The Ontario Securities Commission

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CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 45-326

Update on:

Amendments to National Instrument 45-106 *Prospectus Exemptions* and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

and

Changes to Companion Policy 45-106CP *Prospectus Exemptions* and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

relating to Syndicated Mortgages

December 11, 2019

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) published for comment the following proposed amendments and changes relating to syndicated mortgages (collectively, the **Amendments**):

- proposed amendments to National Instrument 45-106 *Prospectus Exemptions* and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations;*
- proposed changes to Companion Policy 45-106CP *Prospectus Exemptions* and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*; and
- proposed associated local amendments.

The Amendments were originally published for comment on March 8, 2018, and revised proposals were published for a second comment period on March 15, 2019 (the **2019 Proposal**). We received 11 comment letters in response to the 2019 Proposal.

Anticipated Implementation Timeline and Effective Date

The 2019 Proposal contemplated that the Amendments would take effect on December 31, 2019. We now anticipate that the Amendments will take effect in July 2020, subject to requisite approvals. In early 2020, we will provide additional details regarding the anticipated implementation timeline and effective date.

Questions

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1.1.2 OSC Staff Notice 51-730 – Corporate Finance Branch 2019 Annual Report

OSC Staff Notice 51-730 – *Corporate Finance Branch 2019 Annual Report* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the report.

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ONTARIO SECURITIES COMMISSION

OSC Staff Notice 51-730

Corporate Finance Branch

2019 Annual Report

December 18, 2019

Ontario

Contents

Director's Message and Executive Summary

With the legalisation of recreational cannabis, the establishment of the OSC Burden Reduction Task Force, and the continued progress of previously announced Canadian Securities Administrators (CSA) regulatory burden reduction initiatives, the fiscal year ended March 31, 2019 (fiscal 2019) was an eventful year for the Corporate Finance Branch (the Branch).

I am proud to share our Annual Report (the Report) which sets out the Branch's operational and policy work for 2019.

This year was illustrative of the dynamic nature of the Ontario capital markets and underscored the importance of being able to provide responsive regulation to support the Ontario Securities Commission's broader mandate to protect investors, foster fair and efficient capital markets and contribute to the stability of the financial system and the reduction of systemic risk.

For example, we saw the cannabis industry continue to emerge as an important player in Canadian public markets. In October 2018, CSA Staff Notice 51-357 *Staff Review of Reporting Issuers in the Cannabis Industry* was published which details the CSA's findings following a review of disclosure of 70 reporting issuers operating in the cannabis sector and highlights best practices for issuers in this industry to provide investors with information that will help them make informed investment decisions.

A second notice relating to the cannabis industry, CSA Multilateral Staff Notice 51-359 *Corporate Governance Related Disclosure Expectations for Reporting Issuers in the Cannabis Industry*, was published this past November. This multilateral notice identifies specific problem areas in connection with governance practices in the cannabis industry and sets out staff expectations in these areas. We continue to actively oversee this emerging sector with timely guidance to support disclosure best practices and improved corporate governance.

Responsive Regulation

Following consultations undertaken by the OSC Burden Reduction Task Force, the Branch quickly responded to provide greater deal certainty to mining issuers through the publication of OSC Staff Notice 43-706 *Pre-filing Review of Mining Technical Disclosure*. Now, mining reporting issuers can seek staff's preliminary views on certain technical disclosure documents helping them avoid potentially costly and disruptive delays in the offering process.

In November, the OSC published *Reducing Regulatory Burden in Ontario's Capital Markets*. This report contains decisions and recommendations on how to reduce regulatory burden for Ontario market participants, 13 of which relate to Corporate Finance issuers. Some key new initiatives include the development of a process for issuers to request confidential staff review of an entire prospectus prior to announcing an offering, a review of options for extending the filing deadline for Reports of Exempt Distribution, and providing clearer information on issuer and management cease-trade orders.

We also worked with other CSA regulators to publish two notices and requests for comment on proposed amendments in connection with at-the-market distributions and business acquisition reporting requirements which aim to reduce the regulatory burden on reporting issuers. These, and other CSA regulatory burden reduction initiatives relating to primary business requirements, alternative offering models, continuous disclosure (CD) requirements and electronic delivery of documents, will continue to be part of the Branch's main policy focus in 2020.

Compliance
This Report provides insight into how the Branch has undertaken its operations throughout fiscal 2019, including the following:

- ***Continuous Disclosure Review Program***

Key compliance trends noted in reviews carried out through our CD review program in fiscal 2019 included trends relating to MD&A disclosure, mining technical reports, the use of non-GAAP financial measures, forward-looking information and executive compensation.

- ***Offerings – Public***

In fiscal 2019, the Branch receipted approximately 440 prospectuses, representing an increase from the prior year, primarily due to a greater number of filings by cannabis issuers. Key issues noted by staff during prospectus reviews included issues relating to an issuer's primary business, sufficiency of proceeds and financial condition, as well as issues relating to audit committees in the context of an IPO, among others.

- ***Offerings – Exempt Market***

This year, the Branch conducted a joint review with the Compliance and Registrant Regulation branch of issuers that accessed the exempt market without using a dealer, the focus of which were issuers relying on new prospectus exemptions in Ontario. Compliance issues noted related to reliance on the family, friends and business associates exemption, reliance on the accredited investor exemption, non-compliance with the investment limits under the offering memorandum exemption, and discrepancies between the reporting of trades under reports of exempt distribution and an issuer's records of securities issued.

- ***Exemptive Relief Applications***

We reviewed over 280 applications for exemptive relief in fiscal 2019. This report includes guidance for applications relating to reporting issuer status, revocations of cease trade orders, business acquisition reports, and relief from certain financial statement requirements in connection with reverse takeovers.

In addition to the above, you will also find in this report insider reporting tips for issuers and insiders, an update on designated rating organizations and financial benchmarks, as well as information relating to other administrative matters that may be of interest to issuers and their advisors.

Engagement with our stakeholders continues to be a critical component of our work. We hope that this Report will serve as a guide to better understand disclosure and other regulatory obligations under Ontario securities laws.

