of the Issuer in Canada and the United States (the **U.S.**) pursuant to an equity distribution agreement (the **Equity Distribution Agreement**) to be entered into between the Issuer and the Agents; and

b) that the requirements to include in a base shelf prospectus, a prospectus supplement or an amendment thereto:

(i) a forward-looking issuer certificate of the Issuer in the form specified in section 2.1 or section 2.4, as applicable, of Appendix A to Regulation 44-102;

(ii) a forward-looking underwriter certificate in the form specified in section 2.2 or section 2.4, as applicable, of Appendix A to Regulation 44-102; and

(iii) a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in Item 20 of Form 44-101F1 – *Short Form Prospectus*;

(collectively, the **Prospectus Form Requirements**) do not apply to the Shelf Prospectus (as defined below), the Prospectus Supplement (as defined below) or an amendment thereto.

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

a) the Autorité des marchés financiers (**AMF**) is the principal regulator for this application;

b) the Filers have provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR, c. V-1.1, r. 1 (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the Northwest Territories (together with the Jurisdictions, the **Reporting Jurisdictions**); and

c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions,* CQLR, c. V-1.1, r. 3, in *Regulation 13-101* respecting *the System for Electronic Document Analysis and Retrieval* (**SEDAR**), CQLR, c, V-1.1, r. 2, in *Regulation 21-101 respecting Marketplace Operation*, CQLR, c. V-1.1, r. 5, in Regulation 11-102 or in Regulation 44-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Issuer

1. The Issuer is a corporation incorporated under the *Business Corporations Act* (Ontario). The head office of the Issuer is located at 490 Boul. St-Joseph, Suite 204, Gatineau, Québec, J8Y 3Y7.

2. The Issuer is a reporting issuer in the Reporting Jurisdictions and is not in default of securities legislation in any of the jurisdictions of Canada.

3. The Common Shares are listed on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**).

4. The Issuer is subject to reporting obligations under the 1934 Act, and files its continuous disclosure documents with the SEC.

5. The Issuer filed an amended and restated short form base shelf prospectus in the Reporting Jurisdictions on December 14, 2018 amending and restating the short form base shelf prospectus filed by the Issuer in the Reporting Jurisdictions on November 19, 2018 (the **Shelf Prospectus**), for which the AMF issued a receipt on December 20, 2018.

6. The Issuer filed a registration statement on Form F-10 with the SEC on December 20, 2018 under the multi-jurisdictional disclosure system providing for the distribution from time to time of Common Shares, warrants, subscription receipts and units having an aggregate offering price of up to $800,000,000 (or the equivalent in other currencies).

The Agents

7. The Canadian Agent is a corporation incorporated under the laws of the Province of Ontario, with its head office in Toronto, Ontario.

8. The Canadian Agent is registered as an investment dealer under the securities legislation of each of the Reporting Jurisdictions, is a member of the Investment Industry Regulatory Organization of Canada and is a participating organization of the TSX.

9. The U.S. Agent is a corporation incorporated under the laws of the State of Delaware, with its head office in New York, New York.

10. The U.S. Agent is a broker-dealer registered with the SEC under the 1934 Act.

11. None of the Agents are in default of any requirements under applicable securities legislation in any of the jurisdictions of Canada.

Proposed ATM Distribution

12. Subject to mutual agreement on terms and conditions, the Filers propose to enter into the Equity Distribution Agreement for the purpose of the ATM Offering involving the periodic sale of Common Shares by the Issuer through the Agents, as agents, under the shelf prospectus procedures prescribed by Part 9 of Regulation 44-102.

13. If the Equity Distribution Agreement is entered into, the Issuer will immediately do both of the following:

    a) issue and file a news release pursuant to section 3.2 of Regulation 44-102 announcing the Equity Distribution Agreement and indicating that the Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and specifying where and how purchasers of Common Shares under the ATM Offering may obtain copies; and

    b) file the Equity Distribution Agreement on SEDAR.

14. Prior to making an ATM Distribution, the Issuer will have filed, in each of the Reporting Jurisdictions and with the SEC, a prospectus supplement describing the terms of the ATM Offering, including the terms of the Equity Distribution Agreement and otherwise supplementing the disclosure in the Shelf Prospectus (the **Prospectus Supplement**).

15. The Issuer will not, during the period that the Shelf Prospectus is effective, distribute by way of one or more ATM Distributions a total market value of Common Shares that exceeds 10% of the aggregate market value of Common Shares, such aggregate market value calculated in accordance with section 9.2 of Regulation 44-102 and as at the last trading day of the month before the month in which the first ATM Distribution is made.

16. The Issuer will conduct ATM Distributions only through one or more of the Agents (as agent) directly or via a Selling Agent, and only through the TSX, the NYSE, or another marketplace upon which the Common Shares are listed, quoted or otherwise traded (each, a **Marketplace**).

17. The Canadian Agent will act as the sole agent of the Issuer in connection with an ATM Distribution directly or through one or more Selling Agents on the TSX or any other Marketplace in Canada (a **Canadian Marketplace**), and will be paid an agency fee or commission by the Issuer in connection with such sales. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Canadian Agent. The Canadian Agent will sign an agent's certificate, in the form set out in paragraph 34 below, in the Prospectus Supplement.

18. A purchaser's rights and remedies under applicable securities legislation against the Canadian Agent, as agent of an ATM Distribution through a Canadian Marketplace, will not be affected by a decision to effect the sale directly or through a Selling Agent.

19. The aggregate number of Common Shares sold on one or more Canadian Marketplaces pursuant to an ATM Distribution on any trading day will not exceed 25% of the trading volume of the Common Shares on all Canadian Marketplaces on that day.

20. The Equity Distribution Agreement will provide that, at the time of each sale of Common Shares pursuant to an ATM Distribution, the Issuer will represent to the Agents that the Shelf Prospectus, as supplemented by the Prospectus Supplement, including the documents incorporated by reference in the Shelf Prospectus (which shall include any news release that has been designated and filed as a Designated News Release (as defined below)) and any subsequent amendment or supplement to the Shelf Prospectus or the Prospectus Supplement (together, the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Issuer and the Common Shares being distributed. The Issuer will, therefore, be unable to proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Issuer or the Common Shares.

21. During the period after the date of the Prospectus Supplement and before the termination of any ATM Distribution, if the Issuer disseminates a news release disclosing information that, in the Issuer's determination, constitutes a "material fact" (as such term is defined in the Legislation), the Issuer will identify such news release as a "designated news release" for the purposes of the Prospectus. This designation will be made on the face page of the version of such news release filed on SEDAR (any such news release, a **Designated News Release**). The Prospectus Supplement will provide that any such Designated News Release will be deemed to be incorporated by reference into the Prospectus. A Designated News Release will not be used to update disclosure in the Prospectus by the Issuer in the event of a "material change" (as such term is defined in the Legislation).

22. If, after the Issuer delivers a sell notice to the Agents directing the Agents to sell Common Shares on the Issuer's behalf pursuant to the Equity Distribution Agreement (a **Sell Notice**), the sale of the Common Shares specified in the Sell Notice, taking into consideration prior sales under the ATM Offering, would constitute a material fact or material change, the Issuer will suspend sales under the Equity Distribution Agreement until either: (a) it has filed a Designated News Release or material change report, as applicable, or amended the Prospectus; or (b) circumstances have changed such that a sale would no longer constitute a material fact or material change.

23. In determining whether the sale of the number of Common Shares specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account a number of factors, including, without limitation:

    a) the parameters of the Sell Notice, including the number of Common Shares proposed to be sold and any price or timing restrictions that the Issuer may impose with respect to the particular ATM Distribution;

    b) the percentage of the outstanding Common Shares that the number of Common Shares proposed to be sold pursuant to the Sell Notice represents;

    c) sales under earlier Sell Notices;

    d) trading volume and volatility of the Common Shares;

    e) recent developments in the business, operations or capital of the Issuer; and

    f) prevailing market conditions generally.

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

Disclosure of Common Shares Sold in ATM Offering

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

Prospectus Delivery Requirement

26. Pursuant to the Prospectus Delivery Requirement, a dealer effecting a trade of securities offered under a prospectus is required to deliver a copy of the prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) to the purchaser within prescribed time limits.

27. Delivery of a prospectus is not practicable in the circumstances of an ATM Distribution, because neither the Agents nor a Selling Agent effecting the trade will know the identity of the purchasers.

28. The Prospectus will be filed and readily available electronically via SEDAR to all purchasers under ATM Distributions. As stated in paragraph 13 above, the Issuer will issue a news release that specifies where and how copies of the Prospectus may be obtained.

29. The liability of an issuer or an underwriter (or others) for a misrepresentation in a prospectus pursuant to the civil liability provisions of the Legislation will not be affected by the grant of an exemption from the Prospectus Delivery Requirement because purchasers of securities offered by a prospectus during the period of distribution have a right of action for damages or rescission, without regard to whether or not the purchaser relied on the misrepresentation or in fact received a copy of the prospectus.

Withdrawal Right and Right of Action for Non-Delivery

30. Pursuant to the Legislation, an agreement to purchase a security in respect of a distribution to which the prospectus requirement applies is not binding upon the purchaser if the dealer from whom the purchaser purchases the security receives, not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any amendment to the prospectus, a notice in writing evidencing the intention of the purchaser not to be bound by the agreement of purchase and sale (the **Withdrawal Right**).

31. Pursuant to the Legislation, a purchaser of securities to whom a prospectus was required to be sent or delivered in compliance with the Prospectus Delivery Requirement, but was not so sent or delivered, has a right of action for rescission or damages against the dealer who did not comply with the Prospectus Delivery Requirement (the **Right of Action for Non-Delivery**).

32. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of the ATM Offering because of the impracticability of delivering the Prospectus to a purchaser of Common Shares thereunder.

Modified Certificates and Statements

33. To reflect the fact that an ATM Distribution is a continuous distribution, the Prospectus Supplement will include the following issuer certificate:

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

34. Also to reflect the fact that an ATM Distribution is a continuous distribution, the Prospectus Supplement will include the following underwriter certificate:

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

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

> *Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements*

relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Common Shares under an at-the-market distribution by the Issuer will not have the right to withdraw from an agreement to purchase the Common Shares and will not have remedies of rescission or, in some jurisdictions, revision of the price, or damages for non-delivery of the prospectus, because the prospectus, prospectus supplements relating to the Common Shares purchased by the purchaser and any amendment relating to Common Shares purchased by such purchaser will not be delivered as permitted under a decision dated [♦], 2019 and granted pursuant to National Policy 11-203 - Process for Exemptive Relief Applications in Multiple Jurisdictions.

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

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

36. The Prospectus Supplement will disclose that, in respect of ATM Distributions under the Prospectus Supplement, the statement prescribed in paragraph 35 above supersedes the statement of purchaser's rights in the Shelf Prospectus.

Decision

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

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

a) at least one of the following is true:

   (i) during the 60-day period ending not earlier than 10 days prior to the commencement of an ATM Distribution, the Common Shares have traded, in total, on one or more Marketplaces, as reported on a consolidated market display:

      A) an average of at least 100 times per trading day, and

      B) with an average trading value of at least $1,000,000 per trading day;

   (ii) at the commencement of an ATM Distribution, the Common Shares are subject to Regulation M under the 1934 Act and are an “actively-traded security” as defined thereunder;

b) the Issuer complies with the disclosure requirements set out in paragraphs 25 and 33 through 36 above; and

c) the Issuer and Agents respectively comply with the representations made in paragraphs 13, 16, 17 and 19 through 24 above.

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

“Hugo Lacroix”
Surintendant des marches de valeurs

2.1.2 Cascades inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – BAR – Exemption from the requirement to file a BAR under Part 8 of National Instrument 51-102 Continuous Disclosure Obligations – The acquisition is non-significant applying the asset and investment tests; applying the profit or loss test produces an anomalous result because the significance of the acquisition under this test is disproportionate to its significance on an objective basis in comparison to the results of the other significance tests and all other business, commercial and financial factors; the Filer has provided additional measures that demonstrate the non-significance of the Acquisition to the Filer and that are generally consistent with the results when applying the asset and investment tests.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 8.2(1) and Part 13.

TRANSLATION

November 18, 2019

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

AND

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

AND

IN THE MATTER OF
CASCADES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) to grant an exemption pursuant to Part 13 *Regulation 51-102 respecting Continuous Disclosure Obligations* (**Regulation 51-102**) from the requirement in Part 8 of Regulation 51-102 to file a business acquisition report (**BAR**) in connection with the Filer's acquisition of substantially all of the assets of Orchids Paper Products Company (**Orchids**) on September 13, 2019 (the **Exemption Sought**).

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

1.1 the Autorité des marchés financiers is the principal regulator for the Application;

1.2 the Filer has provided notice that Subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; and

1.3 the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in Regulation 14-101 respecting Definitions, Regulation 11-102 and Regulation 51-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer's head office is located at 404 Marie-Victorin, C.P. 30, Kingsey Falls (Québec) J0A 1B0.

2. The Filer's common shares are listed on the Toronto Stock Exchange (TSX), under the ticker symbol "CAS".

3. The Filer is a reporting issuer in Québec, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and is not in default of securities legislation in any of the provinces of Canada.

4. On September 13, 2019, the Filer acquired substantially all of the assets of Orchids. The Filer paid a total cash consideration of US$207 million, plus the assumption of other liabilities upon the closing, which in accordance with IFRS, results in a total consideration paid of US$237 million, all of which was financed by the Filer's credit facilities (the Acquisition).

5. Under Part 8 of Regulation 51-102, the Filer is required to file a BAR for any completed acquisition that is determined to be a significant acquisition based on the acquisition satisfying any of the three significance tests set out in subsection 8.3(2) of Regulation 51-102.

6. The Acquisition is not a "significant acquisition" under the "asset test" as the value of the consolidated assets of Orchids set out in the audited financial statements as at December 31, 2018 represented approximately 9.0% of the consolidated assets of the Filer as of December 31, 2018.

7. The Acquisition is not a "significant acquisition" under the "investment test" as the consolidated investments in and advances to Orchids as at the acquisition date represented approximately 6% of the consolidated assets of the Filer as at December 31, 2018.

8. The Acquisition is, however, a "significant acquisition" under the "profit or loss test" as the consolidated "specified profit or loss" of Orchids set out in the audited financial statements as at December 31, 2018 exceeds 20% of the consolidated "specified profit or loss" of the Filer for the year ended December 31, 2018.

9. When applying the alternative application available under subsection 8.3(8) of Regulation 51-102, the Acquisition would also represent a "significant acquisition" under the "profit or loss test".

10. For the purposes of completing its quantitative analysis of the significance tests set forth in the Application, the Filer has reviewed the principal differences between IFRS as applied by the Filer and US generally accepted accounting principles (US GAAP) as applied by Orchids. The differences between US GAAP and IFRS would not be significant to the quantitative analysis presented in the Application.

11. The Filer does not believe that the Acquisition is significant from a practical, commercial, business or financial perspective.

12. The Filer has provided the principal regulator with additional operating measures that demonstrate the non-significance of the Acquisition to the Filer. These operating measures compared sales and manufacturing and converting capacity (in short tons) of Orchids to that of the Filer. The results of those measures are generally consistent with the results of the "asset test" and the "investment test".

13. The application of the "profit or loss test" produces an anomalous result for the Filer because it exaggerates the significance of the Acquisition out of proportion to its significance on an objective basis in comparison to the results of the "asset test", "investment test" and the additional operating measures.

14. Overall, the Filer is of the view that the "asset test" and the "investment test" and other metrics provided by the Filer more accurately reflect the significance of the Acquisition to the Filer from a practical, commercial, business or financial perspective.

Decision

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

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

"Lise-Estelle Brault"
Senior Director, Fintech, Innovation and Derivatives
Autorité des marchés financiers

2.1.3 Cowan Asset Management Limited and the Fund

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Related issuer relief conditional on IRC approval and purchases occurring on an exchange.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(a), 111(2)(c)(i), 111(2)(c)(ii), 111(4) and 113.

November 22, 2019

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
COWAN ASSET MANAGEMENT LIMITED
(the Filer)

AND

IN THE MATTER OF
THE FUND
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of Cowan Absolute Return Fund (the **Fund**), a pooled fund established and managed by the Filer to which National Instrument 81-102 *Investment Funds* (**NI 81-102**) does not apply, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**):

1. exempting the Fund from the requirements in the Legislation (the **Relevant Provisions**) that prohibit the Fund from making an investment, or holding an investment in an issuer in which a Related Party has a significant interest to allow the Fund to make and/or hold an investment in an issuer in which a Related Party has a significant interest (the **Requested Relief**).

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

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Nova Scotia (collectively, with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in the Legislation and National Instrument 14-101 *Definitions* have the same meaning if used in this Decision, unless otherwise defined.

IRC means independent review committee.

NI 81-107 means National Instrument 81-107 *Independent Review Committee for Investment Funds.*

Related Person means an officer or director of an investment fund, its management company or distribution company or an associate of any of them.

Related Party means a Related Person or a Related Shareholder.

Related Shareholder means any person or company who is a substantial security holder of an investment fund, its management company or its distribution company.

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

The Filer

1. The Filer is a corporation incorporated under the laws of Ontario.

2. The head office of the Filer is located in Cambridge, Ontario.

3. The Filer is registered as an investment fund manager in Ontario, a portfolio manager in Ontario and Nova Scotia and an exempt market dealer in Ontario and Nova Scotia.

4. The Filer is a wholly-owned subsidiary of Princeton Holdings Limited (**Princeton**).

5. The Filer is, and will continue to be, the investment fund manager and portfolio manager of the Fund. CIBC Mellon Trust Company is the trustee of the Fund.

6. Other than as described in Representation 15,

neither the Filer nor the Fund is in default of securities legislation in any of the Jurisdictions.

Princeton

7. Princeton is a corporation incorporated under the laws of Ontario.

8. Princeton owns 100% of the issued and outstanding shares of the Filer and, pursuant to section 110(2)(b) of the Legislation, is a substantial security holder of the Filer.

9. Princeton beneficially owns more than 10% of the issued and outstanding common shares of Ceres Global Ag. Corp (the **Ceres Shares**) which ownership position, pursuant to section 110(2)(a)(i) of the Legislation, represents a significant interest in Ceres Shares. Princeton acquired its significant interest (**Significant Interest**) in Ceres Shares as of October 31, 2014.

The Fund

10. The Fund is an open-ended investment trust established under the laws of Ontario pursuant to a pooled fund trust agreement dated December 9, 2013. The Fund is a mutual fund in accordance with the definition of same in the Legislation.

11. Securities of the Fund have been and will be, distributed on a private placement basis pursuant to available prospectus exemptions in Ontario. The Fund is not a reporting issuer and NI 81-102 does not apply to the Fund.

Investment in Ceres Shares

12. The Fund beneficially owns 499,000 Ceres Shares. 377,150 of the Ceres Shares beneficially owned by the Fund were purchased on an exchange after Princeton acquired a significant interest in Ceres Shares (the **Relevant Shares**).

13. The Fund currently holds the Relevant Shares and therefore the Relevant Shares are equity securities of an issuer in which a Related Shareholder of the Filer has a significant interest. Further, a director of the Filer, as manager of the Fund, currently has a significant interest in Ceres Global Ag. Corp.

14. Section 6.2 of NI 81-107 provides an exemption from the Relevant Provisions to investment funds that are reporting issuers provided that any purchase of a related security is made on an exchange and approved by the fund's IRC in accordance with s. 5.2(2) of NI 81-107. The Filer, on behalf of the Fund, however, cannot avail itself of the exemption in 6.2 of NI 81-107 in this instance because the Fund is not a reporting issuer. Accordingly, pursuant to the Relevant Provisions in the Legislation, the Fund cannot continue to hold the Relevant Shares, nor purchase additional Ceres Shares, without the Requested Relief.

15. The Fund is not in default of securities legislation in any of the Jurisdictions, except with respect to its purchase and holding of the Relevant Shares in contravention of the Relevant Provisions. The Filer was not aware of the Relevant Provisions when it made the investment decision to acquire Ceres Shares on behalf of Princeton and the Fund, when Princeton acquired its Significant Interest in Ceres Shares on October 31, 2014 and when the Relevant Shares were acquired on behalf of the Fund. As soon as the Relevant Provisions came to the Filer's attention, the Filer initiated the process of rectifying the Fund's deficiency, resulting in the Filer's application on behalf of the Fund for the Requested Relief to permit the Fund to continue to hold the Relevant Shares and purchase additional Ceres Shares. As part of this process, the Filer has taken steps to establish an IRC for the Fund and to strengthen its internal control systems to ensure future compliance with applicable laws and regulations.

16. The Filer believes that it is in the best interest of the Fund and its investors for the Fund to continue to hold the Relevant Shares and, if appropriate, to acquire additional Ceres Shares until such time as the Filer considers it appropriate to dispose of the Ceres Shares based on market conditions and its investment thesis regarding the value of Ceres Shares.

17. The Filer will ensure that any purchase of Ceres Shares and the continued holding of Ceres Shares is consistent with the investment objectives of the Fund.

18. Not allowing the Fund to hold the Relevant Shares could be prejudicial to the Fund because the Fund could be required to dispose of the Relevant Shares in adverse market conditions, and the Fund would not have the opportunity to realize the fair value of the Relevant Shares.

19. Any decision by the Filer to purchase Ceres Shares on behalf of the Fund would be made in the best interest of the Fund, free from any influence by Princeton and in accordance with the Filer's policy for the fair allocation of investment opportunities.

20. The Filer will establish an IRC for the Fund. The IRC will be composed in accordance with section 3.7 of NI 81-107 and will be subject to, and have the protections of, each of the provisions set out in section 3.9 of NI 81-107, as if the Fund were subject to NI 81-107. The mandate of the IRC will be to review: (i) any purchase of Ceres Shares by the Fund, to ensure compliance with

Section 5.2(2) of NI 81-107, as if the Fund were subject to NI 81-107; and (ii) to review other matters referred to the IRC by the Filer in accordance with Section 5.1 of NI 81-107, as if the Fund were subject to NI 81-107.

21. If the IRC becomes aware of an instance where the Filer, as manager of the Fund, did not comply with the terms of this decision or a condition imposed by the securities legislation or the IRC in its approval, the IRC will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction where the Fund is organized.

Decision

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

(a) The decision of the principal regulator under the Legislation is that the Requested Relief is granted to permit the Filer to purchase and hold Ceres Shares on behalf of the Fund provided that:

(i) the purchase or holding of Ceres Shares is consistent with, or necessary to meet, the investment objectives of the Fund;

(ii) at the time of any purchase of Ceres Shares, the IRC of the Fund has approved the transaction in accordance with subsection 5.2(2) of NI 81-107;

(iii) the Filer, as the investment fund manager of the Fund, complies with section 5.1 of NI 81-107 and the Filer and the IRC comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;

(iv) any Ceres Shares purchased or sold by the Fund shall be made in the secondary market on an exchange on which the Ceres Shares are listed and traded; and

(v) no later than the time the Fund files its annual financial statements, and no later than the 90th day after the end of each financial year of the Fund, the Filer files with the securities regulatory authority or regulator the particulars of any investments made in reliance on the Requested Relief.

"Lawrence Haber"
Commissioner
Ontario Securities Commission

"Cecilia Williams"
Commissioner
Ontario Securities Commission

2.1.4 Caldwell Investment Management Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Technical relief granted to facilitate the offering of exchange-traded series and conventional mutual fund series within same fund structure – relief permitting funds to treat exchange-traded series in a manner consistent with treatment of other ETF securities in continuous distribution in connection with their compliance with Parts 9, 10 and 14 of NI 81-102 – relief permitting funds to treat mutual fund series in a manner consistent with treatment of other conventional mutual fund securities in connection with their compliance with Parts 9, 10 and 14 of NI 81-102 – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 9, 10, 14, and 19.1.

December 2, 2019

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
CALDWELL INVESTMENT MANAGEMENT LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of Caldwell U.S. Dividend Advantage Fund (the **Existing Fund**) and such other mutual funds as are or may be managed by the Filer in the future that offer both ETF Securities (as defined below) and Mutual Fund Securities (as defined below) (the **Future Funds**, and together with the Existing Fund, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for exemptive relief to permit the Filer and each Fund to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 (the **Sales and Redemptions Requirements**) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Exemption Sought**).

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

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories of Canada other than Ontario (together with Ontario, the **Canadian 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. In addition, terms defined in NI 81-102 have the same meaning if used in this decision, unless otherwise defined.

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

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

Basket of Securities means, in relation to the ETF Securities of a Fund, a group of securities or assets representing the constituents of the Fund.

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

ETF Securities means securities of an exchange-traded class or series of a Fund that are listed or will be listed on the TSX or another Marketplace and that will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

Form 81-101F1 means Form 81-101F1 *Contents of Simplified Prospectus.*

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

Mutual Fund Securities means securities of a non-exchange-traded class or series of a Fund that are or will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

NI 81-101 means National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

Other Dealer means a registered dealer that is not an Authorized Dealer, Designated Broker or Affiliate Dealer.

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

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

Securityholders means beneficial or registered holders of ETF Securities or Mutual Fund Securities of a Fund, as applicable.

TSX means the Toronto Stock Exchange.

Representations

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

The Filer and the Funds

1. The Filer is a corporation incorporated under the laws of the Province of Ontario.

2. The head office of the Filer is located at 150 King Street West, Suite 1702, P.O. Box 47, Toronto, Ontario, M5H 1J9.

3. The Filer is a registered portfolio manager and investment fund manager in Ontario.

4. The Filer is, or will be, the manager of the Funds. The Filer is, or will be, the trustee of the Funds that are established as trusts.

5. The Filer is not in default of securities legislation in any of the Canadian Jurisdictions.

6. The Existing Fund is a mutual fund established under the laws of the Jurisdiction as a trust. Each Future Fund will be a mutual fund established under the laws of a Canadian Jurisdiction as either a trust or a corporation or a class thereof. Each Fund is, or will be, a reporting issuer in the Canadian Jurisdictions in which its securities are distributed.

7. Subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities, each Fund is, or will be, subject to NI 81-102 and Securityholders will have the right to vote at a meeting of Securityholders in respect of matters prescribed by NI 81-102.

8. The Existing Fund currently offers three series of Mutual Fund Securities, specifically Series A, Series D and Series F, under a simplified prospectus (**SP**), annual information form (**AIF**) and fund facts documents, all dated July 19, 2019.

9. In December 2019, an amended and restated SP and amended and restated AIF for the Existing Fund, as well as ETF facts documents for each class or series of ETF Securities of the Existing Fund, will be filed with the securities regulatory authorities in each of the Canadian Jurisdictions.

10. The Filer will apply to list the ETF Securities of each of the Funds on the TSX or another Marketplace. The Filer will not file a final prospectus or an amendment to a prospectus in respect of ETF Securities of any of the Funds until the TSX or other applicable Marketplace has conditionally approved the listing of such ETF Securities.

11. The Existing Fund is not in default of securities legislation in any of the Canadian Jurisdictions.

12. Mutual Fund Securities may be subscribed for or purchased directly from a Fund through mutual fund dealers, investment dealers and their representatives that are registered under applicable securities legislation in the Canadian Jurisdictions.

13. ETF Securities will be distributed on a continuous basis in one or more of the Canadian Jurisdictions under a simplified prospectus. ETF Securities may generally only be subscribed for or purchased directly from the Funds (**Creation Units**) by Authorized Dealers or Designated Brokers. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when there is a trading session on the TSX or other Marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the TSX or another Marketplace.

14. In addition to subscribing for and re-selling their Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market. Other Dealers may also be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer.

15. Each Designated Broker or Authorized Dealer that subscribes for Creation Units must deliver, in

respect of each Prescribed Number of ETF Securities to be issued, a Basket of Securities and/or cash in an amount sufficient so that the value of the Basket of Securities and/or cash delivered is equal to the net asset value of the ETF Securities subscribed for next determined following the receipt of the subscription order. In the discretion of the Filer, the Funds may also accept subscriptions for Creation Units in cash only, in securities other than Baskets of Securities and/or in a combination of cash and securities other than Baskets of Securities, in an amount equal to the net asset value of the ETF Securities subscribed for next determined following the receipt of the subscription order.

16. Upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker may be contractually required to subscribe for Creation Units of a Fund for cash in an amount not to exceed a specified percentage of the net asset value of the Fund or such other amount established by the Filer.

17. Designated Brokers and Authorized Dealers will not receive any fees or commissions in connection with the issuance of Creation Units to them. On the issuance of Creation Units, the Filer or a Fund may, in the Filer's discretion, charge a fee to a Designated Broker or an Authorized Dealer to offset the expenses incurred in issuing the Creation Units.

18. Each Fund will appoint a Designated Broker to perform certain other functions, which include standing in the market with a bid and ask price for its ETF Securities for the purpose of maintaining liquidity for the ETF Securities.

19. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, ETF Securities generally will not be able to be purchased directly from a Fund. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of the TSX or another Marketplace. ETF Securities may also be issued directly to Securityholders upon a reinvestment of distributions of income or capital gains.

20. Securityholders that are not Designated Brokers or Authorized Dealers that wish to dispose of their ETF Securities may generally do so by selling their ETF Securities on the TSX or other Marketplace, through a registered dealer, subject only to customary brokerage commissions. A Securityholder that holds a Prescribed Number of ETF Securities or multiple thereof may exchange such ETF Securities for Baskets of Securities and/or cash in the discretion of the Filer. Securityholders may also redeem ETF Securities for cash at a redemption price equal to 95% of the closing price of the ETF Securities on the TSX or other Marketplace on the date of redemption, subject to a maximum redemption price of the applicable net asset value per ETF Security.

Exemption Sought

21. The Sales and Redemptions Requirements do not contemplate both Mutual Fund Securities and ETF Securities being offered in a single fund structure. Accordingly, without the Exemption Sought, the Filer and the Funds would not be able to technically comply with those parts of NI 81-102.

22. The Exemption Sought will permit the Filer and the Funds to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with the Sales and Redemptions Requirements. The Exemption Sought will enable the ETF Securities and Mutual Fund Securities to comply with the Sales and Redemptions Requirements as appropriate for the type of security being offered.

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:

(a) with respect to its Mutual Fund Securities, each Fund complies with the provisions of the Sales and Redemptions Requirements that apply to mutual funds that are not exchange-traded mutual funds (**ETFs**); and

(b) with respect to its ETF Securities, each Fund complies with the provisions of the Sales and Redemptions Requirements that apply to ETFs.

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

2.1.5 ClearStream Energy Services Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer granted relief from the requirement in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards that acquisition statements required by securities legislation to be audited must be accompanied by an auditor's report that expresses an unqualified opinion – Issuer made a significant acquisition, but underlying information needed to support an unqualified auditor's opinion on the acquisition statements is not available – Issuer can otherwise comply with the acquisition statement requirements for a business acquisition report and the business acquisition report will contain sufficient alternative information about the acquisition.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, ss. 3.12(2) and 5.1.

Citation: *Re ClearStream Energy Services Inc.*, 2019 ABASC 169

November 6, 2019

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
CLEARSTREAM ENERGY SERVICES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdictions (the **Legislation**) to grant an exemption from the requirement in subsection 3.12(2) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that an auditor's report accompanying audited acquisition statements must express an unmodified opinion.

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

(a) the Alberta Securities Commission is the principal regulator for this application;

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

(c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the laws of Ontario.

2. The Filer's head office is located in Calgary, Alberta.

3. The Filer is a reporting issuer in each of the provinces and territories of Canada and is not in default of securities legislation in any jurisdiction of Canada, other than the BAR (as defined below) filing related to the Exemption Sought.

4. The common shares of the Filer are listed on the Toronto Stock Exchange under the symbol "CSM".

5. On April 29, 2019, a wholly-owned subsidiary of the Filer entered into an agreement to acquire certain assets of the production services division (the Production Services Business or the Acquisition) operated by AECOM Production Services Ltd. and certain of its indirectly wholly-owned subsidiaries (collectively, APSL).

6. The Acquisition was completed on June 28, 2019 for an aggregate purchase price of approximately $42 million.

7. As the Acquisition constituted a "significant acquisition" for the Filer pursuant to section 8.3 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102), the Filer was required to file a business acquisition report (BAR) by September 10, 2019. However, for the reasons set forth below, a BAR has not yet been filed in respect of this Acquisition.

8. To comply with section 8.4 of NI 51-102, the Filer's BAR must include, among other things, carve-out comparative annual financial statements for the Production Services Business with the most recently completed financial year ended December 31, 2018 being audited with unaudited December 31, 2017 comparatives, including:

9. a statement of financial position as at December 31, 2018 and December 31, 2017;

10. a statement of comprehensive income for the financial years ended December 31, 2018 (the 2018 Income Statement) and December 31, 2017;

11. a statement of changes in equity and a statement of cash flows for the financial years ended December 31, 2018 and December 31, 2017; and

12. notes to the carve-out financial statements, including a summary of significant accounting policies (collectively, the 2018 Historical Financial Statements).

13. Subsection 3.12(2) of NI 52-107 requires the auditor's report accompanying the 2018 Historical Financial Statements to express an unmodified opinion.

14. Although the Filer has prepared the 2018 Historical Financial Statements to the best of its knowledge using information that is presently available from APSL, the Filer's auditor has represented to the Filer that it is unable to obtain sufficient comfort with respect to the cut-off of revenue for the Production Services Business as at December 31, 2017 due to the lack of sufficient underlying information to verify opening accounts receivable and unbilled receivables. This limitation in scope was due to limitations in data available arising from a global accounting system conversion by APSL in 2017.

15. As a result of the revenue cut-off scope limitation, the Filer's auditor was unable to determine whether adjustments to the financial performance or cash flows might be necessary for the year ended December 31, 2018 and the audit opinion on the 2018 Historical Financial Statements is modified because of the possible effects of this matter (the Modified Matter). The Filer's auditor has concluded that the Modified Matter would be appropriate in the context of CAS 705 Modifications to the Opinion in the Independent Auditor's Report given that sufficient appropriate audit evidence could not be obtained with respect to revenue cut-off as at December 31, 2017 and, while not believed to be pervasive to the 2018 Income Statement, the possible effect on the 2018 Income Statement, if any, could be material.

16. To the best knowledge of the Filer on the basis of the due diligence conducted on the Production Services Business prior to the closing of the Acquisition, and in the Filer's preparation of the 2018 Historical Financial Statements, the Filer believes that revenue for the years ended December 31, 2018 and 2017 is not materially misstated.

17. Apart from the requirement to provide an unmodified audit opinion on the 2018 Historical Financial Statements, the Filer is otherwise able to prepare the BAR in accordance with NI 51-102 and NI 52-107.

Decision

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

The decision of the Decision Makers under the Legislation is to grant the Exemption Sought, provided that the BAR:

(a) includes the 2018 Historical Financial Statements accompanied by an auditor's report that expresses an unmodified opinion other than with respect to the Modified Matter; and

(b) is otherwise prepared in accordance with NI 51-102 and NI 52-107.

For the Commission:

“Tom Cotter”
Vice Chair

“Kari Horn”
Vice Chair

2.2. Orders

2.2.1 Street Capital Group Inc. – s. 1(6) 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
R.S.O. 1990, C. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
STREET CAPITAL GROUP 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 no intention to seek public financing by way of an offering of securities.

3. On November 6, 2019, the Applicant was granted an order (the November 6 Order) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in National Policy 11-206 – *Process for Cease to be a Reporting Issuer Applications*. The representations set out in the November 6 Order continue to be true.

AND UPON the Commission being satisfied that 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 is deemed to have ceased to be offering its securities to the public.

Dated 19th of November, 2019.

"Poonam Puri"
Commissioner
Ontario Securities Commission

"Cecilia Williams"
Commissioner
Ontario Securities Commission

2.2.2 Farhang (Fred) Dagostar Nikoo – ss. 127(1), 127(10)

IN THE MATTER OF
FARHANG (FRED) DAGOSTAR NIKOO

File No. 2019-36

Heather Zordel, Commissioner and Chair of the Panel

November 27, 2019

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

WHEREAS the Ontario Securities Commission held a hearing in writing to consider whether it is in the public interest to make an order against Farhang (Fred) Dagostar Nikoo (**Nikoo**) pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), as requested in the Statement of Allegations filed by Staff of the Commission (**Staff**) on October 2, 2019;

ON READING the materials filed by Staff, including the Settlement Agreement and Undertaking between Nikoo and the Alberta Securities Commission dated February 15, 2019, and no one participating for Nikoo, although properly served as indicated the Affidavit of Service of Michelle Spain sworn on October 7, 2019;

IT IS ORDERED THAT, pursuant to paragraph 8.5 of subsection 127(1) of the Act, Nikoo is prohibited from becoming or acting as a registrant until February 15, 2029.

“Heather Zordel”

2.2.3 Energy Conversion Technologies Inc. – s. 144

Headnote

Section 144 – Application by an issuer for a partial revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – relief requested for a private placement – issuer to bring its continuous disclosure up to date and file for a full revocation order.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, 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
ENERGY CONVERSION TECHNOLOGIES INC.

ORDER
(Section 144)

WHEREAS the securities of Energy Conversion Technologies Inc. (the "**Applicant**") are subject to a cease trade order issued by the Director dated November 17, 2009, pursuant to paragraph 2 and 2.1 of subsection 127(1) of the Act, that all trading in the securities of the Applicant cease until the order is revoked by the Director (the "**Cease Trade Order**");

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

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the "**Commission**") for a partial revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**") on Jul 12, 1999.

2. The Applicant's registered office and principal place of business is located at 60 Ferrier St., Markham, Ontario, L3R 2Z5.

3. The Applicant is a reporting issuer under the securities legislation of the province of Ontario. The Applicant 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**"), and an unlimited number of preferred shares (the "**Preferred Shares**"). As at the date hereof, the Applicant currently has 129,409,008 Common Shares and no Preferred Shares issued and outstanding. Other than the issued and outstanding Common Shares, the Applicant has no securities outstanding.

5. The Applicant's securities are not listed on any stock exchange or quotation system.

6. The Cease Trade Order was issued as a result of the Applicant's failure to file the following continuous disclosure materials as required by Ontario securities law:

   (a) audited financial statements for the year ended June 30, 2009; and

   (b) management's discussion and analysis ("**MD&A**") relating to the audited annual financial statements for the year ended June 30, 2009

   (collectively, the "**Unfiled Documents**").

7. The Unfiled Documents were not filed in a timely manner as a result of financial difficulties.

8. Subsequent to the failure to file the Unfiled Documents, the Applicant also failed to file the following documents:

   (a) annual audited financial statements for the years ended June 30, 2012 to June 30, 2018;

   (b) interim unaudited financial statements for the interim periods ended December 31, 2011, to March 31, 2019;

   (c) MD&A relating to the financial statements referred to in subparagraphs (a) and (b) above; and

   (d) certificates required to be filed in respect of the financial statements referred to in subparagraphs (a) and (b) above under National Instrument 52-109 *Certification of Disclosure in Filers' Annual and Interim Filings*

   (together with the Unfiled Documents, the "**Unfiled Continuous Disclosure**").