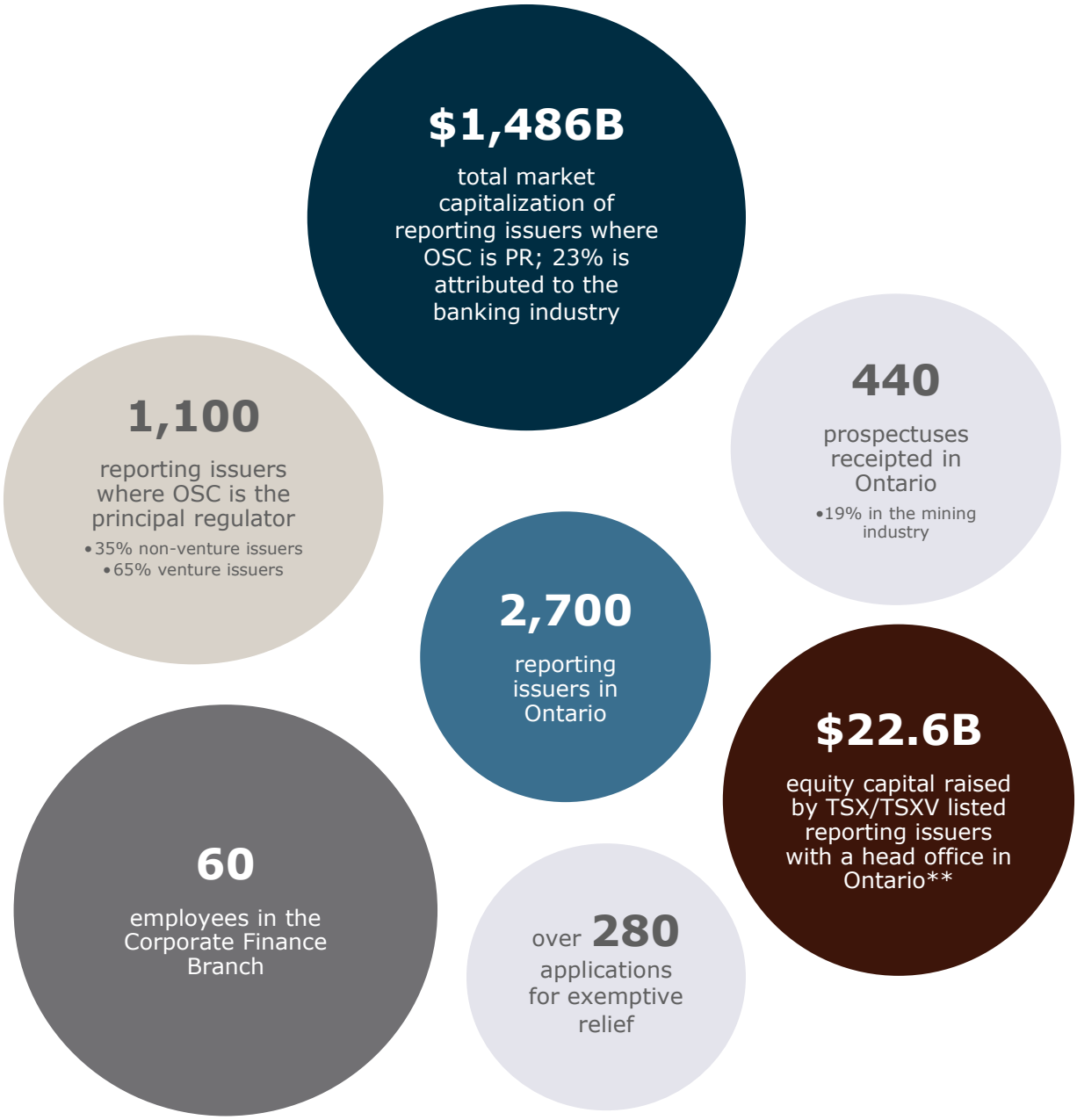
As in previous years, we welcome any questions or feedback that you may have.

I would like to conclude by thanking Branch staff for their continued dedicated support and professionalism in carrying out their regulatory roles in a manner consistent with the OSC mandate.

Kind regards,

Sonny Randhawa
Director, Corporate Finance
Ontario Securities Commission

Fiscal 2019 Snapshot*



** Note: all figures are as at / for the fiscal year ended March 31, 2019 and are approximate or rounded.*
*** Includes listed convertible debt.*

Part A: Introduction

- Objectives
- Branch Mandate

Objectives

This Report provides an overview of the Branch's operational and policy work during fiscal 2019, discusses future policy initiatives, and sets out how we interpret and apply our rules in certain areas. The Report is intended for individuals and entities we regulate, their advisors, as well as investors.

This Report aims to

- reinforce the importance of compliance with regulatory obligations
- improve disclosure in regulatory filings
- provide insights on trends
- provide guidance on novel issues
- inform on key policy initiatives

Branch Mandate

As a regulatory agency, the OSC administers and enforces the *Securities Act* (Ontario) (the Act) and the *Commodity Futures Act* (Ontario). Specifically, the OSC works to

Investor protection	• provide protection to investors from unfair, improper or fraudulent practices.
Efficient capital markets	• foster fair and efficient capital markets and confidence in capital markets.
Stability and reduction of systemic risk	• contribute to the stability of the financial system and the reduction of systemic risk.

The Act was recently amended to include facilitating innovation as a fundamental principle for the OSC to consider in carrying out its mandate.

A key part of the mandate of the Branch is issuer regulation. Regulation in this area is broad and takes many forms, including

Issuer regulation	• review of public distributions of securities, • review of exempt market activities and related policy development, • continuous disclosure reviews of reporting issuers, • review and consideration of applications for relief from regulatory requirements, and • issuer related policy initiatives.

Other areas covered by our Branch mandate include

Insider reporting	• review of insider reporting,
Designated rating organizations (DROs)	• review of credit rating agencies designated as DROs,
Listed issuer regulation	• oversight of the listed issuer function for OSC recognized exchanges, and • policy initiatives for listed issuer requirements.

We regularly consult and partner with other branches across the OSC in executing our functions. For example, we partner with the Market Regulation branch for oversight of the listed issuer function and the Compliance and Registrant Regulation branch (CRR Branch) for oversight of the exempt market. We also regularly consult with the Enforcement branch on matters of non-compliance.