9. The Applicant is seeking a partial revocation of the Cease Trade Order to be able to complete a private placement in the province of Ontario and other provinces (the "**Private Placement**") of up to 1,250,000 Common Shares at a price of $0.20 per Common Share, to raise an estimated aggregate gross proceeds of $250,000. The Applicant intends to use the proceeds of the Private Placement to resolve outstanding fees, prepare audited financial statements and pay all other costs associated with applying for a full revocation of the Cease Trade Order. The Private Placement will be conducted on a prospectus exempt basis with subscribers in Ontario and other provinces who satisfy the requirements of sections 2.3 *(Accredited Investor)* and 2.5 (*Family, Friends, and Business Associates*) of National Instrument 45-106 *Prospectus and Registration Exemptions*.

10. The Applicant intends to prepare and file the Unfiled Continuous Disclosure and pay all outstanding fees within a reasonable period of time following the completion of the Private Placement. The Applicant also intends to apply to the Commission to have the Cease Trade Order fully revoked.

11. Other than the failure to file the Unfiled Continuous Disclosure, the Applicant is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto. The Applicant is not in default of the Cease Trade Order. The Applicant's SEDAR and SEDI profiles are up to date.

12. The Applicant intends to allocate the proceeds from the Private Placement as follows:

Description	**Cost**
Accounting, audit and legal fees associated with the preparation and filing of the relevant continuous disclosure documents, as well as the preparation of the materials for the annual meeting, the Private Placement, and the applications for the partial revocation order and the full revocation order;	$66,000
Filing fees associated with obtaining the partial revocation order and the full revocation order, including fees payable to the applicable regulators, including the Commission;	$16,500
Outstanding fees owed to the applicable regulators for previous omissions;	$41,125
Legacy accounts payable, including accounting and legal fees, consulting fees and outstanding transfer agent fees; and	$80,000
Working capital and general and administrative expenses.	$46,375
Total:	**$250,000**

13. The Applicant reasonably believes that the Private Placement will be sufficient to bring its continuous disclosure obligations up to date and pay all related outstanding fees and provide it with sufficient working capital to continue its business.

14. As the Private Placement would involve a trade of securities and acts in furtherance of trades, the Private Placement cannot be completed without a partial revocation of the Cease Trade Order.

15. The Private Placement will be completed in accordance with all applicable laws.

16. Prior to completion of the Private Placement, the Applicant will:

    (a) provide any subscriber to the Private Placement with:

        (i) a copy of the Cease Trade Order;

        (ii) a copy of this order; and

    (b) obtain from each subscriber a signed and dated acknowledgment which clearly states that all of the Applicant's securities, including the securities issued in connection with the Private Placement, will remain subject to the Cease Trade Order, and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

17. The Applicant will provide a copy of the Cease Trade Order and the partial revocation order to each subscriber in the Private Placement.

18. Upon issuance of this order, the Applicant will issue a press release announcing the order and the intention to complete the Private Placement. Upon completion of the Private Placement, the Applicant will issue a press release and file a material change report. As other material events transpire, the Applicant will issue appropriate press releases and file material change reports as applicable.

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

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

IT IS ORDERED, pursuant to Section 144 of the Act, that the Cease Trade Order is partially revoked solely to permit the trades in securities of the Applicant (including for greater certainty, acts in furtherance of trades in securities of the Applicant) that are necessary for and are in connection with the Private Placement, provided that

(a) prior to completion of the Private Placement, the Applicant will:

    (i) provide to each subscriber under the Private Placement a copy of the Cease Trade Order;

    (ii) provide to each subscriber under the Private Placement a copy of this order; and

    (iii) obtain from each subscriber under the Private Placement a signed and dated acknowledgment, which clearly states that all of the Applicant's securities, including the securities issued in connection with the Private Placement, will remain subject to the Cease Trade Order, and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

(b) the Applicant will make available a copy of the written acknowledgements referred to in paragraph (a)(iii) to staff of the Commission on request; and

(c) this order will terminate on the earlier of the closing of the Private Placement and 60 days from the date hereof.

DATED at Toronto, Ontario on this 20th day of November, 2019.

“Michael Balter”
Manager
Corporate Finance
Ontario Securities Commission

2.2.4 Silver Maple Ventures Inc.

Headnote

Application from registrant on behalf of issuers offering securities through its funding portal for relief from the prospectus requirement – relief substantially reflects start-up crowdfunding prospectus exemption available in certain Canadian jurisdictions – relief granted, subject to conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5., as am., ss. 53 and 74(1).
Multilateral Instrument 45-108 Crowdfunding.

IN THE MATTER OF
THE SECURITIES ACT (ONTARIO)
(the Act)

AND

IN THE MATTER OF
SILVER MAPLE VENTURES INC.
(the FILER)

ORDER

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for an order pursuant to section 74 of the Act (the **Order**) that each issuer known to the Filer and included on a list disclosed to the Commission (each, an **Issuer**) be exempt from the requirement in section 53 of the Act to file a prospectus in connection with the distribution of securities by the Issuer through the funding portal operated by the Filer (the **Exemption Sought**).

Interpretation

1. Terms defined in the Act or National Instrument 14-101 - *Definitions* have the same meaning if used in this Order, unless otherwise defined.

2. In this Order:

   "BC Instrument 45-535" means British Columbia Securities Commission Instrument 45-535 *Start-up Crowdfunding Registration and Prospectus Exemptions*;

   "closing of the distribution" means, at the discretion of the Issuer, any time after the minimum offering amount is reached;

   "corresponding start-up crowdfunding order" means:

   (a) BC Instrument 45-535;

   (b) an order issued or a rule adopted by another securities regulatory authority or regulator in Canada, the terms of which are substantially similar to BC Instrument 45-535; and

   (c) Alberta Securities Commission Rule 45-517 *Prospectus Exemption for Start-up Businesses*;

   "eligible security" means:

   (a) a common share,

   (b) a non-convertible preference share,

   (c) a security convertible into a security referred to in (a) or (b),

   (d) a non-convertible debt security linked to a fixed or floating interest rate, and

(e) a unit of a limited partnership;

"funding portal" means a person or company through which a start-up crowdfunding distribution is made;

"issuer group" means

(a) the Issuer,

(b) an affiliate of the Issuer, and

(c) any other issuer

(i) that is engaged in a common enterprise with the Issuer or with an affiliate of the Issuer, or

(ii) whose business is founded or organized, directly or indirectly, by the same person or persons who founded or organized the Issuer;

"minimum offering amount" means the minimum amount disclosed in the offering document;

"offering document" means a completed Form 1 *Offering Document*, attached as Appendix 1 to this Order, as amended from time to time;

"participating jurisdictions" means British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and any other jurisdiction whose securities regulatory authority or regulator has adopted a corresponding start-up crowdfunding order;

"principal" means a promoter, director, officer or control person;

"risk warning" means the Form 2 *Risk Acknowledgement*, attached as Appendix 2 to this Order; and

"start-up crowdfunding distribution" means a distribution through the funding portal operated by the Filer that is exempt from the prospectus requirement under this Order or a distribution through a funding portal under a corresponding start-up crowdfunding order.

Representations

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

1. The Filer was incorporated under the *Business Corporations Act* (British Columbia) on October 18, 2013;

2. The Filer's head office is at 300-289 Abbott Street, Vancouver, British Columbia, V6B 5L1;

3. Since May 27, 2015, the Filer has owned and operated the funding portal known as "FrontFundr";

4. The Filer is registered as an exempt market dealer under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia;

5. To date, the Filer has facilitated 20 start-up crowdfunding distributions through its funding portal pursuant to BC Instrument 45-535; and

6. The Filer requests that the Exemption Sought be granted on substantially similar conditions as required for issuers relying on the prospectus exemption contained in BC Instrument 45-535.

Order

The Commission is satisfied that the decision meets the test set out in the Act for the Commission to make the decision.

The decision of the Commission under the Act is that the Exemption Sought is granted in respect of a distribution by an Issuer provided that:

1. With respect to the Issuer, the following conditions are satisfied:

(a) the distribution is of an eligible security of the Issuer's own issue;

(b) the distribution and payment for the eligible security is facilitated through the funding portal operated by the Filer known as "FrontFundr";

(c) the Issuer is not a reporting issuer or an investment fund in any jurisdiction of Canada or foreign jurisdiction;

(d) the head office of the Issuer is located in a participating jurisdiction;

(e) the aggregate funds raised in any start-up crowdfunding distribution by a person or company in the issuer group does not exceed $250,000;

(f) the issuer group completes no more than two start-up crowdfunding distributions in a calendar year;

(g) the distribution occurs no later than the 90th day after the first date the offering document is made available on the Filer's website;

(h) the Issuer uses an offering document to conduct the distribution and provides the offering document to the Filer for the purpose of making it available to a purchaser through the funding portal's website;

(i) the Issuer amends the offering document in the event the offering document is no longer true and provides it to the Filer as soon as practicable for the purpose of making it available to a purchaser through the Filer's website;

(j) the Issuer provides a purchaser with a contractual right to withdraw an offer to purchase an eligible security that may be exercised by the purchaser delivering a notice to the Filer within 48 hours of (i) the purchaser's subscription or (ii) the Filer notifying the purchaser that the offering document has been amended;

(k) the offering document discloses how the Issuer intends to use the funds raised and the minimum offering amount to close the distribution;

(l) the issuer raises the minimum offering amount described in the offering document, which may be reduced by the amount of any concurrent distribution made under a prospectus exemption other than the prospectus exemption set out in this Order and a corresponding start-up crowdfunding order, provided that the funds from the concurrent distribution are unconditionally available to the Issuer;

(m) no concurrent start-up crowdfunding distribution is made by any person or company in the issuer group for the purpose described in the offering document;

(n) no commission, fee or other amounts are paid to the issuer group or any of their principals, employees or agents with respect to the distribution;

(o) a principal of the issuer group is not a principal of the Filer;

(p) each purchaser invests no more than:

  (i) $1,500; or

  (ii) $5,000, provided that the purchaser has obtained advice from a registered dealer that such investment is suitable for that person;

(q) within 30 days after the closing of the distribution, the Issuer delivers or causes to be delivered to each purchaser a confirmation setting out the following:

  (i) the date of subscription and the closing of the distribution;

  (ii) the quantity and description of the eligible security purchased;

  (iii) the price per eligible security paid by the purchaser; and

  (iv) the total commission, fee and any other amounts paid by the Issuer to the Filer in respect of the distribution;

(r) the Issuer files no later than the 30th day after the closing of the distribution:

  (i) the offering document; and

(ii) a report in Form 45-106F1 *Report of Exempt Distribution*.

2. With respect to the Filer, the Filer:

(a) prior to allowing any person entry to its website, requires the person to acknowledge that they are entering a website of a funding portal:

(i) that is operated by a registered dealer under Canadian securities legislation, and

(ii) that will provide advice about the suitability of the eligible security;

(b) receives payment for an eligible security electronically through the funding portal operated by the Filer;

(c) takes reasonable measures to ensure that the Issuer and the purchaser are residents of a participating jurisdiction where the offering document is made available;

(d) makes the offering document and the risk warning available to a purchaser through the funding portal operated by the Filer;

(e) does not allow a purchaser to subscribe for an eligible security until the purchaser confirms that the purchaser has read and understands the offering document and the risk warning;

(f) notifies a purchaser of any amendment to the offering document and the right of the purchaser to withdraw their subscription after receiving notification of the amendment;

(g) returns all funds to a purchaser within five business days of receiving a withdrawal notification from the purchaser; and

(h) completes one the following:

(i) if the minimum offering amount has not been raised by the 90th day after the offering document is first made available on the funding portal operated by the Filer or the distribution is withdrawn, no later than five business days following such occurrence:

(A) returns, or causes to return, all funds to each purchaser, and

(B) notifies the Issuer and each purchaser that funds have been returned,

(ii) if each 48 hour period described in section 1(j) above has elapsed,

(A) releases, or causes to release, all funds due to the Issuer at the closing of the distribution, and

(B) no later than fifteen days after the closing of the distribution:

1. notifies each purchaser that the funds have been released to the Issuer, and

2. provides the Issuer with all information required to file the report described in section 1(r)(ii) above.

3. This decision will cease to be effective on the earlier of the following:

(a) the date that is five years after the date of this Order, and

(b) the effective date of a rule or an order that exempts a class of persons or companies from the registration requirement and the prospectus requirement of the Act for the distribution of securities by a non-reporting issuer over a funding portal that is substantially similar to BC Instrument 45-535.

The decision of the Commission is that the first trade of a security acquired under this Order is subject to section 2.5 of National Instrument 45-102 *Resale of Securities*.

DATED at Toronto, Ontario on this 27th day of November 2019.

"Grant Vingoe"	"Tim Moseley"
Vice-Chair	Commissioner
Ontario Securities Commission	Ontario Securities Commission

Appendix 1

Form 1
Start-Up Crowdfunding – Offering Document

GENERAL INSTRUCTIONS:

(1) ***Filing Instructions***

An issuer relying on the start-up crowdfunding prospectus exemption is required to file the offering document no later than the 30th day after the closing of the distribution as follows:

- ***In all participating jurisdictions (except British Columbia)*** *– file this form through the System for Electronic Document Analysis and Retrieval (SEDAR) in accordance with National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR).*

- ***In British Columbia*** *– through BCSC eServices at http://www.bcsc.bc.ca.*

This offering document and all amendments must be filed where the issuer has made a start-up crowdfunding distribution, as well as in the participating jurisdiction where the issuer's head office is located.

(2) This offering document must be completed and certified by an authorized individual on behalf of the issuer.

(3) Draft this offering document so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms.

(4) Conform as closely as possible to the format set out in this form. Address the items in the order set out below. No variation of headings, numbering or information set out in the form is allowed and all are to be displayed as shown.

(5) This offering document is to be provided to your funding portal which has to make it available on its website. If the information contained in this offering document no longer applies or is no longer true, you must immediately amend the document and send the new version to the funding portal.

(6) For information on how to complete this form and for information relating to the filing of this form, please refer to the Start-up Crowdfunding Guide for Businesses available on the website of the securities regulatory authority or regulator of the participating jurisdictions.

Item 1: RISKS OF INVESTING

1.1 Include the following statement, in bold type:

"**No securities regulatory authority or regulator has assessed reviewed or approved the merits of these securities or reviewed this offering document. Any representation to the contrary is an offence. This is a risky investment.**"

Item 2: THE ISSUER

2.1 Provide the following information for the issuer:

(a) Full legal name as it appears in the issuer's organizing documents,

(b) Head office address,

(c) Telephone,

(d) Fax, and

(e) Website URL.

2.2 Provide the following information for a contact person of the issuer who is able to answer questions from purchasers and security regulatory authority or regulator:

(a) Full legal name (first name, middle name and last name),

(b) Position held with the issuer,

(c) Business address,

(d) Business telephone,

(e) Fax, and

(f) Business e-mail.

Item 3: BUSINESS OVERVIEW

3.1 Briefly explain, in a few lines, the issuer's business and why the issuer is raising funds.

Include the following statement, in bold type:

"**A more detailed description of the issuer's business is provided below.**"

Item 4: MANAGEMENT

4.1 Provide the information in the following table for each promoter, director, officer and control person of the issuer:

Full legal name municipality of residence and position at issuer	Principal occupation for the last five years	Expertise, education, and experience that is relevant to the issuer's business	Number and type of securities of the issuer owned	Date securities were acquired and price paid for the securities	Percentage of the issuer's securities held as of the date of this offering document

4.2 State whether each person listed in item 4.1 or the issuer, as the case may be:

(a) has ever, pled guilty to or been found guilty of:

(i) a summary conviction or indictable offence under the *Criminal Code* (R.S.C., 1985, c. C-46) of Canada,

(ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,

(iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or

(iv) an offence under the criminal legislation of any other foreign jurisdiction,

(b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last ten years related to his or her involvement in any type of business, securities, insurance or banking activity,

(c) is or has been the subject of a bankruptcy or insolvency proceeding,

(d) is a director or executive officer of an issuer that is or has been subject to a proceeding described in paragraphs (a), (b) or (c) above.

Item 5: START-UP CROWDFUNDING DISTRIBUTION

5.1 Provide the name of the funding portal the issuer is using to conduct its start-up crowdfunding distribution.

5.2 List the name of all the participating jurisdictions (Canadian province or territory) where the issuer intends to raise funds and make this offering document available.

5.3 Provide the following information with respect to the start-up crowdfunding distribution:

(a) the date before which the issuer must have raised the minimum offering amount for the closing of the distribution (no later than 90 days after the date this offering document is made available on the funding portal), and

(b) the date(s) and description of any amendment(s) made to this offering document, if any.

5.4 Indicate the type of eligible securities offered.

5.5 The eligible securities offered provide the following rights (choose all that apply):

☐ Voting rights,

☐ Dividends or interests (describe any right to receive dividends or interest),

☐ Rights on dissolution,

☐ Conversion rights (describe what each security is convertible into),

☐ Other (describe the rights).

5.6 Provide a brief summary of any other material restrictions or conditions that attach to the eligible securities being offered, such as tag-along, drag along or pre-emptive rights.

5.7 In a table, provide the following information:

	Total amount ($)	Total number of eligible securities issuable
Minimum offering amount		
Maximum offering amount		
Price per eligible security		

5.8 Indicate the minimum investment amount per purchaser, if any.

5.9 Include the following statement, in bold type:

"Note: The minimum offering amount stated in this offering document may be satisfied with funds that are unconditionally available to [insert name of issuer] that are raised by concurrent distributions using other prospectus exemptions without having to amend this offering document."

Item 6: ISSUER'S BUSINESS

6.1 Describe the issuer's business. Provide details about the issuer's industry and operations.

6.2 Describe the legal structure of the issuer and indicate the jurisdiction where the issuer is incorporated or organized.

6.3 Indicate where the issuer's articles of incorporation, limited partnership agreement, shareholder agreement or similar document are available to purchasers.

6.4 Indicate which statement(s) best describe the issuer's operations (select all that apply):

☐ Has never conducted operations,

☐ Is in the development stage,

☐ Is currently conducting operations,

☐ Has shown profit in the last financial year.

6.5 Indicate whether the issuer has financial statements available. If yes, include the following statement, in bold type:

"**Information for purchasers: If you receive financial statements from an issuer conducting a start-up crowdfunding distribution, you should know that those financial statements have not been provided to or reviewed by a securities regulatory authority or regulator. They are not part of this offering document. You should ask the issuer which accounting standards were used to prepare the financial statements**

and whether the financial statements have been audited. You should also consider seeking advice of an accountant or an independent financial adviser about the information in the financial statements."

6.6 Describe the number and type of securities of the issuer outstanding as at the date of the offering document. If there are securities outstanding other than the eligible securities being offered, please describe those securities.

Item 7 USE OF FUNDS

7.1 Provide information on all funds previously raised and how they were used by the issuer.

7.2 Using the following table, provide a detailed breakdown of how the issuer will use the funds from this start-up crowdfunding distribution. If any of the funds will be paid directly or indirectly to a promoter, director, officer or control person of the issuer, disclose in a note to the table the name of the person, the relationship to the issuer and the amount. If more than 10% of the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred.

Description of intended use of funds listed in order or priority	Total amount ($)	
	Assuming minimum offering amount	Assuming maximum offering amount

Item 8: PREVIOUS START-UP CROWDFUNDING DISTRIBUTIONS

8.1 For each start-up crowdfunding distribution in which the issuer and each promoter, director, officer and control person of the issuer have been involved in any of the participating jurisdictions in the past five years, provide the information below:

(a) the full legal name of the issuer that made the distribution,

(b) the name of the funding portal, and

(c) whether the distribution successfully closed, was withdrawn by the issuer or did not close because the minimum offering amount was not reached and the date on which any of these occurred.

Item 9: COMPENSATION PAID TO FUNDING PORTAL

9.1 Describe the commission, fee and any other amounts expected to be paid by the issuer to the funding portal for this start-up crowdfunding distribution.

Item 10: RISK FACTORS

10.1 Describe in order of importance, starting with the most important, the main risks of investing in the issuer's business for the purchasers.

Item 11: REPORTING OBLIGATIONS

11.1 Describe the nature and frequency of any disclosure of information the issuer intends to provide to purchasers after the closing of the distribution and explain how purchasers can access this information.

Item 12: RESALE RESTRICTIONS

12.1 Include the following statement, in bold type:

"**The securities you are purchasing are subject to a resale restriction. You may never be able to resell the securities.**"

Item 13: PURCHASERS' RIGHTS

13.1 Include the following statement, in bold type:

"**If you purchase these securities, your rights may be limited and you will not have the same rights that are attached to a prospectus under applicable securities legislation. For information about your rights you should consult a lawyer.**

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the funding portal within 48 hours of your subscription. If there is an amendment to this offering document, you can cancel your agreement to purchase these securities by sending a notice to the funding portal within 48 hours of receiving notice of the amendment.

The offering of securities described in this offering document is made pursuant to a start-up crowdfunding registration and prospectus exemptions order issued by the securities regulatory authority or regulator in each participating jurisdiction exempting the issuer from the prospectus requirement.

[If the funding portal is not operated by a registered dealer in any of the participating jurisdictions where you intend to raise funds, add the phrase "and the funding portal from the registration requirement" after the words "prospectus requirement" in the above paragraph]."

Item 14: DATE AND CERTIFICATE

14.1 Include the following statement, in bold type:

"**On behalf of the issuer, I certify that the statements made in this offering document are true.**"

14.2 Provide the signature, date of the signature, name and position of the authorized individual certifying this offering document.

14.3 If this offering document is signed electronically, include the following statement, in bold type:

"**I acknowledge that I am signing this offering document electronically and agree that this is the legal equivalent of my handwritten signature. I will not at any time in the future claim that my electronic signature is not legally binding.**"

Questions:

Refer any questions to:

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario
Toll free: 1-877-785-1555
E-mail: inquiries@osc.gov.on.ca
Website: www.osc.ca

Appendix 2

Form 2
Start-Up Crowdfunding – Risk Acknowledgement

Issuer Name:

Type of Eligible Security offered:

WARNING!
BUYER BEWARE: This investment is risky.
Don't invest unless you can afford to lose all the money you pay for this investment.

	Yes	No
1. Risk acknowledgment		
Risk of loss – Do you understand that this is a risky investment and that you may lose all the money you pay for this investment?	☐	☐
No income – Do you understand that you may not earn any income, such as dividends or interest, on this investment?	☐	☐
Liquidity risk – Do you understand that you may never be able to sell this investment?	☐	☐
Lack of information – Do you understand that you may not be provided with any ongoing information about the issuer and/or this investment?	☐	☐
2. No approval and no advice *[Instructions: Delete "no advice" if the funding portal is operated by a registered dealer.]*		
No approval – Do you understand that this investment has not been reviewed or approved in any way by a securities regulator?	☐	☐
No advice – Do you understand that you will not receive advice about your investment? *[Instructions: Delete if the funding portal is operated by a registered dealer.]*	☐	☐
3. Limited legal rights		
Limited legal rights – Do you understand that you will not have the same rights as if you purchased under a prospectus or through a stock exchange? If you want to know more, you may need to seek professional legal advice.	☐	☐
4. Purchaser's acknowledgement		
Investment risks – Have you read this form and do you understand the risks of making this investment?	☐	☐
Offering document – Before you invest, you should read the offering document carefully. The offering document contains important information about this investment. If you have not read the offering document or if you do not understand the information in it, you should not invest. Have you read and do you understand the information in the offering document?	☐	☐
First and last name:		
Electronic signature: By clicking the [I confirm] button, I acknowledge that I am signing this form electronically and agree that this is the legal equivalent of my handwritten signature. I will not at any time in the future claim that my electronic signature is not legally binding. The date of my electronic signature is the same as my acknowledgement.		
5. Additional information		

You have 48 hours to cancel your purchase by sending a notice to the funding portal at: *[Instructions: Provide email address or fax number where purchasers can send their notice. Describe any other manner for purchasers to cancel their purchase.]*

If you want more information about your local securities regulation, go to www.securities-administrators.ca. Securities regulators do not provide advice on investment.

To check if the funding portal is operated by a registered dealer, go to www.aretheyregistered.ca *[Instructions: Delete if the funding portal is not operated by a registered dealer.]*

2.2.5 PetroQuest Energy, Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application for an order that an issuer is not a reporting issuer under applicable securities laws; the outstanding securities of the issuer, including all debt securities, are beneficially owned, directly or indirectly, by more than 51 securityholders in total worldwide and are not traded through any exchange or market; the issuer has undergone restructuring under U.S. bankruptcy law; under the plan of reorganization, which was approved by debtholders and confirmed by the U.S. bankruptcy court, the equity securities of the issuer were cancelled and the creditors became new shareholders of the issuer; following implementation of the plan, there are no Canadian securityholders of the issuer.

Applicable Legislative Provisions

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

November 29, 2019

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

AND

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

AND

IN THE MATTER OF
PETROQUEST ENERGY, INC.
(the Filer)

ORDER

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (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 British Columbia Securities Commission is the principal regulator for this application, and

(b) this order is the order of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

¶ 2 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

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

1. the Filer was incorporated under the laws of British Columbia and continued under the laws of the State of Delaware;

2. the Filer is an independent oil and gas company with primary operations in Texas and Louisiana; since the Filer's incorporation, the Filer's assets have been located, and its operations have been based, outside of Canada;

3. the Filer's headquarters and executive offices are located in Lafayette, Louisiana; all of the executive officers and directors of the Filer are resident outside of Canada;

4. prior to the Effective Date (as defined below), the Filer had: (i) 25,587,000 shares of class A common stock (Common Stock); and (ii) 1,495,000 shares of 6.875% series B cumulative convertible perpetual preferred shares (the Series B Preferred Stock) outstanding;

5. prior to the Effective Date, the Filer had the following notes (Old Notes) outstanding:

   (a) 10% second lien senior secured notes due in 2021 (the 2021 Notes), of which an aggregate principal amount of $144.7 million was initially issued; and

   (b) 10% second lien senior secured payment-in-kind notes due 2021 (the 2021 PIK Notes), of which an aggregate principal amount of $243.5 million was initially issued;

6. the Filer's capital structure also included a multi-draw term loan agreement (Multi-Draw Term Loan Agreement) which provided a multi-advance term loan facility with borrowing availability for three years in a principal amount of up to $50 million;

7. the Filer's Common Stock was quoted on the OTCQX market until the Effective Date (as defined below) when it was extinguished under the Plan (as defined below); as of the Effective Date (as defined below), the Common Stock was not traded on a national securities exchange and no broker dealer was making an active market in the Common Stock;

8. the Filer is subject to, and in compliance with, all requirements applicable to it as a registrant under the 1934 Act and U.S. federal securities law;

9. on November 6, 2018, the Filer and its wholly-owned direct and indirect subsidiaries (collectively, the Debtors) entered into a restructuring support agreement (the Restructuring Support Agreement) with (i) certain holders, collectively owning or controlling 81.83% of the Filer's outstanding 2021 Notes; (ii) certain holders, collectively owning or controlling 84.76% of the Filer's outstanding 2021 PIK Notes; and (iii) certain lenders under the Multi-Draw Term Loan Agreement; the Restructuring Support Agreement contemplated the reorganization of the Debtors pursuant to a plan of reorganization (the Plan);

10. on November 6, 2018, the Debtors filed voluntary petitions seeking relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the U.S. Bankruptcy Court) in accordance with the Restructuring Support Agreement;

11. the Plan was approved by debtholders of the Filer and confirmed by the U.S. Bankruptcy Court on January 31, 2019, as modified on January 28, 2019, and became effective on February 8, 2019 (the Effective Date);

12. under the Plan, on the Effective Date, among other things:

   (a) all of the Filer's previously issued Common Stock and Series B Preferred Stock were extinguished without recovery;

   (b) a new class of common stock of the Filer (New Common Stock) was created;

   (c) in exchange for the cancellation and discharge of the Old Notes, the Filer issued:

      (i) 8,900,000 shares of New Common Stock on a pro rata basis and $80 million principal amount of 10% second lien senior secured payment-in-kind notes due 2024 (the 2024 PIK Notes) to the former holders of the Old Notes;

      (ii) 300,000 shares of New Common Stock to certain former holders of the Old Notes for their commitment to backstop the Filer's new Exit Facility (as defined below);

   (d) the Filer issued (i) one share of the successor's class B common stock (Class B Common Stock); and (ii) one share of the successor's class C common stock (Class C Common Stock);

   (e) the Filer entered into a new $50 million senior secured term loan agreement (the Exit Facility);

   (f) the Filer entered into a registration rights agreement with certain holders of the New Common Stock and 2024 PIK Notes; and

(g) the Filer adopted a management incentive plan (the Management Incentive Plan), which provides for the issuance of equity-based awards (Awards), with 1,344,000 New Common Stock being reserved for issuance under the Management Incentive Plan;

13. the authorized capital of the Filer currently consists of: (i) 64,999,998 shares of New Common Stock; (ii) one share of Class B Common Stock; (iii) one share of Class C Common Stock; and (iv) 10,000,000 preferred shares, at par value; there are currently 9,061,636 shares of New Common Stock, one share of Class B Common Stock, one share of Class C Common Stock and no preferred shares issued and outstanding;

14. under the Management Incentive Plan, since the Effective Date:

(a) 1,143,957 Awards have been granted;

(b) 263,599 Awards have vested for 171,120 shares of New Common Stock; and

(c) 880,358 Awards remain unvested;

15. the Filer has no securities issued and outstanding other than as set out in paragraphs 13 and 14 above;

16. the Filer hired Broadridge Financial Solution (Broadridge) to provide it with a report on the Filer's beneficial owners and to identify potential securityholders of the Filer for the purposes of ascertaining: (i) the number of securities of the Filer (of each class or series) directly or indirectly beneficially owned by residents of Canada; and (ii) the number of securityholders of the Filer resident in Canada;

17. the Filer obtained a beneficial ownership analysis report dated September 19, 2019 from Broadridge, which provides a geographical breakdown of beneficial holders of securities of the Filer (the Report);

18. based on the information provided in the Report, there is an aggregate of 9,061,636 New Common Stock issued and outstanding, which are held by 94 securityholders worldwide, all of which are former Old Note holders and none are residents in Canada;

19. the Class B Common Stock is held by three investors, none of whom are resident in Canada;

20. the Class C Common Stock is held by one investor, who is not a resident in Canada;

21. there are currently three Award holders, none of whom are resident in Canada and the Filer expects that none of the future recipients of Awards will be resident in Canada;

22. as at the Effective Date, the Filer has terminated its reporting obligations under the 1934 Act and U.S. federal securities law; while the Filer continues to file its public documents on EDGAR on a voluntary basis following the Effective Date, the Filer intends to cease reporting in the U.S. upon receipt of the Order Sought;

23. the Filer has no current intention to seek public financing by way of an offering of securities;

24. the Filer has no current intention to list its securities on any exchange in Canada or have its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported;

25. although the Filer's New Common Stock is eligible for trading in the Grey Market under the symbol "QWST", no trades have been reported since February 8, 2019; on or after July 31, 2012, the Filer has not administered or directed any business in any jurisdictions in Canada, carried out any promotional activities in any jurisdictions in Canada or distributed securities to any person residing in any jurisdictions in Canada;

26. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

27. other than as represented in the Order, 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;

28. the Filer is a reporting issuer in British Columbia and Ontario and is not in default of securities legislation in any jurisdictions;

29. the Filer is not eligible to use the simplified procedure in section 19 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206) as it has more than 51 securityholders worldwide;

30. 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

31. upon the grant of the Order Sought, the Filer will no longer be a reporting issuer in any jurisdiction of Canada.

Order

¶ 4 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.

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

2.2.6 Banque Centrale de Compensation – s. 147 of the OSA

Headnote

Application under section 147 of the Securities Act (Ontario) (Act) for an order exempting Banque Centrale de Compensation which carries on business as LCH SA from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 147.

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

AND

IN THE MATTER OF
BANQUE CENTRALE DE COMPENSATION

ORDER
(Section 147 of the OSA)

WHEREAS Banque Centrale de Compensation which carries on business under the name LCH SA (hereinafter **LCH SA**) has submitted an application (**Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the OSA requesting an order exempting LCH SA from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA (**Order**);

AND WHEREAS LCH SA has represented to the Commission that:

1.1. LCH SA is incorporated in France as a *société anonyme* with a registered office based at 18 rue du Quatre Septembre 75002 Paris.

1.2. LCH SA is majority-owned (88.9%) by LCH Group Holdings Limited and indirectly owned (82.6%) by the London Stock Exchange (C) Limited a wholly owned subsidiary of London Stock Exchange Group plc.

1.3. LCH SA qualifies as a central counterparty (**CCP**) pursuant to Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**), which sets out clearing and bilateral risk-management requirements for over-the-counter (**OTC**) derivative contracts, reporting requirements for derivative contracts, and uniform requirements for the performance of activities of CCPs and trade repositories. It was granted authorization as a CCP under EMIR effective from May 22, 2014.

1.4. LCH SA is of the opinion that it fully observes the international standards applicable to financial market infrastructures described in the April 2012 report Principles for financial market infrastructures (**PFMI**), having prepared a detailed assessment of its compliance against the PFMI and the associated disclosure framework as of 13 August 2018.

1.5. As an authorized CCP, LCH SA is regulated by three national competent authorities (**NCAs**): the *Autorité de Contrôle Prudentiel et de Résolution* (**ACPR**), the *Banque de France* (**BDF**) and the *Autorité des Marchés Financiers* (**AMF**). LCH SA is primarily regulated by the ACPR as a credit institution under the French Monetary and Financial Code (**Comofi**) and is a designated system under the *Settlement Finality Directive* 1998. LCH SA is indirectly supervised by the European Central Bank (**ECB**).

1.6. LCH SA is registered in the United States (i) as a Derivatives Clearing Organization with the U.S. Commodity Futures Trading Commission for its CDSClear service and (ii) as a clearing agency with the U.S. Securities and Exchange Commission.

1.7. LCH SA has to ensure the adequacy of its capital and risk management procedures and is required to provide its regulators with regular reports and information showing LCH SA clearing activities (including initial margin; default fund size; cash and non-cash collateral data; stress testing results; liquidity and capital adequacy; any significant changes in the organization, governance structure or ownership of LCH SA etc.).

1.8. LCH SA also provides its regulators with its annual financial statements and auditors' reports. The LCH SA's regulators may carry out on-site audits.

1.9 LCH SA anticipates that banks, investment dealers and any other legal entity resident in Ontario that fulfils the membership requirements duly defined in any applicable regulation and LCH SA Clearing Rules as defined below may be interested in participating in its offerings and becoming clearing members of LCH SA.

1.10 LCH SA provides clearing services for major exchanges and platforms as well as OTC markets. LCH SA clears a broad range of asset classes such as securities, exchange-traded derivatives, Credit Default Swaps (**CDS**) and Euro denominated bonds and repos.

1.10.1 RepoClear (the **Fixed Income Clearing Service**):

- LCH SA provides clearing services for cash and repos trades on Euro-denominated sovereign debts issued by French, Belgian, Italian, Spanish, German, Austrian, Dutch, Portuguese, Slovenian, Slovakian, Irish, Finnish governments as well as supranational bonds. LCH SA has implemented an interoperable link with Cassa di Compensazione e Garanzia SpA (CC&G), a subsidiary of the LSEG group on the Italian government bonds in compliance with the ESMA interoperability guidelines.

- LCH SA has launched €GCPlus, a central clearing service for the triparty repo market based on ECB eligible securities baskets in collaboration with the Central Securities Depository Euroclear and Banque de France. It uses pools of collateral managed by Euroclear, with Euroclear acting as triparty agent. €GCPlus has a dedicated default fund.

1.10.2 CDSClear (the **CDS Clearing Service**)

- LCH SA provides clearing services on European and North –American Indices and Single Names constituents, through MarkitSERV, Bloomberg and Tradeweb trade sources which includes:

  - ITraxx Europe – Main, HiVol and CrossOver indices (3, 5, 7, 10-year tenors) – Senior Financials indices (5 and 10-year tenors) – from Series 6 onwards, Euro-denominated,

  - Single Names on the reference entities composing the eligible indices, 25/100/300/500 bp coupons (quarterly maturities up to 10-year tenors), 'Standard European Corporate' or 'Standard European Financial Corporate' transaction types, Euro-denominated,

  - CDX Investment-grade indices (3, 5, 7 and 10-year tenors) from Series 7 onwards, US dollar- denominated,

  - Single Names on the reference entities composing the eligible indices, excluding monocline insurers, 100/500 bp coupons (quarterly maturities up to 10-year tenors), 'Standard North American Corporate' transaction types, Senior debt, US dollar-denominated.

  - Options on CDS Index

1.11 An applicant to become a clearing member (**Clearing Member**) is required to have sufficient financial resources and operational capacity to meet the obligations arising from participation in LCH SA. The admission requirements are set forth in the documents entitled "CDS Clearing Rule Book" and "Procedures" regarding the CDSClear service and the "Clearing Rule Book" and "Instructions" regarding the RepoClear service. The CDS Clearing Rule Book, Procedures, the Clearing Rule Book and Instructions together being referred to as the "**Clearing Rules**", are available on LCH SA's website. LCH SA's participation requirements are non-discriminatory and objective to ensure fair and open access. The admission requirements do not limit access on grounds other than risk (e.g., sufficient liable equity capital, compliance with technical requirements, and verification of the legal validity and enforceability of the Clearing Rules).

1.12 A Clearing Member is a legal entity that fulfils the membership requirements such as, among others, having sufficient financial resources and operational capacity to meet the obligations arising from participation in LCH SA. Such membership requirements are set out by LCH SA in the Clearing Rules.

1.13 Clearing Members may clear their own trades as well as those executed on behalf of their clients. A client is a legal entity that has entered into a client clearing agreement with a clearing member, thus allowing it to submit trades to its Clearing Member for clearing. Clients can have multiple Clearing Members.

1.14 The LCH SA website includes further details of the general criteria that must be met to gain the Clearing Member status and the supplementary criteria for CDSClear participants.

1.15 LCH SA plans to offer clearing activities to Ontario Clearing Members for the RepoClear and CDSClear services. This includes clients accessing the service through Ontario Clearing Members and Clearing Members from other jurisdictions.

1.16 The LCH SA Executive Risk Committee may approve an application to become a Clearing Member upon a determination that the applicant meets the membership criteria and after conducting a risk assessment and assigning an internal credit rating to the applicant.

1.17 The provisions of Article 2.1.1.2(5) of the LCH SA rulebook in compliance with article 541-16 of the *Règlement general de l'AMF* and article L 440-2 of the French Monetary Code provide that the French CCP membership of credit institutions (such as banks) and investment firms which are established in a country which is not part of the EEA such as Canada, is subject to a prior authorization from the AMF.

1.18 To achieve a balance between open access and risk, LCH SA continuously monitors a wide range of credit indicators for Clearing Members, including capital-to-risk ratios, and applies real-time risk management controls such as concentration limits and margin multipliers.

1.19 LCH SA's Clearing Rules contain specific quality requirements for Clearing Members which include organisational, risk management systems and procedural requirements. LCH SA may impose additional risk-based conditions which may require Clearing Members to post additional collateral from time to time.

1.20 LCH SA collects collateral from its Clearing Members several times a day, so as to always have enough collateral to cover potential losses that the Clearing Members' portfolios could suffer in a predefined period which varies from one clearing service to another.