Part B: Compliance

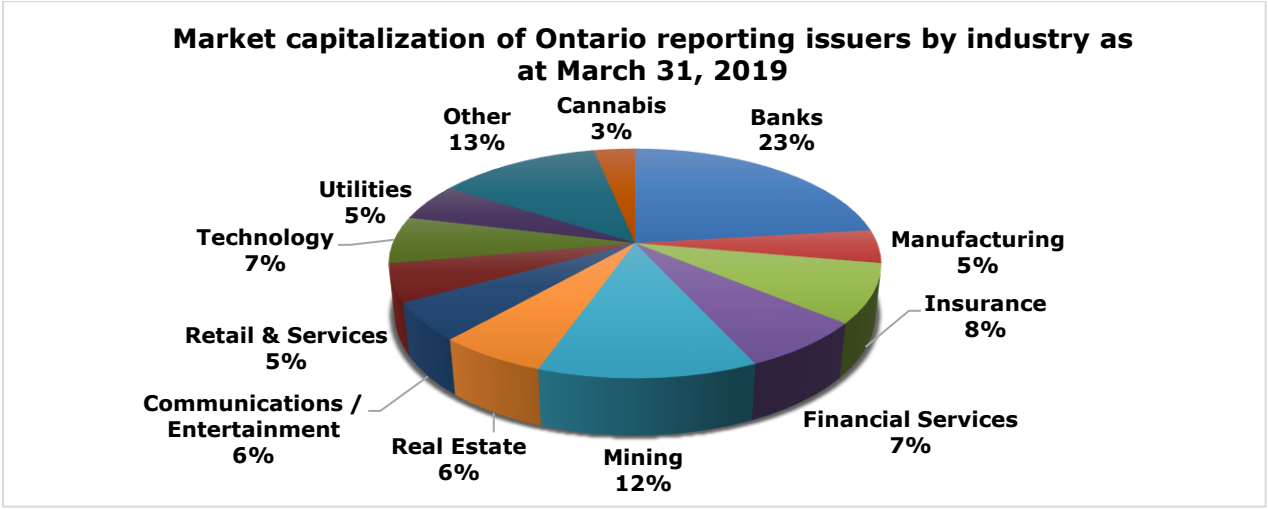
- Continuous Disclosure Review Program
- Offerings - Public
- Exempt Market
- Exemptive Relief Applications
- Insider Reporting
- Administrative Matters
- Designated Rating Organizations

Continuous Disclosure Review Program

Under Canadian securities laws, reporting issuers must provide timely and periodic continuous disclosure about their business and affairs. Where an issuer has a head office in Ontario, or has a significant connection to Ontario, the OSC has primary responsibility as principal regulator for reviewing that issuer's CD. Disclosure documents include periodic filings such as

- interim and annual financial statements,
- management's discussion and analysis (MD&A),
- certifications of annual and interim filings,
- management information circulars,
- annual information forms (AIFs), and
- technical reports.

The aggregate market capitalization of Ontario reporting issuers was approximately $1,486 billion as at March 31, 2019 ($1,260 billion as at March 31, 2018). The three largest industries by market capitalization were banking, mining, and insurance.



Overview of the CD review program

Our CD review program is risk-based and outcome focused. It includes planned reviews based on risk criteria as well as ongoing issuer monitoring through news releases, media articles, complaints and other sources. The CD review program is conducted pursuant to the powers in section 20.1 of the Act and is part of a harmonized CD review program conducted by the CSA.

For more information see CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program.*

Objectives of the CD review program

The CD review program has two main objectives

Compliance	to assess whether reporting issuers are complying with their disclosure obligations, and
Issuer education and outreach	to help reporting issuers better understand their disclosure obligations.

We assess issuer compliance with CD requirements through a review of an issuer's filed documents, website and social media. This review function is critical to facilitating fair and efficient markets, investor protection, and informed investment decision making and trading. CD reviews also support the raising of new capital, as many issuers raise funds through short form prospectuses which incorporate CD documents by reference.

Types of CD reviews

In general, we conduct either a "full" review or an "issue-oriented" review (IOR) of an issuer's CD.

IOR	An in-depth review focusing on a specific accounting, legal or regulatory issue that we believe warrants regulatory scrutiny.
Full review	Broad in scope and generally covering an issuer's most recent annual and interim financial statements and MD&A, AIF, annual reports, information circulars, news releases, material change reports, website, social media disclosure, investor presentations, and SEDI filings.

In planning our full reviews, we draw on our knowledge of issuers and their industries and use risk-based criteria to identify issuers with a higher risk of non-compliant disclosure. We may also select an issuer for review based on a complaint. The criteria are designed to identify issuers whose disclosure is likely to be materially improved or brought into compliance with securities laws or accounting standards as a result of our intervention. Our risk-based procedures incorporate both qualitative and quantitative criteria which we review regularly to keep current

with market changes. We also monitor novel and high growth areas of financing activity when developing our review program.

IORs can be focused on a specific issue related to an individual issuer or on an emerging area of risk related to a broad number of issuers (in some cases, industry specific). Conducting IORs broadly allows us to

- monitor compliance with requirements and provide a basis for communicating interpretations, staff disclosure expectations and areas of concern,
- quickly address specific areas where there is heightened risk of investor harm,
- identify common deficiencies,
- provide industry specific disclosure examples to assist preparers in complying with requirements, and
- assess compliance with new accounting standards.

CD review program outcomes for fiscal 2019

For each issuer, we measure outcomes of a CD review by tracking the following

- prospective disclosure enhancements,
- education and awareness, and
- outcomes where immediate action was required by the issuer, such as a refiling.

Immediate action was required by the issuer in 28% of our full CD reviews and 21% of our IORs (fiscal 2018: 31% and 8%, respectively). Given our risk-based criteria to identify issuers, the outcomes on a year-over-year basis should not be interpreted as trends since the issues and issuers reviewed each year are generally different.

Prospective disclosure enhancements address disclosures that were either not presented or not sufficiently detailed to allow for an informed investment decision but did not reach a level of materiality where immediate action would be necessary.

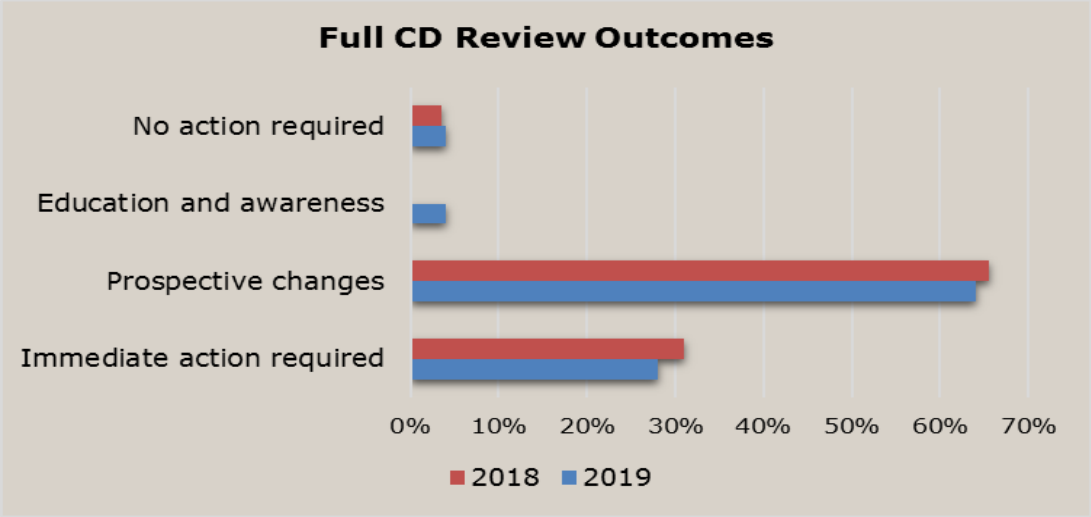
Refilings

Staff generally request that a document be refiled when it contains material deficiencies. Examples of instances where staff have requested refilings include