1.21 Across LCH SA, mutualised default funds are calibrated monthly and tested daily to be sufficient to withstand the default of the two Clearing Members (at group level) giving rise to the largest losses calculated under scenarios of extreme conditions.

1.22 The LCH SA Rules (including in particular the default procedures stated in the rules) govern the processes that apply to Clearing Members in the case of a Clearing Member default; Clearing Members remain responsible for the credit risk of their clients.

1.23 LCH SA seeks an exemption from the clearing agency recognition requirement in relation to all transactions cleared by each of the LCH SA RepoClear and CDSClear services as described in representations 1.10.1 and 1.10.2.

1.24 LCH SA would provide its services to participants in Ontario without establishing an office or having a physical presence in Ontario or elsewhere in Canada.

1.25 LCH SA submits that it does not pose a significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction.

AND WHEREAS LCH SA has agreed to the respective terms and conditions as set out in Schedule "A" to this order;

AND WHEREAS based on the Application and the representations that LCH SA has made to the Commission, in the Commission's opinion LCH SA is subject to regulatory requirements in France that are comparable to the requirements set out in National Instrument 24-102 *Clearing Agency Requirements* and is subject to the NCA's supervision and granting an order to exempt LCH SA from the requirement to be recognized as a clearing agency would not be prejudicial to the public interest;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and LCH SA's activities on an ongoing basis to determine whether it is appropriate that LCH SA continues to be exempted from the requirement to be recognized as a clearing agency and, if so, whether it is appropriate that it continue to be subject to the terms and conditions attached hereto as Schedule "A" to this order;

AND WHEREAS LCH SA has acknowledged to the Commission that the scope of and the terms and conditions imposed by the Commission attached hereto as Schedule "A" to this order, or the determination whether it is appropriate that LCH SA continue to be exempted from the requirement to be recognized as a clearing agency, may change as a result of the Commission's monitoring of developments in international and domestic capital markets or LCH SA's activities, or as a result of any changes to the laws in Ontario affecting clearing and settlement of derivatives or securities;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the OSA, LCH SA is exempt from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA;

PROVIDED THAT LCH SA complies with the terms and conditions attached hereto as Schedule "A"

DATED this 25th day of November, 2019.

"Tim Moseley" "Grant Vingoe"

SCHEDULE "A"
Terms and Conditions

Definitions:

For the purposes of this Schedule "A":

"client clearing" means the ability of a Clearing Member to clear transactions on LCH SA for and on behalf of a client.

Unless the context requires otherwise, other terms used in this Schedule "A" shall have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this order).

COMPLIANCE WITH ONTARIO LAW

1. LCH SA will comply with Ontario securities law (as defined in the OSA).

SCOPE OF PERMITTED CLEARING SERVICES IN ONTARIO

2. LCH SA's activities in Ontario will be limited to the clearing of transactions in the RepoClear and CDSClear services as generally described in subsections 1.10.1 and 1.10.2 of LCH SA's representations set out above in this order (**Permitted Clearing Services).**

3. LCH SA's offering of the CDSClear service will comply with National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions.*

4. For purposes of this order, **Ontario Clearing Member** means a Clearing Member resident in Ontario that uses the Permitted Clearing Services.

REGULATION OF LCH SA

5. LCH SA will maintain its status as an authorised CCP under EMIR and will continue to be subject to the regulatory oversight of its NCAs or any successor(s).

6. LCH SA will continue to comply with its ongoing regulatory requirements as a CCP under EMIR, and with the ongoing regulatory requirements of its NCAs or any successor(s).

GOVERNANCE

7. LCH SA will promote within LCH SA a governance structure that minimizes the potential for any conflict of interest between LCH SA and its shareholders that could adversely affect the Permitted Clearing Services or the effectiveness of LCH SA's risk management policies, controls and standards.

REPORTING REQUIREMENTS

Reporting with the NCAs

8. LCH SA will promptly provide staff of the Commission the following information, to the extent that it is required to provide or submit such information to NCAs or their successor(s):

   (a) details of any material legal proceeding instituted against LCH SA;

   (b) notification that LCH SA has failed to comply with an undisputed obligation to pay money or deliver property to an Ontario Clearing Member for a period of thirty days after receiving notice from the Ontario Clearing Member of LCH SA's past due obligation;

   (c) notification that LCH SA has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate LCH SA or has a proceeding for any such petition instituted against it;

   (d) material change(s) to its bylaws and/or rules following approval by the NCAs and where such change(s) would impact the Permitted Clearing Services used by Ontario residents (whether as a Ontario Clearing Member or otherwise);

   (e) new services or clearing of new type of products in the Permitted Services to be offered to Ontario Clearing Members or services or types of products that will no longer be available to Ontario members; and

(f) any new category of membership in the Permitted Clearing Services if LCH SA expects that category of membership would be available to Ontario Clearing Members.

Prompt Notice

9. LCH SA will promptly notify staff of the Commission of any of the following:

(a) any material change to its business or operations;

(b) any material change or proposed material change in LCH SA's status as a CCP under EMIR or in its regulatory oversight by NCAs or any successors;

(c) any material problem with the clearing and settlement of transactions that could materially affect the safety and soundness of LCH SA;

(d) the admission of any new Ontario Clearing Member;

(e) any event of default by, or removal from Permitted Clearing Services of, an Ontario Clearing Member or, if known to LCH SA, a Clearing Member that provides client clearing to a resident in Ontario;

(f) any material system failure of a Permitted Clearing Service utilized by an Ontario Clearing Member including cybersecurity breaches;

(g) initiation of LCH SA's recovery plan;

(h) the appointment of a receiver or the making of any voluntary arrangement with creditors; and

(i) the entering of LCH SA into any resolution regime or the placing of LCH SA into resolution by a resolution authority.

Quarterly Reporting

10. LCH SA will maintain and submit the following information to the Commission in a manner and form acceptable to the Commission on a quarterly basis within 30 days of the end of each calendar quarter, and at any time promptly upon the request of staff of the Commission:

(a) a current list of all Ontario Clearing Members, and the legal entity identifier (LEI), if any, of each such Ontario Clearing Member;

(b) a list of all Ontario Clearing Members against whom disciplinary or legal action has been taken in the quarter by LCH SA with respect to activities at LCH SA, or to the best of LCH SA's knowledge, by its NCAs or any other authority in Europe or the United States that has or may have jurisdiction with respect to the relevant Ontario Clearing Members' clearing activities at LCH SA;

(c) a list of all investigations by LCH SA in the quarter relating to Ontario Clearing Members;

(d) a list of all Ontario-resident applicants who have been denied Clearing Member status in the quarter by LCH SA;

(e) quantitative information in respect of the Permitted Clearing Services used by Ontario Clearing Members for cleared transactions referred to in subsections 1.10.1 and 1.10.2 including in particular the following:

i. as at the end of the quarter, level, maximum and average daily open interest, number of transactions and notional value of transactions cleared (by currency) during the quarter for each Ontario Clearing Member;

ii. the percentage of end of quarter level and average daily open interest, number of transactions and the notional value cleared during the quarter for all Clearing Members that represents the end of quarter and average daily open interest, number of transactions and the notional value of transactions cleared during the quarter for each Ontario Clearing Member;

iii. the aggregate total margin amount required by LCH SA ending on the last trading day during the quarter for each Ontario Clearing Member;

iv. the portion of the total margin required by LCH SA ending on the last trading day of the quarter for all Clearing Members that represents the total margin required during the quarter for each Ontario Clearing Member; and

(f) the default fund contribution, for each Ontario Clearing Member on the last trading day during the quarter, and its proportion of the total default fund contributions;

(g) a summary of risk management analysis related to the adequacy of the default fund requirement, including but not limited to stress testing and backtesting results;

(h) if known to LCH SA, for each Clearing Member (identified by its LEI) offering client clearing to an Ontario resident, the identity of the Ontario resident client (including LEI, if any) receiving such services, and the value and volume cleared by asset class or transaction type during the quarter for and on behalf of each Ontario resident client.

INFORMATION SHARING

11. LCH SA will promptly provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws that would prevent the sharing of such information and subject to the application of solicitor-client privilege.

12. Unless otherwise prohibited under applicable law, LCH SA will share information relating to regulatory and enforcement matters and otherwise cooperate with other recognized and exempt clearing agencies on such matters, as appropriate.

2.2.7 Freckle Ltd. (formerly, Knol Resources Corp.) – s. 1(11)(b)

Headnote

Subsection 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer is already a reporting issuer in British Columbia, and Alberta – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in British Columbia and Alberta are substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b)

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

AND

IN THE MATTER OF
FRECKLE LTD.
(FORMERLY, KNOL RESOURCES CORP.)
(the Applicant)

ORDER
(Paragraph 1(11)(b))

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to paragraph 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

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

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

1. The Applicant is a corporation continued under the *Business Corporations Act* (Ontario) (the **OBCA**) on June 12, 2019, with its registered and head office located at 409 King Street West, Suite 400, Toronto, Ontario, M5V 1K1.

2. The Applicant is the resulting issuer following a reverse takeover transaction completed on June 13, 2019 by way of a three-corner amalgamation among Freckle I.O.T. Ltd., a private company incorporated under the OBCA (**Freckle**), Knol Resources Corp., a TSX Venture Exchange listed company incorporated under the *Business Corporations Act* (Alberta) (**Knol**), and 2690134 Ontario Limited, a wholly owned subsidiary of Knol, incorporated under the OBCA (the **Transaction**). The Transaction was approved by the shareholders of Freckle on May 20, 2019 and the shareholders of Knol on May 29, 2019.

3. As at the date hereof, the Applicant has the following issued and outstanding securities: (i) 216,521,909 common shares (the **Applicant Shares**); (ii) 22,129,627 common share purchase warrants, convertible into 22,129,627 Applicant Shares; (iii) 2,061,850 common share purchase broker warrants, convertible into 2,061,850 Applicant Shares; and (iv) 8,214,850 options to purchase Applicant Shares. The Applicant Shares are listed on the TSX Venture Exchange (the **Exchange**) under the trading symbol “FRKL.” No other securities of the Applicant are listed, traded or quoted on any stock exchange or trading or quotation system.

4. The Applicant is a reporting issuer under the *Securities Act* (Alberta) (the **Alberta Act**) and the *Securities A*ct (British Columbia) (the **B.C. Act**). The Applicant became a reporting issuer in Alberta and British Columbia on November 18, 2009.

5. The Applicant is not currently a reporting issuer or equivalent in any jurisdiction other than Alberta and British Columbia.

6. The Applicant's principal regulator is the Alberta Securities Commission. The Commission will be the principal regulator of the Applicant once it has obtained reporting issuer status in Ontario. Upon granting of this Order, the Applicant will amend its System for Electronic Document Analysis and Retrieval (**SEDAR**) profile to indicate that the Commission is its principal regulator.

7. The Applicant is not on the lists of defaulting reporting issuers maintained pursuant to the Alberta Act or the B.C. Act and is not in default of any requirement under the Alberta Act or the B.C. Act, or the rules and regulations made thereunder.

8. The Applicant is subject to the continuous disclosure requirements of the Alberta Act and the B.C. Act. The continuous disclosure requirements of the Alberta Act and the B.C. Act are substantially the same as the continuous disclosure requirements under the Act.

9. The continuous disclosure materials filed by the Applicant are available on SEDAR.

10. The Applicant is not in default of any of the rules, regulations or policies of the Exchange.

11. As at the date hereof, the Applicant Shares are not listed or traded or quoted on any other stock exchange or trading or quotation system in Canada.

12. Pursuant to section 18 of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual (the **TSXV Manual**), a listed-issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "Significant Connection to Ontario" (as defined in Policy 1.1 of the TSXV

Manual) and, upon becoming aware that it has a significant connection to Ontario, promptly make a *bona fide* application to the Commission to be designated as a reporting issuer in Ontario.

13. Following the completion of the Transaction, the Applicant has determined that it has a "Significant Connection to Ontario" for the following reasons: (i) residents of Ontario are the registered holders of more than 10% of the Applicant Shares; (ii) the majority of the Applicant's board of directors reside in Ontario; (iii) the CEO of the Applicant resides in Toronto, Ontario; (iv) the Applicant continued into the Province of Ontario on June 12, 2019; and (v) the Applicant's head and registered office is located in Toronto, Ontario.

14. None of the Applicant, any of its officers or directors, or any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant has:

    (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

15. None of the Applicant, any of its officers or directors, or any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

    (a) any known ongoing or concluded investigation by a Canadian securities regulatory authority, or a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the preceding 10 years.

16. None of the Applicant's officers or directors, or any shareholder holding sufficient securities to materially affect the control of the Applicant, is or has been at the time of such event, an officer or director of any other issuer which is or has been subject to:

    (a) any cease trade order or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

    except that, with respect to John Farlinger who is (i) a current director of the Applicant and (ii) the current executive chairman and chief executive officer of Assure Holdings Corp. (**Assure**), the British Columbia Securities Commission (**BCSC**) issued cease trade orders (the **Cease Trade Orders**) in respect of Assure on May 1, 2018 and August 7, 2018, respectively, as a result of Assure's delay in filing its annual financial statements, management's discussion and analysis and related officer certifications for the fiscal year ended December 31, 2017 and its unaudited financial statements and management discussion and analysis for the first quarter ended March 31, 2018. The Cease Trade Orders were revoked by the BCSC on August 20, 2018.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to paragraph 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities laws.

DATED at Toronto, Ontario on this 2nd day of December 2019.

"Marie-France Bourret"
Manager, Corporate Finance
Ontario Securities Commission

2.2.8 First Global Data Ltd. et al. – ss. 127, 127.1

FILE NO.: 2019-22

IN THE MATTER OF
FIRST GLOBAL DATA LTD.,
GLOBAL BIOENERGY RESOURCES INC.,
NAYEEM ALLI,
MAURICE AZIZ,
HARISH BAJAJ, and
ANDRE ITWARU

Timothy Moseley, Vice-Chair and Chair of the Panel

December 3, 2019

ORDER
(Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on December 3, 2019, the Ontario Securities Commission held a hearing at 20 Queen Street West, 17th Floor, Toronto, Ontario for the second attendance in this proceeding;

ON HEARING the oral submissions of the representatives for Staff of the Commission and for each of the Respondents;

IT IS ORDERED THAT:

1. By no later than January 31, 2020, the Respondents shall:

   a. file and serve their witness lists on all parties,

   b. serve a summary of each witness's anticipated evidence, including for a witness that is a Respondent, on all parties, and

   c. indicate any intention to call an expert witness, including providing the expert's name and stating the issues on which the expert will give evidence.

2. The third attendance in this matter is scheduled for February 7, 2020 at 1:00 p.m., or on such other date or time as may be agreed to by the parties and set by the Office of the Secretary.

"Timothy Moseley"

2.4 Rulings

2.4.1 Marex North America LLC et al. – s. 38 of the CFA

Headnote

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

Statutes Cited

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

December 2, 2019

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

AND

IN THE MATTER OF
MAREX NORTH AMERICA LLC,
WHITE COMMERCIAL CORPORATION,
ADVANCE TRADING INC. AND
SWEET FUTURES 1 LLC

RULING
(Section 38 of the CFA)

UPON the application (the **Application**) of Marex North America LLC (**Marex**), White Commercial Corporation (**White Commercial**), Advance Trading Inc. (**Advance Trading**) and Sweet Futures 1 LLC (**Sweet Futures**) (and together with Marex, White Commercial and Advance Trading, the **Applicants**) to the Ontario Securities Commission (the **Commission**) for

(a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicants are not subject to the dealer registration requirements in the CFA (as defined below) or the trading restrictions in the CFA (as defined below) in connection with trades in Exchange-Traded Futures (as defined below) on exchanges located outside Canada **(Non-Canadian Exchanges)** where the Applicants are acting as principal or agent in such trades to, from or on behalf of i) Permitted Clients (as defined below), or ii) Specified Corporate Hedger Clients (as defined below); and

(b) a ruling of the Commission, pursuant to section 38 of the CFA, that neither a Permitted Client nor a Specified Corporate Hedger Client is subject to the dealer registration requirements in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges, where the Applicants act in respect of the trades in Exchange-Traded Futures on behalf of the Permitted Client and Specified Corporate Hedger Client pursuant to the above ruling;

AND WHEREAS for the purposes of this ruling (the **Decision**):

(a) the following terms shall have the following meanings

"**CEA**" means the United States *Commodity Exchange Act;*

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

"**dealer registration requirements 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;

"**Eligible Contract Participant**" means an eligible contract participant as that term is defined in Section 1a(18) of the CEA, and includes, for clarity,

(a) a person or company, other than an individual, with more than $10 million in assets, or any entity guaranteed by such entity; and

(b) an entity with a net worth of at least $1 million that is hedging commercial risk.

"**Exchange Act**" means the United States *Securities Exchange Act of 1934*;

"**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 that is cleared through one or more clearing corporations located outside of Canada;

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

"**Introducing Brokers**" means White Commercial, Advance Trading and Sweet Futures, or individually an "Introducing Broker";

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

"**NFA**" means the National Futures Association in the United States;

"**OSA Staff Notice 33-744**" means OSC Staff Notice 33-744 *Availability of registration exemptions to foreign dealers in connection with trades in options and futures contracts under the Commodity Futures Act (Ontario)*;

"**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;

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

"**Specified Corporate Hedger Client**" means a person or company, other than an individual, that

(a) carries on agricultural, mining, forestry, processing, manufacturing or other commercial activities and, as a necessary part of these activities, becomes exposed from time to time to a risk attendant upon fluctuations in the price of a commodity and offsets that risk through trading in futures contracts and options on futures contracts on exchanges located outside Canada;

(b) is an eligible contract participant under the U.S. CEA; and

(c) holds a license issued by the federal or provincial government (or an agency thereof) relating to agriculture or commodity production including licenses issued under *The Grains Act* (Ontario) as an Elevator Operator and/or a Dealer in Grain as issued by Agricorp, a provincial Crown corporation (or a successor organization);

"**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 *Securities Act* (Ontario) (**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 Applicants having represented to the Commission as follows:

Marex North America LLC

1. Marex is a limited liability company organized under the laws of the state of Delaware. Its main office is located at 360 Madison Avenue, 3rd Floor, New York, New York, 10017 U.S.

2. Marex provides futures commission merchant (**FCM**) services including commodity clearing and execution services to a network of introducing broker offices, including the Introducing Brokers, as well as commercial hedgers and financial, industrial, and agricultural entities.

3. Marex is a privately held entity owned directly by Marex Spectron Group Limited (**Marex Spectron**). Marex Spectron is a leading global broker whose primary business is providing clients with access to execution and clearing services in both over-the-counter and exchanged-traded markets for commodity and financial products.

4. Marex is registered as an FCM with the CFTC and is a member of the NFA. Marex is not registered with the SEC, is not a member of FINRA and does not carry on a securities business in the U.S.

5. Marex is a clearing member of ICE Futures U.S., Inc., CME Group, Inc. (including Chicago Board of Trade, Chicago Mercantile Exchange and New York Mercantile Exchange), and Minneapolis Grain Exchange.

6. Marex is not registered in any capacity under the CFA or the OSA. Subject to the matter to which this Decision relates, Marex is (a) not in default of securities or commodity futures legislation in any jurisdiction of Canada, and (b) in compliance in all material respects with U.S. securities and commodity futures laws.

White Commercial Corporation

7. White Commercial is a company formed under the laws of Florida with a head office in Stuart, Florida.

8. Since 1971, White Commercial's primary business has been to educate and support grain businesses. White Commercial is dedicated to grain merchandising risk management and its clients include grain elevators, feedmills, and rice dryers.

9. White Commercial is a privately held entity owned directly and indirectly primarily by its two principals, Donald White and John Werner.

10. As part of its risk-management services, White Commercial is registered as an introducing broker with the CFTC and a member of the NFA. This registration allows White Commercial's clients to utilize futures and options on futures to hedge the risk between the buying and selling of their cash grains.

11. White Commercial is not registered with the SEC, is not a member of FINRA and does not carry on a securities business in the U.S. White Commercial is not a member of any exchanges.

12. White Commercial is not registered in any capacity under the CFA or the OSA. Subject to the matter to which this Decision relates, White Commercial is (a) not in default of securities or commodity futures legislation in any jurisdiction of Canada, and (b) in compliance in all material respects with U.S. securities and commodity futures laws.

Advance Trading Inc.

13. Advance Trading is a company formed under the laws of Illinois with a head office in Bloomington, Illinois, United States of America.

14. Since 1980, Advance Trading's primary business has been to provide risk management and market guidance to grain producers, commercial elevators, and end users including energy producers and livestock feeders.

15. Advance Trading is a privately held entity owned directly and indirectly primarily by its employees pursuant to an employee stock option plan.

16. As part of its risk management services, Advance Trading is registered as an introducing broker with the CFTC and a member of the NFA.

17. Advance Trading is not registered with the SEC, is not a member of FINRA and does not carry on a securities business in the U.S. Advance Trading is not a member of any exchanges.

18. Advance Trading is not registered in any capacity under the CFA or the OSA. Subject to the matter to which this Decision relates, Advance Trading is (a) not in default of securities or commodity futures legislation in any jurisdiction of Canada, and (b) in compliance in all material respects with U.S. securities and commodity futures laws.

Sweet Futures 1 LLC

19. Sweet Futures is a limited liability company formed under the laws of Illinois with a head office in Chicago, Illinois, United States of America.

20. Sweet Futures is an independent introducing broker that services retail, institutional and corporate clients in both listed and over-the-counter derivatives.

21. Sweet Futures is a privately held entity owned directly and indirectly primarily by its founder, Ian Sweet.

22. As part of its risk management services, Sweet Futures is registered as an introducing broker with the CFTC and a member of the NFA.

23. Sweet Futures is not registered with the SEC, is not a member of FINRA and does not carry on a securities business in the U.S. Sweet Futures is not a member of any exchanges.

24. Sweet Futures is not registered in any capacity under the CFA or the OSA. Subject to the matter to which this Decision relates, Sweet Futures is (a) not in default of securities or commodity futures legislation in any jurisdiction of Canada, and (b) in compliance in all material respects with U.S. securities and commodity futures laws.

Background to the Application for relief

25. On January 9, 2018 the Commission made a ruling (the **2018 Ruling**), pursuant to section 38 of the CFA, that Rosenthal Collins Group LLC (**RCG**), White Commercial, Advance Trading and Sweet Futures (collectively, the **2018 Applicants**) are not subject to the dealer registration requirements set out in section 22 of the CFA and the trading restrictions in section 33 of the CFA in connection with certain trades in exchange-traded futures on non-Canadian exchanges where the 2018 Applicants are acting as principal or agent in such trades to, from or on behalf of i) Permitted Clients (as defined in NI 31-103) or ii) Specified Corporate Hedger Clients (as defined in the 2018 Ruling).

26. Prior to February 1, 2019, the 2018 Applicants provided FCM services, in the case of RCG, and introducing broker services, in the case of the Introducing Brokers, to certain non-individual clients in Ontario that are either Permitted Clients or Specified Corporate Hedger Clients in reliance on the 2018 Ruling.

27. At the end of December 2018, Marex Spectron and RCG announced that they had entered into an agreement whereby Marex Spectron would acquire the customer business of RCG. The acquisition including 20,000 client accounts, associated staff, including the Chief Compliance Officer of RCG. Going forward, the acquired business would be known as the Rosenthal Collins Division of Marex (**RCG Division**) with its headquarters remaining in Chicago, Illinois.

28. The acquisition of the RCG business was completed on February 1, 2019. With regard to the account transfers of RCG's Ontario-domiciled clients, these accounts were transferred to Marex.

29. Since February 1, 2019, the Applicants have been providing FCM services, in the case of Marex, and introducing broker services, in the case of the Introducing Brokers, to certain non-individual clients in Ontario that are either Permitted Clients or Specified Corporate Hedger Clients on the same terms and conditions as set out in the 2018 Ruling.

30. Marex acknowledges that it is not a party to the 2018 Ruling and that therefore it may not be able to benefit automatically from the exemptive relief granted by the 2018 Ruling. Accordingly, in the present application, Marex is seeking exemptive relief so that Marex and any individuals engaging in, or holding themselves out as engaging in, the business of trading on Marex's behalf (the **Representatives**) be exempt from the dealer registration requirement and the trading restrictions under the CFA, subject to the same terms and conditions as were set out in the 2018 Ruling.

31. Although the Introducing Brokers may be able to continue to benefit from the exemptive relief granted by the 2018 Ruling, the Introducing Brokers are seeking that the relief be restated in the Decision in the interest of simplicity and transparency.

The Specified Corporate Hedger Clients

32. As was the case with the 2018 Ruling, the Specified Corporate Hedger Clients

    (a) carry on agricultural, mining, forestry, processing, manufacturing or other commercial activities and, as a necessary part of these activities, become exposed from time to time to a risk attendant upon fluctuations in the price of a commodity and offset that risk through trading in futures contracts and options on futures contracts on exchanges located outside Canada;

    (b) are eligible contract participants under the U.S. CEA; and

    (c) hold a license issued by the federal or provincial government (or an agency thereof) relating to agriculture or commodity production including licenses issued under *The Grains Act* (Ontario) as an Elevator Operator and/or a Dealer in Grain as issued by Agricorp, a provincial Crown corporation (or a successor organization).

33. As set out in the conditions to this Decision, the Applicants will

    (a) take reasonable steps to confirm that the customer is a *bona fide* hedger for such trading activities and shall not solely rely on a customer's self-certification of its hedger status; and

(b) as part of its account-opening procedures, require clients resident in Ontario to represent the following: i) it is a Specified Corporate Hedger Client; ii) it acknowledges that this representation is deemed to be repeated by it each time it enters an order for an Exchange-Traded Futures and that the customer must be a Specified Corporate Hedger Client for the purposes of each trade resulting from such an order; iii) it is only seeking to trade in Exchange-Traded Futures on Non-Canadian Exchanges; iv) the client agrees to notify the Applicants if it ceases to be a Specified Corporate Hedger Client; and v) the client represents that it will only enter orders for its own account.

34. Marex has post-trade surveillance procedures in place to ensure that the Specified Corporate Hedger Clients trading in Exchange-Traded Futures are for hedging purposes and not for speculation.

35. As set out in the conditions to this Decision, Marex on behalf of itself and the Introducing Brokers, will submit a certificate no more than 30 days after its fiscal year end specifying the following:

(a) Particulars of the dealer and any individual acting on its behalf that traded with a Specified Corporate Hedger Client;

(b) Particulars of the Specified Corporate Hedger Client;

(c) Annual cumulative trading data for the Specified Corporate Hedger Client;

(d) A signed statement from the Specified Corporate Hedger Client confirming that it meets the definition of Specified Corporate Hedger Client and has entered into the futures trades solely for the purposes of hedging; and

(e) A signed statement from the chief compliance officer of Marex or designate confirming that they have complied with the requirements of this Decision.

36. In the interest of not disrupting existing trading relationships with the Specified Corporate Hedger Clients, and in view of these additional steps being taken in respect of Specified Corporate Hedger Clients, Marex requests that the present relief from the dealer registration requirement be extended to include providing FCM services to Specified Corporate Hedger Clients.

Current authorizations of the Applicants under the U.S. CEA

37. Pursuant to its registrations and memberships, Marex is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the United States. Rules of the CFTC and NFA require Marex 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, account-opening requirements, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits and initial and maintenance margins. These rules require Marex to treat Permitted Clients and Specified Corporate Hedger Clients consistently with Marex's U.S. customers with respect to transactions made on U.S. exchanges. With respect to transactions made on U.S. exchanges, in order to protect customers in the event of the insolvency or financial instability of Marex, Marex is required to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of Marex and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the CEA and the rules promulgated by the CFTC thereunder (collectively, the Marex Approved Depositories). Marex is further required to obtain acknowledgements from any Marex Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against Marex's obligations or debts.

38. Pursuant to its registrations and memberships, each of the Introducing Brokers is authorized to introduce customers to an executing broker registered as a futures commission merchant, and otherwise act as an introducing broker in the United States. Rules of the CFTC and NFA require the Introducing Brokers 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 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 Introducing Brokers to treat Permitted Clients and Specified Corporate Hedger Clients consistently with the Introducing Brokers' U.S. customers with respect to transactions made on exchanges in the U.S. In respect of Exchange-Traded Futures, none of the Introducing Brokers provide direct execution or clearing services and are not authorized to receive or hold client money in any jurisdiction.

39. The Applicants propose to offer their Permitted Clients and Specified Corporate Hedger Clients in Ontario the ability to trade in Exchange-Traded Futures through Marex, in its capacity as FCM, and the Introducing Brokers, as an introducing broker to Marex.

40. Each of the Introducing Brokers will introduce Exchange-Traded Futures customers, and Marex will execute and clear such trades on behalf of Permitted Clients and Specified Corporate Hedger Clients in Ontario, in the same manner that it introduces or executes and clears trades on behalf of its U.S. clients. Each of the Applicants will follow the same know-your-customer and segregation of assets procedures, or in the case of the applicable Introducing Broker, order handling procedures, that it follows in respect of its U.S. clients. Permitted Clients and Specified Corporate Hedger Clients will be afforded the benefits of compliance by the Applicants with the requirements of the CEA and the regulations thereunder, and the Exchange Act and the regulations thereunder. Permitted Clients and Specified Corporate Hedger Clients in Ontario will have the same contractual rights against the Applicants as U.S. clients of the Applicants.

41. The Applicants will not maintain an office, sales force or physical place of business in Ontario.

42. The Applicants will solicit trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients or Specified Corporate Hedger Clients.

43. Permitted Clients and Specified Corporate Hedger Clients of the Applicants will only be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

44. The Exchange-Traded Futures to be traded by Permitted Clients and Specified Corporate Hedger Clients will include, but will not be limited to, Exchange-Traded Futures for equity indices, interest rate, energy, currency, bond, agricultural and other commodity products.

45. Permitted Clients and Specified Corporate Hedger Clients of the Applicants will be able to submit orders and execute Exchange-Traded Futures orders by contacting the Introducing Brokers' client order handling desk, through Marex's global execution desk or by submitting orders electronically via Marex's proprietary electronic order routing system. Permitted Clients and Specified Corporate Hedger Clients may also be able to self-execute Exchange-Traded Futures orders electronically via an independent service vendor and/or other electronic trading routing. Permitted Clients and Specified Corporate Hedger Clients may also be able to execute Exchange-Traded Futures orders through third party brokers and then "give up" the transaction for clearance through Marex.

46. Marex may execute a Permitted Client's and Specified Corporate Hedger Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders. Marex will remain responsible for all executions when Marex is listed as the executing broker of record on the relevant Non-Canadian Exchange.

47. Marex may perform both execution and clearing functions for trades in Exchange-Traded Futures or may direct that a trade executed by it be cleared through a carrying broker if Marex is not a clearing member of the Non-Canadian Exchange on which the trade is executed. Alternatively, the Permitted Client or the Specified Corporate Hedger Client will be able to direct that trades executed by Marex be cleared through clearing brokers not affiliated with Marex (each a **Non-Marex Clearing Broker**).

48. If Marex performs only the execution of a Permitted Client's or Specified Corporate Hedger Client's Exchange-Traded Futures order and "gives-up" the transaction for clearance to a Non-Marex Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under the CFA as applicable. Each such Non-Marex Clearing Broker will represent to Marex, in an industry-standard give-up agreement, that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's or Specified Corporate Hedger Client's Exchange-Traded Futures order will be executed and cleared. Marex will not enter into a give-up agreement with any Non-Marex Clearing Broker located in the United States unless such clearing broker is registered with the CFTC and is registered or has obtained an exemption from the dealer registration requirement from the Commission.

49. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures and Permitted Client and Specified Corporate Hedger Client orders that are submitted to the exchange in the name of the Non-Marex Clearing Broker or Marex or, on exchanges where Marex is not a member, in the name of another carrying broker. The Permitted Clients and the Specified Corporate Hedger Clients are responsible to Marex for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and Marex, the carrying broker or the Non-Marex Clearing Broker is in turn responsible to the clearing corporation/division for payment.

50. Permitted Clients and Specified Corporate Hedger Clients that direct Marex to give-up transactions in Exchange-Traded Futures for clearance and settlement by Non-Marex Clearing Brokers will execute the give-up agreements described above.

51. Permitted Clients and Specified Corporate Hedger Clients will pay commissions for trades to the Applicants or the Non-Marex Clearing Broker, or such commissions may be shared by the Applicants with the Non-Marex Clearing Broker.

52. 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.

53. If each of the Applicants were registered under the CFA as a "futures commission merchant", they could rely upon certain exemptions from the trading restrictions in the CFA to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

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

IT IS RULED pursuant to section 38 of the CFA, that the Applicants are not subject to the dealer registration requirements set out in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicants are acting as principal or agent in such trades to, from or on behalf of Permitted Clients and Specified Corporate Hedger Clients provided that:

(a) each client effecting trades in Exchange-Traded Futures is a Permitted Client or a Specified Corporate Hedger Client;

(b) any Non-Marex Clearing Broker has represented and covenanted to Marex, and Marex has taken reasonable steps to verify, that it is appropriately registered under the CFA, is entitled to rely on an exemption under the CFA, or has been granted exemptive relief from the registration requirements in the CFA, in connection with the Permitted Client or Specified Corporate Hedger Client effecting Futures Trades;

(c) the Applicants only introduce, in the case of the Introducing Brokers, and execute and clear, in the case of Marex, trades in Exchange-Traded Futures for Permitted Clients and Specified Corporate Hedger Clients on Non-Canadian Exchanges;

(d) at the time trading activity is engaged in, Marex:

(i) has its head office or principal place of business in the U.S.;

(ii) is registered as an FCM with the CFTC;

(iii) is a member firm of the NFA; and

(iv) engages in the business of an FCM in Exchange-Traded Futures in the United States.

(e) at the time trading activity is engaged in, each of the Introducing Brokers:

(i) has its head office or principal place of business in the United States;

(ii) is registered as an Introducing Broker with the CFTC;

(iii) is a member firm of the NFA; and

(iv) engages in the business of an introducing broker in Exchange-Traded Futures in the United States.

(f) each of the Applicants has provided to the Permitted Client or the Specified Corporate Hedger Client the following disclosure **(Client Disclosure Document)** 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 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;

(v) the name and address of the Applicant's agent for service of process in Ontario; and

(vi) that any trading in the Exchange-Traded Futures with the Applicant are not protected by any investor protection scheme including the Canadian Investor Protection Fund or US Securities Investor Protection Corporation;

(g) the Applicants have submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto;

(h) each of the Applicants shall notify the Commission of any regulatory action initiated after the date of this ruling in respect of themselves, or any predecessors or specified affiliates of the applicable Applicant, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of such action;

(i) if Marex does not rely on the international dealer exemption in section 8.18 of NI 31-103, by December 31st of each year, Marex shall pay 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 Marex relied on the international dealer exemption;

(j) if the applicable Introducing Broker does not rely on the international dealer exemption in section 8.18 of NI 31-103, by December 31st of each year, the applicable Introducing Broker shall pay 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 applicable Introducing Broker relied on the international dealer exemption;

(k) by December 1st of each year, each Applicant shall notify 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;*

(l) with regards to the Specified Corporate Hedger Clients, the Applicants shall:

(i) take reasonable steps to confirm that the customer is a bona fide hedger for such trading activities and shall not solely rely on a customer's self-certification of its hedger status;

(ii) as part of its account-opening procedures, require clients resident in Ontario to represent the following: a) it is a Specified Corporate Hedger Client; b) it acknowledges that this representation is deemed to be repeated by it each time it enters an order for an Exchange-Traded Futures and that the customer must be a Specified Corporate Hedger Client for the purposes of each trade resulting from such an order; c) it is only seeking to trade in Exchange-Traded Futures on Non-Canadian Exchanges; d) the client agrees to notify the Applicants if it ceases to be a Specified Corporate Hedger Client; and e) the client represents that it will only enter orders for its own account.

(m) Marex, on behalf of itself and the Introducing Brokers, shall submit to the Commission no more than 30 days after its fiscal year end, a certificate which would include the following information:

(i) full name, address (including postal code) and telephone number of the dealer and any individual acting on behalf of the dealer that entered into the contract on the instructions of the Specified Corporate Hedger Client;

(ii) full name and address (including postal code) of the Specified Corporate Hedger Client;

(iii) annual cumulative trading data for the Specified Corporate Hedger Client setting out the futures contracts traded and on which exchange;

(iv) a signed statement from the Specified Corporate Hedger Client confirming that (x) it is a Specified Corporate Hedger Client; and (y) that it has entered into the futures trades disclosed solely for the purposes of hedging; and

(v) a signed statement from the Chief Compliance Officer of Marex or designate, confirming that (x) they have all necessary inquiries to determine whether the client qualifies as a Specified Corporate Hedger Client and (y) have complied with all of the requirements of this Decision with respect to the trades described in the form;

(n) this Decision will terminate on the earliest of:

(i) the expiry of any transition period as may be provided by operation of law, after the effective date of the repeal of the CFA;

(ii) two years, or such other transition period as provided by operation of law, after the coming into force of any amendment to Ontario commodity futures law or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

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

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that neither a Permitted Client nor a Specified Corporate Hedger Client is subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges where the Applicants acts in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients and Specified Corporate Hedger Clients pursuant to the above ruling.

AND IT IS FURTHER RULED that the 2018 Ruling is hereby revoked.

Date: December 2, 2019

"Craig Hayman"
Commissioner
Ontario Securities Commission

"Mary Anne De Monte-Whelan"
Commissioner
Ontario Securities Commission

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

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

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

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

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

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

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

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

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

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

APPENDIX "B"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] 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	

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

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

Yes _____ No _____

If yes, provide the following information for each investigation:

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

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

Witness

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

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

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

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

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Farhang (Fred) Dagostar Nikoo – ss. 127(1), 127(10)

Citation: *Nikoo (Re)*, 2019 ONSEC 38
Date: November 17, 2019
File No. 2019-36

IN THE MATTER OF
FARHANG (FRED) DAGOSTAR NIKOO

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

Hearing:	In Writing	
Decision:	November 27, 2019	
Panel:	Heather Zordel	Commissioner and Chair of the Panel
Appearances:	Vivian Lee	For Staff of the Commission
	No submissions made by or on behalf of Farhang (Fred) Dagostar Nikoo	

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REASONS AND DECISION

I. OVERVIEW

[1] The respondent, Farang (Fred) Dagostar Nikoo, entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (**ASC**) on February 15, 2019 (the **ASC Settlement Agreement**). Mr. Nikoo admitted to breaching the Alberta *Securities Act* (the **Alberta Act**)[1] and to acting as an adviser without registration. He agreed to pay the ASC a monetary settlement and costs, and also to be prohibited from advising in securities and from acting as a registrant for a period of 10 years, within the province of Alberta.