- refiling of an MD&A by cannabis issuers to comply with the disclosure expectations summarized in CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities*,
- refiling of financial statements to correct material misstatements,

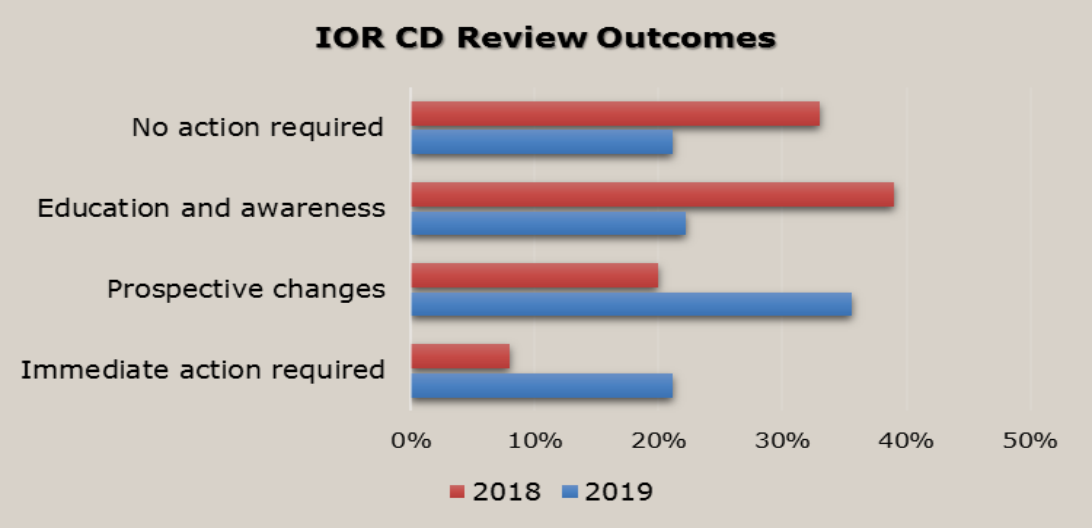
- refiling of an MD&A to provide further detail regarding investment portfolio holdings,
- filing of a clarifying news release when an issuer failed to include sufficient disclosure on material assumptions, milestones and risk factors pertaining to forward-looking information (FLI) or failing to update the market on FLI, and
- refiling of a technical report where the report filed was not in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101).

28% of full reviews and **21%** of IORs resulted in immediate action being required by the issuer



Significant fluctuations in outcomes from year to year are anticipated due to the differing nature of IORs conducted in a given fiscal year. For example, in fiscal 2019 we reviewed reporting issuers in the cannabis industry, while in fiscal 2018 we reviewed (i) the climate change-related disclosure of issuers and (ii) the distribution disclosures and non-GAAP financial measures in the real estate industry.

Specifically, the climate change-related disclosure reviews were "research oriented" for which few staff comment letters were sent out; however, these reviews resulted in the publication of a staff notice and the outcomes were categorized as "education and awareness". These reviews raise market awareness through the publication of staff notices discussing review findings, staff disclosure expectations and providing examples of better industry specific disclosure.



Generally, MD&A and mining technical reports (and related news releases) continue to be the documents we most often request issuers to refile or file (in instances when documents were not filed in the first place). We encourage issuers to continue to review and improve their disclosure, including in those areas noted below which we frequently comment on as part of our reviews.

Trends and guidance

Management's Discussion and Analysis

MD&A is the cornerstone of a reporting issuer's overall financial disclosure that provides an analytical and balanced discussion of the issuer's results of operations and financial condition through the eyes of management. MD&A disclosure should be specific, useful and understandable.

The MD&A requirements are set out in National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), specifically in Part 5 *Management's Discussion and Analysis* and in Form 51-102F1 *Management's Discussion and Analysis* (Form 51-102F1). The following table presents a summary of certain key issues, observations and best practices identified in our reviews.

Issue	Observations	Best practices
Liquidity and capital resources	Issuers disclose that "management believes the issuer has adequate working capital to fund operations" or "has adequate cash resources to finance future	Provide insight beyond the numbers by • discussing material cash requirements, • explaining how liquidity obligations have been settled or will be settled, and • quantifying working capital needs and how these needs relate to future business plans or milestones.

Issue	Observations	Best practices
	foreseeable capacity expansions".	Be specific about the period(s) to which the discussion applies and when additional financing is relied upon.
Discussion of operations	The variances in financial statement line items are stated with limited narrative discussion of the factors resulting in the variance and any trends or potential trends.	The discussion should • include a detailed, analytical and quantified discussion of the various factors that affect revenues and expenses beyond the percentage change or amount, • provide insight into the issuer's past and future performance, and • be clear and transparent to be informative. Be specific and disclose information that readers need to make informed investment decisions.
Risks and uncertainties	Itemized lists of risks are provided that are general in nature.	Be specific about • the material risks and uncertainties applicable to the issuer, and • the anticipated significance and impact those risks may have on the issuer's financial position, operations and cash flows. Explain how the issuer is mitigating the risk and update risk disclosures when circumstances change.
Business plan	Early stage or development issuers do not provide sufficient detail regarding their business plans	Identify concrete milestones in the issuer's business plans. For each milestone, describe the steps and associated costs required to complete and identify the anticipated timing of completion.

Reminder: Issuers that have significant projects that have not yet generated revenue are required by Item 1.4(d) of Form 51-102F1 to describe each project including the plan for the project and status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan. This requirement is applicable to all issuers with significant projects that have not yet generated revenue, not just development stage issuers or venture issuers.

Mining disclosures

When filing a technical report supporting a mineral resource estimate, NI 43-101 requires disclosure of the key assumptions, parameters, and methods used by the qualified person in determining that the mineralization has reasonable prospects for eventual economic extraction, and therefore meets the 2014 CIM Definition Standards for Mineral Resources & Mineral Reserves definition of a "mineral resource".