[2] In this inter-jurisdictional enforcement proceeding, Staff of the Commission (**Staff**) requests a protective order in the public interest pursuant to ss. 127(10) and 127(1) of the Ontario *Securities Act* (the **Act**).[2] More particularly, Staff relies on the section of the Act that provides for the Commission to make an order in the public interest against a person who has agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements.[3] Staff submits that this precondition has been met by virtue of the ASC Settlement Agreement and that it is in the public interest to make an inter-jurisdictional enforcement order against Mr. Nikoo in Ontario. Staff requests that Mr. Nikoo be prohibited from becoming or acting as a registrant in Ontario for the same time period as he agreed to in the ASC Settlement Agreement.

[1] RSA 2000, c S-4 (the **Alberta Act**).
[2] RSO 1990, c S.5 (the **Act**).
[3] The Act, s 127(10), para 5.

[3] There are two issues for my consideration:

a. Has Mr. Nikoo agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements?

b. If so, should the Commission exercise its jurisdiction to make the requested protective and preventative order in the public interest?

[4] Based on the written submissions, hearing brief and supporting legal authorities filed by Staff, I find that the answer is "yes" to both questions. I am satisfied that the precondition for the proposed order has been met and that it is in the public interest to issue the requested order. These are my reasons.

II. SERVICE AND PARTICIPATION

[5] Staff filed a Statement of Allegations dated October 2, 2019, naming Mr. Nikoo as the sole respondent in this proceeding and electing to proceed with a hearing in writing. The next day, the Commission issued a Notice of Hearing commencing this proceeding and posted it on the Commission's website.

[6] Staff served Mr. Nikoo with the Statement of Allegations, the Notice of Hearing, and Staff's written submissions, hearing brief and brief of authorities on October 7, 2019, via courier. Staff filed an Affidavit of Service sworn the same day. I find that Staff properly effected service on Mr. Nikoo.

[7] In accordance with the *Ontario Securities Commission Rules of Procedure and Forms*, the deadline for the respondent to serve and file written submissions was November 4, 2019.[4] That deadline has passed.

[8] Mr. Nikoo chose not to participate in the proceeding. Although properly served, Mr. Nikoo filed no materials by the deadline, or at any point. The Commission may proceed in the absence of a party where that party has been given notice of the hearing.[5] I am satisfied that Mr. Nikoo had adequate notice of this written hearing and that it is appropriate to proceed in his absence.

III. ASC PROCEEDING AND SETTLEMENT AGREEMENT

[9] Mr. Nikoo was a financial planner. In 2012, he began selling securities of Bluforest, Inc. (**Bluforest**) to Alberta residents. Approximately $1,000,000 was raised from the sale of Bluforest securities by Mr. Nikoo and others. Several of the Bluforest investors were existing or former clients of Mr. Nikoo's financial planning business. He promoted the sale of Bluforest securities to investors, representing that investors would double their money and that the securities would be listed on the NASDAQ. He also handled funds and share transfer documents, and delivered share certificates. Mr. Nikoo was not compensated directly for activities in furtherance of the sale of Bluforest securities, but did receive a $30,000 payment from another individual who sold Bluforest securities.

[10] The ASC commenced a proceeding against Mr. Nikoo and two other respondents in February 2018. One year later, in February 2019, Mr. Nikoo executed the ASC Settlement Agreement. Therein, Mr. Nikoo admits that he breached ss. 75(1)(a), 92(4.1) and 92(3)(b)(i) of the Alberta Act by:

a. acting as an adviser without registration in accordance with Alberta securities laws;

b. making a statement he knew or reasonably ought to have known was misleading or untrue, and that would reasonably be expected to have a significant effect on the market price or value of Bluforest securities; and

c. representing without the written permission of the Executive Director that Bluforest securities would be listed on an exchange.

[11] In the ASC Settlement Agreement, Mr. Nikoo agreed to be prohibited for a period of 10 years from advising in securities and from acting as a registrant. In addition, Mr. Nikoo agreed to pay the ASC $50,000 as a monetary settlement of all allegations against him, plus $20,000 in costs. He also acknowledged that the ASC Settlement Agreement may form the basis for securities-related orders in other jurisdictions in Canada.

IV. LAW AND ANALYSIS

A. Has the respondent agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements?

[4] *I.e.*, 28 days after service, pursuant to *Ontario Securities Commission Rules of Procedure and Forms* (2019), 42 OSCB 6528 (***OSC Rules of Procedure***), r 11(3)(g).

[5] *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 7(2); *OSC Rules of Procedure*, r 21(3).

[12] Subsection 127(10) of the Act facilitates the inter-jurisdictional enforcement of orders following breaches of securities law. It allows the Commission to issue protective and preventative orders to ensure that misconduct that takes place in another jurisdiction will not be repeated in Ontario's capital markets. Subsection 127(10), paragraph 5, provides that the Commission may make an order under s. 127(1) if a person has agreed with a securities regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements. Subsection 127(10) of the Act does not itself empower the Commission to make an order; rather, if the threshold criterion in s. 127(10) is met, then it provides a basis for a potential order under s. 127(1).

[13] The ASC is a securities regulatory authority. The agreed upon prohibition, monetary settlement and costs set out in the ASC Settlement Agreement constitute sanctions, conditions, restrictions or requirements. Accordingly, I find that Mr. Nikoo has agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements. The threshold test under s. 127(10) of the Act is therefore satisfied.

B. Should the Commission exercise its jurisdiction to make the requested order in the public interest?

[14] I must now consider whether it is in the public interest to issue an order under s. 127(1) of the Act. Orders made under s. 127(1) of the Act are "protective and preventative" and are made to restrain potential conduct that could be detrimental to the integrity of the capital markets and therefore prejudicial to the public interest.[6] The Commission does not require a pre-existing connection to Ontario before exercising its jurisdiction to make an order in reliance on s. 127(10) of the Act.[7]

[15] Staff submits that Mr. Nikoo's conduct warrants an order designed to protect Ontario investors by limiting Mr. Nikoo's ability to act as an adviser in Ontario's capital markets. The Commission may consider a number of factors in determining the nature and scope of sanctions to be ordered under s. 127(1) of the Act, including the seriousness of the misconduct, and specific and general deterrence.

[16] Mr. Nikoo admitted to promoting the sale of securities and to not being registered as an adviser in accordance with Alberta securities laws. He had been, until October 2016, registered as a mutual fund salesperson. Registration requirements serve as core protections for investors. Registration requirements play a key role in Ontario securities law by ensuring that only properly qualified and suitable individuals are permitted to be registrants. It is important that the Commission impose sanctions that will protect Ontario investors by specifically deterring the respondent from engaging in similar or other misconduct in Ontario, and by providing a general deterrent to other like-minded persons. I accept Staff's submission that the sanctions requested are proportionate to Mr. Nikoo's level of misconduct, and serve to protect Ontario investors and Ontario's capital markets from potential misconduct by Mr. Nikoo.

[17] The language of the sanction I will impose in Ontario differs from that agreed to in the ASC Settlement Agreement, but it has the same effect. In the ASC Settlement Agreement, the respondent agreed to be prohibited from advising in securities and from acting as a registrant. In Ontario, the distinction between a "registrant" and "adviser" is unnecessary, given that the definition of "registrant" in s. 1(1) of the Act includes a person required to be registered as an adviser, by virtue of s. 25(3) of the Act.[8] The Ontario prohibition will only expressly refer to acting as a registrant, since acting as an adviser is implicitly included.

V. CONCLUSION

[18] For the reasons set out above, I find that it is in the public interest to impose Staff's requested sanction, which effectively mirrors the relevant non-monetary provision of the ASC Settlement Agreement. I will therefore order that, until February 15, 2029, Mr. Nikoo be prohibited from becoming or acting as a registrant.

Dated at Toronto this 27th day of November, 2019.

"Heather Zordel"

[6] *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37 at paras 42-43.

[7] *Biller (Re)*, 2005 ONSEC 15, (2005) 28 OSCB 10131 at paras 32-35; *Michaels (Re)*, 2019 ONSEC 22, (2019) 42 OSCB 5757 at para 19.

[8] See the similar analysis applied in *Germeil (Re)*, 2019 ONSEC 34, (2019) 42 OSCB 8433 at para 35, citing *Inverlake Property Investment Group Inc (Re)*, 2018 ONSEC 35, (2018) 41 OSCB 5309 at para 39 and *Vantooren (Re)*, 2018 ONSEC 36, (2018) 41 OSCB 5603 at para 30.

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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
EGF Theramed Health Corp.	01 November 2019	26 November 2019
Elementos Limited	20 November 2019	26 November 2019

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
CannTrust Holdings Inc.	15 August 2019	
Voyager Digital (Canada) Ltd.	05 November 2019	

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Chapter 7

Insider Reporting

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

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

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

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
iShares Core S&P U.S. Total Market Index ETF
iShares Core MSCI EAFE IMI Index ETF
iShares Core MSCI Emerging Markets IMI Index ETF
iShares Core MSCI All Country World ex Canada Index ETF
iShares Core MSCI US Quality Dividend Index ETF
iShares Core MSCI Global Quality Dividend Index ETF
iShares S&P U.S. Mid-Cap Index ETF
iShares Edge MSCI Min Vol USA Index ETF
iShares Edge MSCI Multifactor USA Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Long Form Prospectus dated November 14, 2019
NP 11-202 Receipt dated November 22, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Promoter(s):
N/A
Project #2878215

Issuer Name:
BetaPro Canadian Gold Miners -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX Global Gold Bear Plus ETF)
BetaPro Canadian Gold Miners 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF)
BetaPro Crude Oil -2x Daily Bear ETF (formerly Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF)
BetaPro Crude Oil 2x Daily Bull ETF (formerly Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF)
BetaPro Gold Bullion -2x Daily Bear ETF (formerly Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF)
BetaPro Gold Bullion 2x Daily Bull ETF (formerly Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF)
BetaPro Marijuana Companies 2x Daily Bull ETF
BetaPro Marijuana Companies Inverse ETF
BetaPro NASDAQ-100® -2x Daily Bear ETF (formerly Horizons BetaPro NASDAQ-100® Bear Plus ETF)
BetaPro NASDAQ-100® 2x Daily Bull ETF (formerly Horizons BetaPro NASDAQ-100® Bull Plus ETF)
BetaPro Natural Gas -2x Daily Bear ETF (formerly Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF)
BetaPro Natural Gas 2x Daily Bull ETF (formerly Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF)
BetaPro S&P 500 VIX Short-Term Futures ETF (formerly Horizons BetaPro S&P 500 VIX Short-Term Futures ETF)
BetaPro S&P 500® -2x Daily Bear ETF (formerly Horizons BetaPro S&P 500® Bear Plus ETF)
BetaPro S&P 500® 2x Daily Bull ETF (formerly Horizons BetaPro S&P 500® Bull Plus ETF)
BetaPro S&P 500® Daily Inverse ETF (formerly Horizons BetaPro S&P 500® Inverse ETF)
BetaPro S&P/TSX 60 -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX 60 Bear Plus ETF)
BetaPro S&P/TSX 60 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX 60 Bull Plus ETF)
BetaPro S&P/TSX 60 Daily Inverse ETF (formerly Horizons BetaPro S&P/TSX 60 Inverse ETF)
BetaPro S&P/TSX Capped Energy -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX Capped Energy Bear Plus ETF)
BetaPro S&P/TSX Capped Energy 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF)
BetaPro S&P/TSX Capped Financials -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX Capped Financials Bear Plus ETF)
BetaPro S&P/TSX Capped Financials 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX Capped Financials Bull Plus ETF)
BetaPro Silver -2x Daily Bear ETF (formerly Horizons BetaPro COMEX® Silver Bear Plus ETF)
BetaPro Silver 2x Daily Bull ETF (formerly Horizons BetaPro COMEX® Silver Bull Plus ETF)

Horizons Crude Oil ETF (formerly Horizons NYMEX® Crude Oil ETF)
Horizons Gold ETF (formerly Horizons COMEX® Gold ETF)
Horizons Natural Gas ETF (formerly Horizons NYMEX® Natural Gas ETF)
Horizons Silver ETF (formerly Horizons COMEX® Silver ETF)
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 15, 2019
NP 11-202 Final Receipt dated Nov 19, 2019
Offering Price and Description:
ETF Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2975186

Issuer Name:
Vanguard Global Aggregate Bond Index ETF (CAD-hedged)
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 21, 2019
NP 11-202 Preliminary Receipt dated Nov 22, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2989325

Issuer Name:
RBC China Equity Fund
RBC QUBE Low Volatility Emerging Markets Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Nov 19, 2019
NP 11-202 Preliminary Receipt dated Nov 20, 2019
Offering Price and Description:
Series A units, Series D units, Series O units and Series F units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2988359

Issuer Name:
Issuer Name
1832 AM Investment Grade U.S. Corporate Bond Pool
Pinnacle Balanced Portfolio (formerly Pinnacle Conservative Balanced Growth Portfolio)
Scotia Aria Conservative Build Portfolio
Scotia Aria Conservative Defend Portfolio (formerly Scotia Aria Conservative Core Portfolio)
Scotia Aria Conservative Pay Portfolio
Scotia Aria Equity Build Portfolio
Scotia Aria Equity Defend Portfolio
Scotia Aria Equity Pay Portfolio
Scotia Aria Moderate Build Portfolio
Scotia Aria Moderate Defend Portfolio (formerly Scotia Aria Moderate Core Portfolio)
Scotia Aria Moderate Pay Portfolio
Scotia Aria Progressive Build Portfolio
Scotia Aria Progressive Defend Portfolio (formerly Scotia Aria Progressive Core Portfolio)
Scotia Aria Progressive Pay Portfolio
Scotia Balanced Opportunities Fund (formerly Scotia Canadian Tactical Asset Allocation Fund)
Scotia Bond Fund
Scotia Canadian Balanced Fund
Scotia Canadian Bond Index Fund
Scotia Canadian Dividend Fund
Scotia Canadian Equity Fund (formerly Scotia Canadian Blue Chip Fund)
Scotia Canadian Growth Fund
Scotia Canadian Income Fund
Scotia Canadian Index Fund
Scotia Canadian Small Cap Fund
Scotia Conservative Fixed Income Portfolio (formerly Scotia Conservative Income Fund)
Scotia Diversified Monthly Income Fund
Scotia Dividend Balanced Fund (formerly Scotia Canadian Dividend Income Fund)
Scotia European Fund
Scotia Global Balanced Fund
Scotia Global Bond Fund
Scotia Global Dividend Fund
Scotia Global Equity Fund (formerly Scotia Global Opportunities Fund)
Scotia Global Growth Fund
Scotia Global Small Cap Fund
Scotia Income Advantage Fund
Scotia INNOVA Balanced Growth Portfolio
Scotia INNOVA Balanced Income Portfolio
Scotia INNOVA Growth Portfolio
Scotia INNOVA Income Portfolio
Scotia INNOVA Maximum Growth Portfolio
Scotia International Equity Fund (formerly Scotia International Value Fund)
Scotia International Index Fund
Scotia Money Market Fund
Scotia Mortgage Income Fund
Scotia Nasdaq Index Fund
Scotia Partners Balanced Growth Portfolio (formerly Scotia Partners Balanced Income & Growth Portfolio)
Scotia Partners Balanced Income Portfolio (formerly Scotia Partners Income & Modest Growth Portfolio)
Scotia Partners Growth Portfolio (formerly Scotia Partners Moderate Growth Portfolio)
Scotia Partners Income Portfolio (formerly Scotia Partners Diversified Income Portfolio)
Scotia Partners Maximum Growth Portfolio (formerly Scotia Partners Aggressive Growth Portfolio)
Scotia Private American Core-Plus Bond Pool
Scotia Private Canadian All Cap Equity Pool
Scotia Private Canadian Corporate Bond Pool
Scotia Private Canadian Equity Pool
Scotia Private Canadian Growth Pool
Scotia Private Canadian Mid Cap Pool
Scotia Private Canadian Preferred Share Pool
Scotia Private Canadian Small Cap Pool
Scotia Private Canadian Value Pool
Scotia Private Diversified International Equity Pool
Scotia Private Emerging Markets Pool
Scotia Private Floating Rate Income Pool (formerly Scotia Floating Rate Income Fund)
Scotia Private Fundamental Canadian Equity Pool
Scotia Private Global Credit Pool
Scotia Private Global Equity Pool
Scotia Private Global High Yield Pool
Scotia Private Global Infrastructure Pool
Scotia Private Global Low Volatility Equity Pool
Scotia Private Global Real Estate Pool
Scotia Private High Yield Bond Pool
Scotia Private High Yield Income Pool
Scotia Private Income Pool
Scotia Private International Core Equity Pool
Scotia Private International Equity Pool
Scotia Private International Growth Equity Pool
Scotia Private International Small to Mid Cap Value Pool
Scotia Private North American Dividend Pool (formerly Scotia Private North American Equity Pool)
Scotia Private Options Income Pool
Scotia Private Real Estate Income Pool
Scotia Private Short Term Bond Pool (formerly Scotia Short Term Bond Fund)
Scotia Private Short Term Income Pool
Scotia Private Short-Mid Government Bond Pool
Scotia Private Strategic Balanced Pool
Scotia Private Total Return Bond Pool
Scotia Private U.S. Dividend Pool
Scotia Private U.S. Large Cap Growth Pool
Scotia Private U.S. Mid Cap Value Pool
Scotia Private U.S. Value Pool
Scotia Private World Infrastructure Pool
Scotia Resource Fund
Scotia Selected Balanced Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Portfolio)
Scotia Selected Balanced Income Portfolio (formerly Scotia Selected Income & Modest Growth Portfolio)
Scotia Selected Growth Portfolio (formerly Scotia Selected Moderate Growth Portfolio)
Scotia Selected Income Portfolio
Scotia Selected Maximum Growth Portfolio (formerly Scotia Selected Aggressive Growth Portfolio)
Scotia T-Bill Fund
Scotia U.S. $ Balanced Fund
Scotia U.S. $ Bond Fund
Scotia U.S. $ Money Market Fund
Scotia U.S. Dividend Fund
Scotia U.S. Equity Fund (formerly Scotia U.S. Blue Chip Fund)

Scotia U.S. Index Fund
Scotia U.S. Opportunities Fund (formerly Scotia U.S. Value Fund)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Nov 14, 2019
NP 11-202 Final Receipt dated Nov 18, 2019
Offering Price and Description:
Pinnacle Series units, Premium TL Series units, Premium Series units, Premium TH Series units, Series A units, Series D units, Premium T Series units, Series I units, Series T units, Series F units, Series M units and Series K units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2972505

Issuer Name:
High Interest Savings Account ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 15, 2019
NP 11-202 Final Receipt dated Nov 18, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2970557

Issuer Name:
CIBC Flexible Yield ETF (CAD-Hedged)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Nov 15, 2019
NP 11-202 Preliminary Receipt dated Nov 18, 2019
Offering Price and Description:
Common Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2987381

Issuer Name:
Horizons Cdn High Dividend Index ETF
Horizons Cdn Select Universe Bond ETF
Horizons Equal Weight Canada Banks Index ETF
Horizons Equal Weight Canada REIT Index ETF
Horizons EURO STOXX 50® Index ETF
Horizons Intl Developed Markets Equity Index ETF
Horizons Laddered Canadian Preferred Share Index ETF
Horizons NASDAQ-100® Index ETF
Horizons S&P 500 CAD Hedged Index ETF
Horizons S&P 500® Index ETF
Horizons S&P/TSX 60 Index ETF
Horizons S&P/TSX Capped Energy Index ETF
Horizons S&P/TSX Capped Financials Index ETF
Horizons US 7-10 Year Treasury Bond CAD Hedged ETF
Horizons US 7-10 Year Treasury Bond ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 15, 2019
NP 11-202 Final Receipt dated Nov 19, 2019
Offering Price and Description:
ETF Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2975190

Issuer Name:
IA Clarington U.S. Equity Opportunities Fund
Principal Regulator – Quebec
Type and Date:
Amendment #1 to Final Simplified Prospectus dated November 15, 2019
NP 11-202 Final Receipt dated Nov 20, 2019
Offering Price and Description:
Series A units, Series I units, Series F units and Series E units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2911257

Issuer Name:
Evolve Global Healthcare Enhanced Yield Fund
Evolve US Banks Enhanced Yield Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated November 14, 2019
NP 11-202 Final Receipt dated Nov 19, 2019
Offering Price and Description:
USD Unhedged ETF Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2936920

Issuer Name:
Sun Life Granite Conservative Portfolio
Sun Life Granite Moderate Portfolio
Sun Life Granite Balanced Portfolio
Sun Life Granite Balanced Growth Portfolio
Sun Life Granite Growth Portfolio
Sun Life Granite Income Portfolio
Sun Life Granite Enhanced Income Portfolio
Sun Life Sentry Value Fund
Sun Life Real Assets Fund
Sun Life Schroder Global Mid Cap Fund (formerly, Sun Life Sentry Global Mid Cap Fund)
Sun Life Dynamic American Fund (formerly, Sun Life Dynamic American Value Fund)
Sun Life Templeton Global Bond Fund
Sun Life Dynamic Equity Income Fund
Sun Life Dynamic Strategic Yield Fund
Sun Life NWQ Flexible Income Fund
Sun Life BlackRock Canadian Equity Fund
Sun Life BlackRock Canadian Balanced Fund
Sun Life MFS Canadian Bond Fund
Sun Life MFS Canadian Equity Growth Fund
Sun Life MFS Dividend Income Fund
Sun Life MFS U.S. Equity Fund
Sun Life MFS Low Volatility International Equity Fund
Sun Life MFS Low Volatility Global Equity Fund
Sun Life Franklin Bissett Canadian Equity Class
Sun Life Invesco Canadian Class (formerly Sun Life Trimark Canadian Class)
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus and Amendment #3 to Annual Information Form dated November 29, 2019
Received on November 29, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2858300

Issuer Name:
The Bitcoin Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 27, 2019
NP 11-202 Preliminary Receipt dated November 27, 2019
Offering Price and Description:
Class A Units and Class F Units
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
3iQ CORP.
Project #2992060

Issuer Name:
CI Lawrence Park Alternative Investment Grade Credit ETF
CI Marret Alternative Absolute Return Bond ETF
CI Munro Alternative Global Growth ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 26, 2019
NP 11-202 Preliminary Receipt dated Nov 27, 2019
Offering Price and Description:
US$ Common Units and Common Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2991185

Issuer Name:
Invesco S&P 500 ESG Index ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Nov 28, 2019
NP 11-202 Preliminary Receipt dated Dec 2, 2019
Offering Price and Description:
CAD Hedged Units and CAD Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2993417

Issuer Name:
BMO Balanced ESG ETF
BMO BBB Corporate Bond Index ETF
BMO Canadian MBS Index ETF
BMO ESG Corporate Bond Index ETF
BMO ESG US Corporate Bond Hedged to CAD Index ETF
BMO Global High Dividend Covered Call ETF
BMO High Quality Corporate Bond Index ETF
BMO MSCI Canada ESG Leaders Index ETF
BMO MSCI EAFE ESG Leaders Index ETF
BMO MSCI Global ESG Leaders Index ETF
BMO MSCI USA ESG Leaders Index ETF
BMO Premium Yield ETF
BMO S&P US Mid Cap Index ETF
BMO S&P US Small Cap Index ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Nov 27, 2019
NP 11-202 Preliminary Receipt dated Nov 28, 2019
Offering Price and Description:
Hedged Units, USD Units and CAD Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2992796

Issuer Name:
Sun Life Core Advantage Credit Private Pool
Sun Life Global Dividend Private Pool
Sun Life Global Tactical Yield Private Pool
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Nov 25, 2019
NP 11-202 Preliminary Receipt dated Nov 26, 2019
Offering Price and Description:
Series A securities, Series I securities and Series F securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2990732

Issuer Name:
Mackenzie Canadian Bond Fund
Mackenzie Canadian Dividend Class
Mackenzie Canadian Equity Class
Mackenzie Canadian Growth Balanced Class
Mackenzie Canadian Growth Balanced Fund
Mackenzie Canadian Growth Class
Mackenzie Canadian Growth Fund
Mackenzie Canadian Money Market Fund
Mackenzie Canadian Short Term Income Fund
Mackenzie Canadian Small Cap Class
Mackenzie Corporate Bond Fund
Mackenzie Floating Rate Income Fund
Mackenzie Global Dividend Fund
Mackenzie Global Growth Class
Mackenzie Global Resource Fund
Mackenzie Global Small Cap Fund
Mackenzie Global Sustainability and Impact Balanced Fund
Mackenzie Global Tactical Bond Fund
Mackenzie Income Fund
Mackenzie Ivy Canadian Fund
Mackenzie Ivy International Fund
Mackenzie Monthly Income Balanced Portfolio
Mackenzie Monthly Income Conservative Portfolio
Mackenzie Private Canadian Focused Equity Pool
Mackenzie Private Canadian Focused Equity Pool Class
Mackenzie Private Global Conservative Income Balanced Pool
Mackenzie Private Global Equity Pool
Mackenzie Private Global Equity Pool Class
Mackenzie Private Global Fixed Income Pool
Mackenzie Private Global Income Balanced Pool
Mackenzie Private Income Balanced Pool
Mackenzie Private Income Balanced Pool Class
Mackenzie Private US Equity Pool
Mackenzie Private US Equity Pool Class
Mackenzie Strategic Bond Fund
Mackenzie Strategic Income Fund
Mackenzie Unconstrained Fixed Income Fund
Mackenzie US Mid Cap Growth Class
Symmetry Balanced Portfolio
Symmetry Balanced Portfolio Class
Symmetry Conservative Income Portfolio
Symmetry Conservative Portfolio

Symmetry Equity Portfolio Class
Symmetry Fixed Income Portfolio
Symmetry Growth Portfolio
Symmetry Growth Portfolio Class
Symmetry Moderate Growth Portfolio
Symmetry Moderate Growth Portfolio Class
Principal Regulator – Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Nov 25, 2019
NP 11-202 Final Receipt dated Nov 28, 2019

Offering Price and Description:
Series LB securities, Series LP securities, Series LX securities, Series LF5 securities, Series LF securities, Series LW securities, Series LW5 securities and Series LM securities

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #2972290

NON-INVESTMENT FUNDS

Issuer Name:
Agnico Eagle Mines Limited
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated December 2, 2019
NP 11-202 Receipt dated December 2, 2019
Offering Price and Description:
Debt Securities
Common Shares
Warrants
US$1,000,000,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2988307

Issuer Name:
Aphelion Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated November 27, 2019
NP 11-202 Receipt dated November 29, 2019
Offering Price and Description:
Minimum Offering: $200,000 or 2,000,000 Common Shares
Maximum Offering: $500,000 or 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Zayn Kalyan
Project #2962556

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 29, 2019
NP 11-202 Receipt dated November 29, 2019
Offering Price and Description:
$425,048,000.00 - 7,930,000 Units
Price: $53.60 per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
INDUSTRIAL ALLIANCE SECURITIES INC.
RAYMOND JAMES
DESJARDINS SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #2987948

Issuer Name:
Eclipse Gold Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 28, 2019
NP 11-202 Preliminary Receipt dated November 28, 2019
Offering Price and Description:
15,500,232 Common Shares issuable upon deemed exercise of 15,500,232 outstanding Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
Michael G. Allen
Project #2993464

Issuer Name:
First National Financial Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 29, 2019
NP 11-202 Preliminary Receipt dated November 29, 2019
Offering Price and Description:

Cdn$50,032,000.00
1,180,000 Common Shares
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #2990806

Issuer Name:
FIRSTSERVICE CORPORATION
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2019
NP 11-202 Preliminary Receipt dated December 2, 2019
Offering Price and Description:
US$ *
* Common Shares
Underwriter(s) or Distributor(s):
BMO Capital Markets
TD Securities Inc.
Promoter(s):
-
Project #2997075

Issuer Name:
The Green Organic Dutchman Holdings Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2019
NP 11-202 Preliminary Receipt dated December 2, 2019
Offering Price and Description:
$24,000,000.00
32,000,000 Units
Price: $0.75 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #2997003

Issuer Name:
Integra Resources Corp. (formerly, Mag Copper Limited)
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 29, 2019
NP 11-202 Receipt dated November 29, 2019
Offering Price and Description:
Total $21,999,500.00 - 19,130,000 Common Shares
$1.15 per Common Share

Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
NATIONAL BANK FINANCIAL INC.
PI FINANCIAL CORP.
ECHELON WEALTH PARTNERS INC.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2988322

Issuer Name:
Killam Apartment Real Estate Investment Trust
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Shelf Prospectus dated November 25, 2019
NP 11-202 Preliminary Receipt dated November 26, 2019
Offering Price and Description:
$800,000,000.00
Trust Units
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2991000

Issuer Name:
Klinik Health Ventures Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated November 22, 2019
NP 11-202 Receipt dated November 26, 2019
Offering Price and Description:
MINIMUM OFFERING: $2,000,000.00 or 10,000,000 Common Shares
MAXIMUM OFFERING: $3,000,000.00 or 15,000,000 Common Shares
PRICE: C$0.20 per Common Share
Underwriter(s) or Distributor(s):
BLOOM BURTON SECURITIES INC.
Promoter(s):
EVA KOCI
N. NICOLE RUSAW
DAN LEGAULT
WALT MACNEE
Project #2966451

Issuer Name:
Manulife Financial Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated December 2, 2019
NP 11-202 Preliminary Receipt dated December 2, 2019
Offering Price and Description:
$10,000,000,000

Debt Securities
Class A Shares
Class B Shares
Class 1 Shares
Common Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2996935

Issuer Name:
NervGen Pharma Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated December 2, 2019
Received on December 2, 2019
Offering Price and Description:
CDN$100,000,000.00
Common Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2997052

Issuer Name:
Open Text Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus (NI 44-102) dated November 29, 2019
NP 11-202 Receipt dated November 29, 2019
Offering Price and Description:
U.S. $1,500,000,000
Common Shares
Preference Shares
Debt Securities
Depositary Shares
Warrants
Purchase Contracts
Units
Subscription
Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2980787

Issuer Name:
REGULUS RESOURCES INC.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated November 27, 2019
NP 11-202 Preliminary Receipt dated November 28, 2019
Offering Price and Description:
C$60,000,000.00
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Units
Warrants
Share Purchase Contracts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2992851

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in registration category	WaveFront Global Asset Management Corp.	From: Exempt Market Dealer & Commodity Trading Manager To: Exempt Market Dealer, Commodity Trading Manager, Portfolio Manager and Investment Fund Manager	November 27, 2019
New Registration	Mizuho Securities Canada Inc.	Investment Dealer	November 28, 2019
Consent to Suspension (Pending Surrender)	Kassirer Asset Management Corporation	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	November 29, 2019
Voluntary Surrender	Minvestec Capital Corp.	Exempt Market Dealer	December 2, 2019
New Registration	Zelos Capital Ltd.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	December 2, 2019
Voluntary Surrender	BridgePoint Financial Securities Inc.	Exempt Market Dealer	December 2, 2019

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Canadian Securities Exchange – Significant Change Subject to Public Comment – Amendments to Trading System Functionality & Features – Notice and Request for Comment

CANADIAN SECURITIES EXCHANGE

SIGNIFICANT CHANGE SUBJECT TO PUBLIC COMMENT

AMENDMENTS TO TRADING SYSTEM FUNCTIONALITY & FEATURES

NOTICE AND REQUEST FOR COMMENT

CNSX Markets Inc., ("CSE") is publishing this Notice in accordance with the process for the Review and Approval of Rules and Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendices to the Exchange's recognition orders (the "Protocol"). The CSE intends to implement enhancements to its trading system in response to customer feedback. The proposed changes are described below.

A. Description of the Proposed Changes

CSE Closing Price (CCP) Session Enhancements

On September 30, 2019 CSE published Notice 2019-005 announcing OSC and BCSC approval of the proposed Closing Price Session. CSE is proposing amendments to the approved functionality, specifically: the addition of support for bypass orders and crosses in the Closing Price Session ("CCP"), and a change to the behaviour of how iceberg orders are replenished in the CCP session.

- The bypass marker and cross currently available during continuous trading will also be supported on orders and intentional crosses during the CCP session, allowing an intentional cross to be executed at the CCP in the case where more aggressively priced orders already exist in the book.

- Iceberg orders in the book during the CCP session with limits more aggressive than the CCP that replenish will no longer replenish visible volume priced at the CCP. They will instead replenish at their original limit price.

B. Expected Implementation Date: Q2, 2020

C. Rationale and Analysis

CSE is proposing the addition of the bypass marker on orders and intentional crosses and the change to iceberg order behaviour in CSE CCP in response to customer feedback about consistency with existing functionality on other exchanges.

The use of the bypass marker on intentional crosses during the CSE CCP is optional for participants.

D. Expected Impact

The impact is expected to be insignificant. The proposed changes are in response to customer requests. The use of these order types and features is optional.

E. Compliance with Ontario and British Columbia Securities Law

There will be no impact on the CSE's compliance with Ontario and British Columbia securities laws. The changes do not alter any of the requirements for fair access or the maintenance of fair and orderly markets.

F. Technology Changes

Clients already support similar features (to these proposed) on Canadian marketplaces, including the CSE, during continuous trading sessions. CSE does not anticipate there to be a material technological changes.

G. Other Markets or Jurisdictions

The table below identifies where the proposed functionality is new or currently available.

PROPOSED CHANGE	MARKETS AVAILABLE
Bypass marker on orders and intentional crosses in a closing price session	N/A
Iceberg order replenish behaviour in a closing price session	TSX

Comments

Please submit comments on the proposed amendments no later than January 9, 2020 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

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

13.3 Clearing Agencies

13.3.1 Banque Centrale de Compensation Carrying on Business as LCH SA – Application for Exemptive Relief – Notice of Commission Order

BANQUE CENTRALE DE COMPENSATION CARRYING ON BUSINESS AS LCH SA

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On November 25, 2019, the Commission issued an order under section 147 of the *Securities Act* (Ontario) (Act) exempting Banque Centrale de Compensation carrying on business as LCH SA from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order), subject to terms and conditions as set out in the Order.

The Commission published LCH SA's application and draft exemption order for comment on August 8, 2019 on the OSC website at: https://www.osc.gov.on.ca/en/Marketplaces_lch_20190808_rfc-application-for-exemption.htm and at (2019), 42 OSCB 6714. No comment letters were received.

In issuing the Order, non-substantive changes were made to the draft order published for comment. The non-substantive changes included clarifying terms and conditions and correcting a numbering error.

A copy of the Order is published in Chapter 2 of this Bulletin.

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Chapter 25

Other Information

25.1. Consents

25.1.1 Sandspring Resources Ltd. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00.

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the REGULATION)

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

AND

IN THE MATTER OF
SANDSPRING RESOURCES LTD.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Sandspring Resources Ltd. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) requesting the Commission's consent to the Applicant continuing in another jurisdiction pursuant to section 181 of the OBCA (the **Continuance**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an offering corporation under the OBCA.

2. The Applicant's common shares (the **Common Shares**) are listed and posted for trading on the TSX Venture Exchange (the **Exchange**) under the ticker symbol "SSP".

3. As at November 6, 2019, the Applicant had 281,193,672 issued and outstanding Common Shares.

4. The Applicant intends to apply to the Director pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended (the **BCBCA**).

5. The principal reason for the Application for Continuance is that the interests of the Applicant would be better served under the BCBCA as the Applicant's administrative and accounting staff are located in Vancouver, British Columbia, and the Applicant no longer maintains an office in Ontario.

6. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

7. The Applicant is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, and will remain a reporting issuer in these jurisdictions following the Continuance.

8. The Applicant is not in default of any of the provisions of the OBCA, the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the **Act**), including the regulations made thereunder, or the applicable securities legislation of any other jurisdiction in which it is a reporting issuer.

9. The Applicant is not subject to any proceeding under the OBCA, the Act or the applicable securities legislation of any other jurisdiction in which it is a reporting issuer.

10. The Applicant is not in default of any provision of the rules, regulations or policies of the Exchange.

11. The Commission is the principal regulator of the Applicant. Following the Continuance, the Applicant intends that the British Columbia Securities Commission be its principal regulator.

12. The Applicant's management information circular dated September 27, 2019 for its annual general and special meeting of shareholders, held on November 5, 2019 (the **Shareholders' Meeting**) described the proposed Continuance and disclosed the reasons for it and its implications. It also disclosed full particulars of the dissent rights of the Applicant's shareholders under section 185 of the OBCA.

13. The Applicant's shareholders authorized the Continuance at the Shareholders' Meeting by special resolution that was approved by 93.90% of the votes cast; no shareholders exercised dissent rights pursuant to section 185 of the OBCA.

14. Subsection 4(b) of the Regulation requires the Application for Continuance to be accompanied by a consent from the Commission.

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

THE COMMISSION CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto on this 19th day of November 2019.

"Poonam Puri"
Commissioner
Ontario Securities Commission

"Cecilia Williams"
Commissioner
Ontario Securities Commission

25.1.2 Trillium Therapeutics Inc. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).
Securities Act, R.S.O. 1990, c. S.5, as am.

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the Regulation)

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

AND

IN THE MATER OF
TRILLIUM THERAPEUTICS INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Trillium Therapeutics Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) requesting the Commission's consent to the Applicant continuing in another jurisdiction pursuant to section 181 of the OBCA (the **Continuance**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an offering corporation under the OBCA.

2. The Applicant's common shares (the **Common Shares**) are listed and posted for trading on the TSX (the **Exchange**) under the ticker symbol "TRIL". As at November 13, 2019, the Applicant had 28,038,831 issued and outstanding Common Shares.

3. The Applicant intends to apply to the Director pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended (the **BCBCA**).

4. The principal reason for the Application for Continuance is that certain aspects of the Applicant's business and affairs will be better facilitated by the BCBCA, as the BCBCA will offer the Applicant greater flexibility with respect to the recruitment of non-resident directors.

5. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

6. The Applicant is a reporting issuer in the Provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia, and will remain a reporting issuer in these jurisdictions following the Continuance.

7. The Applicant is not in default of any of the provisions of the OBCA, the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the **Act**), including the regulations made thereunder, or the applicable securities legislation of any other jurisdiction in which it is a reporting issuer.

8. The Applicant is not in default of any provision of the rules, regulations or policies of the Exchange.

9. The Applicant is not subject to any proceeding under the OBCA, the Act or the applicable securities legislation of any other jurisdiction in which it is a reporting issuer.

10. The Commission is the principal regulator of the Applicant. Following the Continuance, the Applicant's registered and head office, which is currently located in Ontario, will be relocated to British Columbia. The Commission will remain the Applicant's principal regulator following the Continuance.

11. The Applicant's management information circular dated May 17, 2019 for its annual general and special meeting of shareholders, held on June 27, 2019 (the **Shareholders' Meeting**) described the proposed Continuance and disclosed the reasons for it and its implications. It also disclosed full particulars of the dissent rights of the Applicant's shareholders under section 185 of the OBCA.

12. The Applicant's shareholders authorized the Continuance at the Shareholders' Meeting by special resolution that was approved by 85.45% of the votes cast; no shareholder exercised dissent rights pursuant to section 185 of the OBCA.

13. Subsection 4(b) of the Regulation requires the Application for Continuance to be accompanied by a consent from the Commission.

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

THE COMMISSION CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto on this 29th day of November 2019.

"Mary Anne De Monte-Whelan"
Commissioner
Ontario Securities Commission

"Craig Hayman"
Commissioner
Ontario Securities Commission

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