For a reasonably informed reader to understand the basis used by the qualified person to determine the mineral resource estimate, disclosure should include the following criteria

- cut-off grade, and continuity of mineralization at the selected cut-off grade,
- metallurgical recovery of the commodities or products of interest,
- smelter payments,
- commodity price or product value,
- methods for mining and processing the mineralization, and
- costs related to mining, processing, and general and administration.

In addition, specific information about constraining boundaries, such as pit shells for open pit deposits, potentially mineable shapes for underground deposits, and practical surface limitations need to be considered and should be used in conjunction with the above criteria for the preparation of mineral resource estimates.

If legacy data (collected by previous project operators) forms part of the dataset for a mineral resource estimate, disclosure about the qualified person's efforts to adequately verify that data needs to be sufficiently disclosed in the technical report.

Issuers that disclose potential economic outcomes based on mineral resources should be aware that forecasts of cash flows, operating costs, capital costs, production rates, or mine life are all considered to be the results of a preliminary economic assessment (PEA). Such disclosure may trigger the requirement to file a technical report supporting these potential economic outcomes.

We also continue to see non-compliant disclosure in technical reports of PEAs based on inferred mineral resources which combine potential economic outcomes from PEAs with economic outcomes based on more advanced mining studies used to support mineral reserves. Issuers that combine or integrate these economic outcomes together in their disclosure may be required to amend and refile their technical report.

Reminder: Issuers that disclose a PEA on an advanced property containing mineral reserves should follow the guidance outlined in CSA Staff Notice 43-307 *Mining Technical Reports – Preliminary Economic Assessments*.

We encourage public mining issuers to request a review of the issuer's publicly filed technical disclosure, as discussed in OSC Staff Notice 43-706 *Pre-filing Review of Mining Technical Disclosure*.

In addition, issuers with mineral reserves on undeveloped mineral projects should regularly determine whether that mineral reserve is still economically viable, typically by applying a discounted cash flow analysis with updated assumptions.

Non-GAAP financial measures

Non-GAAP financial measures continue to be included by many issuers in news releases, MD&A, prospectus filings, marketing materials, investor presentations and on issuers' websites, as issuers believe this information provides additional insight into their overall performance.

As in past years, we continue to be concerned by the prominence given to disclosure of non-GAAP financial measures, the lack of transparency about the various adjustments made in arriving at non-GAAP financial measures, and the appropriateness of the adjustments themselves. Issuers should consider the guidance in CSA Staff Notice 52-306 (Revised) *Non-GAAP Financial Measures* (SN 52-306) and in prior Corporate Finance Branch Annual Reports.

As the volume and nature of non-GAAP financial measures vary by industry and issuer, we note below a few examples and reminders of staff's expectations on an industry basis.

Example: cash cost per gram

- *clearly explain the nature of adjustments made in arriving at non-GAAP financial measures and any judgements used in calculating them*
- *ensure that all financial measures which are non-GAAP in nature are identified as such and are accompanied by the disclosures outlined in SN 52-306*

Cannabis

Example: AFFO

- *apply the measure consistently from period to period*
- *clarify how management uses each measure*
- *clearly identify the most directly comparable GAAP measure*
- *present GAAP information with equal or greater prominence than non-GAAP financial information*

Real Estate

Examples: EBITDA, adjusted EBITDA

- *do not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years*
- *when presenting EBITDA, it is misleading to exclude amounts for items other than interest, taxes, depreciation and amortization*

Technology

Regulatory Developments

To improve the disclosure surrounding non-GAAP financial measures and certain other financial measures, the CSA is intending to replace SN 52-306 with a Proposed National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* and a related proposed Companion Policy (Proposed Instrument).

The Proposed Instrument, published on September 6, 2018 for a 90-day comment period sets out disclosure requirements for non-GAAP financial measures and other financial measures (i.e., segment measures, capital management measures, and supplementary financial measures as defined in the Proposed Instrument). We plan to publish an update to the Proposed Instrument in the near future.

Forward-looking information

Many issuers disclose FLI in news releases, MD&A, prospectus filings, marketing materials, investor presentations or on their website. FLI should provide valuable insight about the issuer's business and how the issuer intends to attain its corporate objectives and targets.

We continue to see deficiencies in FLI disclosure including a lack of balanced discussion of the key assumptions used and the risk factors inherent in the FLI. Issuers should consider the guidance in prior Corporate Finance Branch Annual Reports.

Executive compensation

If a reporting issuer is required to send an information circular to security holders, the reporting issuer must disclose executive compensation information as required by section 9.3.1 of NI 51-102 and Item 8 of Form 51-102F5 *Information Circular* (Form 51-102F5). Non-venture issuers must file this disclosure within 140 days after the issuer's most recently completed financial year and venture issuers must file this disclosure within 180 days after the issuer's most recently completed financial year. A reporting issuer that is not required to send an information circular to security holders must comply with section 11.6 of NI 51-102, which requires the same executive compensation information to be disclosed within the above-noted timeframes.

A reporting issuer may rely on the exemption from executive compensation disclosure under section 9.5 of NI 51-102 only in instances where the proxy solicitation requirements of the laws under which the reporting issuer is incorporated are substantially similar to the requirements of Part 9 of 51-102. In this regard, staff may take the position that a reporting issuer should file executive compensation disclosure in the context of a CD review or a prospectus review, if such disclosure has not been filed close to 140 days after the end of the issuer's most recently completed financial year for non-venture issuers, or 180 days after the end of the issuer's most recently completed financial year for venture issuers.

Women on boards and in executive officer positions

The disclosure requirements regarding women on boards and in executive officer positions are set out in National Instrument 58-101 *Disclosure of Corporate Governance Practices* and have been in place for five annual reporting periods. The disclosure requirements are intended to increase transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions and the approach that specific TSX-listed issuers take in respect of such representation. This transparency is intended to assist investors when making investment and voting decisions.

On October 2, 2019, CSA Multilateral Staff Notice 58-311 *Report on Fifth Staff Review of Disclosure regarding Women on Boards and in Executive Officer Positions* (CSA Staff Notice 58-311) was published. CSA Staff Notice 58-311 reports the findings of our fifth review of disclosure regarding women on boards and in executive officer positions. Of note, 73% of issuers in the review sample had at least one woman on their board and the overall percentage of board seats occupied by women was 17%.

The CSA will continue to monitor trends in this area.

Corporate governance related disclosure expectations for reporting issuers in the cannabis industry

On November 12, 2019, we along with other participating CSA jurisdictions published CSA Multilateral Staff Notice 51-359 *Corporate Governance Related Disclosure Expectations for Reporting Issuers in the Cannabis Industry*.

The notice outlines some of the specific problems we are seeing with governance practices in the cannabis industry and provides our expectations in these areas. In particular, we have observed instances of

- inadequate transparency relating to the cross-ownership of financial interests by cannabis reporting issuers (or their directors and officers) involved in mergers, acquisitions or other significant corporate transactions (M&A Transactions). Staff are of the view that, in the context of these transactions, the cross-ownership of financial interests is material information for investors and their investment/voting decisions and should be disclosed.

- reporting issuers identifying board members as being independent, without giving adequate consideration to potential conflicts of interest, or other factors that may compromise their independence. The notice discusses considerations with regard to the independence of board members, including the development of a written code of business conduct and ethics that addresses these and other governance related matters.

The notice provides good governance and disclosure-related practices for reporting issuers in the cannabis industry, including in the context of M&A Transactions. This will allow security holders

to make their own determination about the merits of these transactions, considering any cross-ownership of financial interests as well as disclosure about how the parties addressed any governance concerns.

As stated in the notice, we will continue to monitor governance practices and related disclosure in the cannabis industry through our review program activities moving forward.

While the notice has been directed towards cannabis reporting issuers, its content is equally relevant to other issuers, including those in emerging growth industries.

Issue-oriented review staff notices published in fiscal 2019

During fiscal 2019, 78% of our reviews were issue-oriented (fiscal 2018: 91%). We published a staff notice summarizing the findings from an IOR on issuers operating in the cannabis industry.

Disclosures in the Cannabis Industry

The cannabis industry has benefited from increasingly permissive legal frameworks and has grown significantly as an emerging public market sector. Cannabis issuers need to provide investors with transparent information about financial performance and risks and uncertainties to support informed investing decisions.

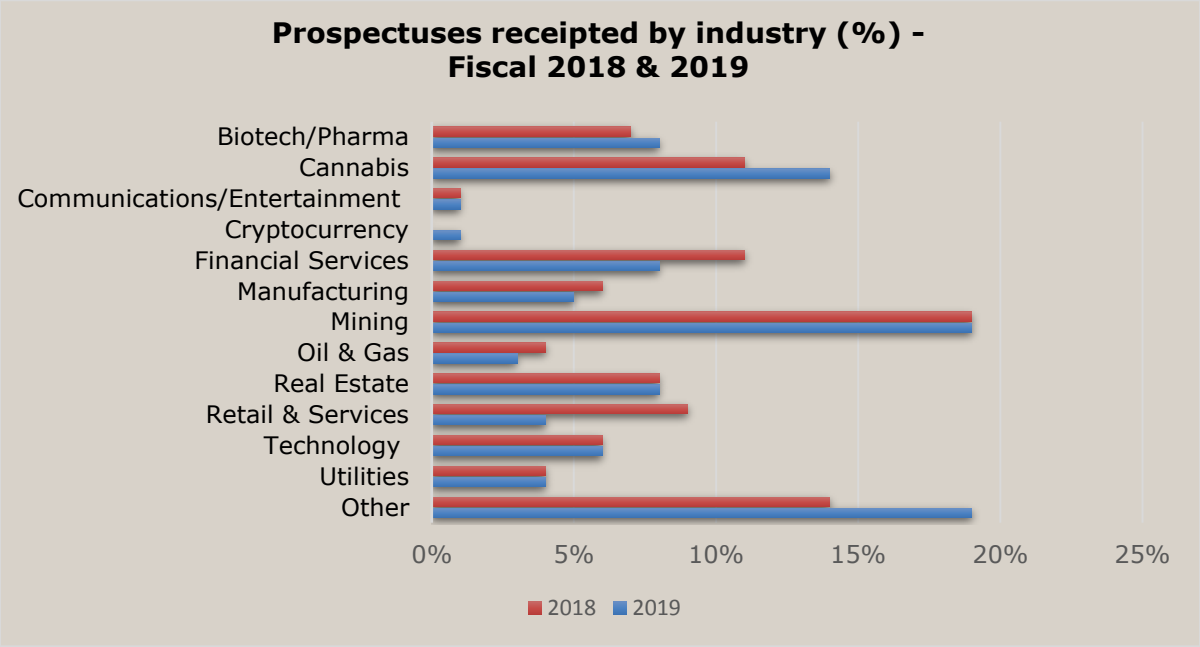
For more information see CSA Staff Notice 51-357 *Staff Review of Reporting Issuers in the Cannabis Industry*.

We continue to monitor the issues identified in the IOR as well as issues identified in full reviews. This includes reviewing disclosure to confirm that issuers have provided prospective disclosure enhancements as requested by staff. Where an issuer fails to make an agreed prospective disclosure enhancement, staff will consider whether an alternative action such as a refiling is necessary.

Offerings - Public

Statistics

Another key component of our compliance work stream is the review of offering documents. In fiscal 2019, approximately 440 prospectuses that were filed in Ontario were receipted, higher than in fiscal 2018 (400). These filings covered a wide range of industries with mining, cannabis and financial services being the most active sectors based on the number of offerings.



Trends and guidance

In fiscal 2019, the number of prospectuses we reviewed where the OSC was the principal regulator was higher than the prior fiscal year. While the mining industry continued its strong performance in the Canadian capital markets in fiscal 2019, a significant factor in the increase in volume was the interest in the cannabis sector given the legalization of cannabis for recreational use in October 2018.

Tip: The guidance in this section also applies to prospectus-level disclosure included in an information circular in connection with a proposed significant acquisition or a restructuring transaction as required by Item 14.2 of Form 51-102F5.

Key takeaways from our work reviewing offering documents in fiscal 2019 are set out below. Many of the matters highlighted could benefit from pre-file discussions between issuers and staff to avoid delays at the time of the prospectus filing.

Reminder: The process to submit a pre-file to staff is outlined in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*.

Primary business in an initial public offering (IPO)

The disclosure requirements for an issuer's primary business are one of the areas currently under consideration as part of the *Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* policy initiative (see Part C for further details). Until this project is completed, the guidance issued for primary business in OSC Staff Notice 51-728 *Corporate Finance Branch 2016-2017 Annual Report* continues to apply.

Disclosure improvements

Disclosure enhancements, where we required material disclosure changes to a prospectus, remained our most consistent outcome. Highlighted below are areas where we frequently find deficiencies.

Description of the business and regulatory environment	Issues may arise in circumstances where an issuer • appears to have no business or the offering is a blind pool, • has a complex corporate structure, • has a significant change in business or operations, is in the cannabis industry or cryptocurrency sector and lacks disclosure about its specific regulatory environment, or • has recently completed a significant acquisition or capital restructuring where a securities regulatory review has not been carried out.
Risk factors relating to the business and/or offering	Avoid boilerplate language and tailor the disclosure to the issuer's situation (e.g. assess political/regulatory risk, discuss factors that may affect the issuer's title to its assets). • Be specific about any new risks affecting the issuer's business. • Discuss any steps the issuer has taken to mitigate the risk. • Do not include risk factors that do not apply to the issuer just because another issuer in the same industry does.

MD&A disclosure in a long form prospectus	• Include relevant information and provide sufficient detail, especially regarding those items highlighted in this report under the heading "Part B: Compliance – Continuous Disclosure Review Program – Trends and Guidance". • MD&A included in a long form prospectus should be just as comprehensive as a stand-alone MD&A.
Use of proceeds	• Provide sufficient detail (via an itemized list) and be comprehensive. Generic phrases such as "for general corporate purposes" are insufficient disclosure. • If proceeds are being raised to take advantage of favourable market conditions, state so clearly in the prospectus. • Use a table format to explain and disclose variances between the intended and actual uses of proceeds from prior financings, if not already disclosed in the MD&A.

Sufficiency of proceeds and financial condition of an issuer

The Act sets out specific circumstances under which a receipt for a prospectus shall not be issued. One example is where the aggregate of the proceeds being raised under the prospectus together with the other resources of the issuer are insufficient to accomplish the purpose of the offering as stated in the issuer's prospectus. The same considerations apply for a non-offering prospectus.

As such, a critical part of every prospectus review is considering the issuer's financial condition and intended use of proceeds (or available funds for a non-offering prospectus). A prospectus must contain clear disclosure of how the issuer intends to use the proceeds raised in the offering as well as disclosure of the issuer's financial condition, including any liquidity concerns. We may request issuers to include disclosure to describe an issuer's financial condition, including for example disclosure about negative cash flows from operating activities, working capital deficiencies, net losses and significant going concern risks. This disclosure is important to investors because it provides appropriate warnings about significant risks that the issuer is facing or may face in the short term and may help investors avoid or minimize negative consequences when making investment decisions.

In some instances, an issuer's representations about its ability to continue as a going concern and the period during which it expects to be able to continue operations may be inconsistent with the issuer's historical statements of cash flows (in particular, its cash flows from operating activities). In these cases, we may request that the issuer provide a cash flow forecast or financial outlook-type disclosure to support its expected period of liquidity (i.e., ability to continue operations). However, disclosure on its own may not be sufficient to satisfy our receipt refusal concerns in certain circumstances, particularly where the issuer's assumptions on future changes in operations are not objective and supportable.

Reminder: A principal purpose of the sufficiency of proceeds receipt refusal provision is to protect the integrity of the capital markets, which would be harmed if an issuer ceased operations on account of insufficient funds shortly after completing a public offering.

An issuer may need to change the structure of an offering to address concerns regarding the issuer's financial condition (e.g. setting a minimum subscription or finding additional sources of financing).

For issuers filing a base shelf prospectus, we may take the view that the structure of a base shelf prospectus is not appropriate given the issuer's financial condition and uncertainty of financing. Typically, receipt refusal concerns on financial condition arise if the issuer does not appear to have sufficient cash resources to continue operations for the next 12 months or to meet concrete developmental milestones expected to be completed in the next 12 months given the business plan and intention of the issuer. In these cases, to address our concern that incremental drawdowns may be insufficient to satisfy the issuer's short-term liquidity requirements, we may request that the issuer

- withdraw the base shelf and file a short form prospectus with a minimum subscription amount,
- withdraw the base shelf and file a short form prospectus with a fully underwritten commitment, or
- arrange for additional committed sources of financing.

Staff note that any additional financing should be closed before an issuer is cleared for final.

For more information and guidance, issuers, including those filing a base shelf or non-offering prospectus, should review CSA Staff Notice 41-307 *Corporate Finance Prospectus Guidance - Concerns regarding an issuer's financial condition and the sufficiency of proceeds from a prospectus offering*.

Audit committees in place in IPOs

Where an issuer files an IPO prospectus, it must have an audit committee in place that meets the composition requirements prescribed in National Instrument 52-110 *Audit Committees* (NI 52-110) no later than the date of the receipt for the final prospectus.

Non-venture issuers: must have an audit committee in place that is composed of at least three members, all of whom are independent and financially literate as defined in NI 52-110 (subject to exemptions set out in NI 52-110).

Venture issuers: must have an audit committee in place that is composed of at least three members, a majority of whom are not executive officers, employees or control persons of the issuer or of an affiliate of the issuer (subject to exemptions set out in NI 52-110).

Reverse takeover transactions (RTO)

Issuers conducting their first public offering following an RTO should be mindful of the requirements in Item 10A.1 of Form 44-101F1 *Short Form Prospectus*. If the RTO was completed after the end of the financial year in respect of which the issuer's current AIF is incorporated by reference into the short form prospectus, the prospectus is required to include the same disclosure about the RTO acquirer that would be contained in Form 41-101F1 *Information Required in a Prospectus* (Form 41-101F1) if the RTO acquirer were the issuer of the securities being distributed.

Issuers should consider whether their current CD and documents incorporated by reference into the prospectus satisfy the disclosure requirements in National Instrument 41-101 *General Prospectus Requirements* (NI 41-101) in respect of the RTO acquirer, including financial statements for the required periods. Some of the most common deficiencies we note include

- predecessor entity financial statements or primary business financial statements are omitted,
- missing MD&A for the relevant annual and interim periods for the RTO acquirer,
- missing comparative years' auditor's report incorporated by reference (if a change of auditors has occurred),
- deficient description of the business and the regulatory environment, and
- auditors are not named as experts.

Timing for inclusion of financial statements in an IPO venture issuer's prospectus

Under Form 41-101F1, annual financial statements are required to be included in a prospectus for completed financial years ended more than (i) 90 days before the date of the prospectus, or (ii) 120 days before the date of the prospectus if the issuer is a venture issuer. Interim financial statements are subject to a similar requirement for periods ended within 45 and 60 days, respectively. Importantly, the extended deadlines applicable to venture issuers do not apply to IPO venture issuers. This includes an RTO acquirer in the context of a restructuring transaction that is subject to the requirements of Form 41-101F1.

Type of issuer	Deadline for inclusion of annual financial statements	Deadline for inclusion of interim financial statements
Non-venture issuer	90 days	45 days
IPO venture issuer	90 days	45 days

RTO acquirer (i.e. target)	90 days	45 days
Venture issuer (i.e. an existing reporting issuer)	120 days	60 days

Reminder: The 90 and 45 day deadlines are also applicable to any "issuer" financial statements that are included in an IPO venture issuer's prospectus or similar document in compliance with Item 32 of Form 41-101F1.

Auditor's report required in a preliminary prospectus

Subsection 54(1) of the Act states that a preliminary prospectus shall substantially comply with the requirements of Ontario securities law respecting the form and content of a prospectus, except that the report or reports of the auditor or accountant required by securities regulations need not be included. In staff's view, this language does not impact the requirement in section 4.2 of NI 41-101 which requires that any financial statements included in a long form prospectus filed in the form of Form 41-101F1 must be audited, and subparagraph 9.1(1)(b)(iii) of NI 41-101 which requires the provision of an auditor's comfort letter when an audit report included in the preliminary prospectus is unsigned.

Cannabis industry

The cannabis industry continues to have significant growth as an emerging public market sector. We note that issuers in the cannabis industry may operate in several different jurisdictions and the regulatory uncertainty, differences in legal and regulatory frameworks across jurisdictions, and other potential risks should be disclosed to investors. Staff will continue to review cannabis filings on a case-by-case basis to determine if there are any novel business models which may give rise to public interest concerns which cannot be addressed by disclosure.

As general guidance, issuers considering entering the cannabis industry, or issuers considering new investments in the cannabis industry, should ensure that announcements about these new opportunities are balanced and that they are not potentially misleading to investors as a result. Also, issuers who are substantially dependent on licenses to cultivate or sell cannabis, or on leased facilities in which those activities are performed, should file the related licenses/agreements as material contracts on SEDAR.

For ease of reference, we have included specific guidance by jurisdiction for issuers operating in the cannabis industry as noted below.

Jurisdiction	Guidance
Canada	We expect that the growth of the Canadian cannabis industry will continue given the legalization of cannabis for recreational use in October 2018. Under the current framework, the production, distribution and sale of cannabis is tightly controlled by the Canadian federal, provincial and territorial governments. The Government of Canada has also published regulations which, among other things, outline additional rules for the cultivation, processing, research, analytical testing, distribution, sale, importation and exportation of cannabis, hemp and related products in Canada, including the various classes of licences that can be granted depending on the nature of the activity being undertaken. The Government of Canada also released its proposed amendments to the cannabis regulations that contemplate the production of cannabis edibles, extracts and topicals, among a variety of other amendments that came into force in October 2019. Canadian licensed cannabis producers have conducted significant public equity financings over the last few years and are investing heavily in a number of activities, including • production capacity expansion projects at their Canadian facilities, • expansion into new international markets, • research and development projects, • acquisitions, • development of new assets, and • joint venture arrangements or other business combinations. The disclosure of such activities should be qualified, as appropriate, by specific risk factor disclosure. Cannabis issuers who make announcements about anticipated production capacity in a new facility under construction should disclose the material factors and assumptions related to that projection. Assumptions for financial projections should be specific and comprehensive, particularly with respect to quantitative details, such that an investor is able to clearly understand how each assumption contributes to the projection. Cannabis issuers should also ensure that this forward-looking information is updated, as required by securities law.
United States of America (U.S.)	Issuers that have, or are in the process of developing, cannabis-related activities in the U.S. should also review the specific disclosure expectations set out in CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities*. Issuers with cannabis-related activities in the U.S. assume certain risks due to conflicting state and federal laws. While certain U.S. states have authorized the use and sale of cannabis, it remains illegal under U.S. federal law. The federal law relating to cannabis could be enforced at any time, and this would put issuers with U.S. cannabis-related activities at risk of being

	prosecuted and having their assets seized. We expect issuers with cannabis-related activities in the U.S. to address the current legal and regulatory environment in their disclosures as well as any related risks that result from potential government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis.
Other Foreign Jurisdictions	The growing trend towards legalization of cannabis laws has created opportunities for Canadian reporting issuers to engage, directly or indirectly (through investments or otherwise), in foreign cannabis operations that operate legally within the confines of a foreign regulatory framework. We encourage issuers and their advisors to consult with staff on a pre-file basis in these circumstances to discuss the appropriate level of disclosure and potential risks and other novel considerations that may arise. Issuers involved in cannabis activities in foreign jurisdictions should specifically describe the regulatory and legal framework of cannabis in these foreign jurisdictions including details about the nature of their involvement in such foreign jurisdictions. Issuers that are engaged in cannabis-related activities in emerging market (EM) jurisdictions that have legalized cannabis should also review our guidance related to emerging market issuers as set out in OSC Staff Notice 51-720 - *Issuer Guide for Companies Operating in Emerging Markets* (SN 51-720) to ensure all necessary disclosures are addressed. Staff expect strong internal controls to be in place to reflect the particular risks of having significant cannabis-related business operations located in an EM jurisdiction. Staff also expect to see risks appropriately identified, understood and managed by the board of directors including risks related to, among others • political factors, such as government instability and changing governmental policy related to cannabis regulation that may affect legal rights, such as property ownership, • the legal, regulatory and licensing framework, given that EM jurisdictions may have less robust regulatory regimes regarding the ownership of cannabis licenses and controls around distribution channels and other safeguards, • the movement and conversion of currency out of the foreign jurisdiction, which could hinder the repatriation of profits to Canadian investors, and • legal title to assets and the legal vehicles through which the issuer has accessed the Ontario market. As noted in SN 51-720, we expect auditors, underwriters, exchanges and all other advisors to the issuer to establish appropriate due diligence practices to effectively discharge their responsibilities to protect investors in Ontario.

Along with recent rapid growth, the cannabis industry has experienced significant share price volatility, high multiples, rapid consolidation and legislative and regulatory uncertainty. These challenges reinforce the need for cannabis companies to focus on good governance practices. Implementing a corporate governance structure in accordance with high ethical and legal standards will provide confidence to investors and regulators. Issuers may also refer to CSA Staff Notice 51-357 *Staff Review of Reporting Issuers in the Cannabis Industry* which highlights good disclosure practices, so that investors are provided with transparent information about financial performance and risks and uncertainties, to support informed investing decisions.

On November 12, 2019, we along with other participating CSA jurisdictions published CSA Multilateral Staff Notice 51-359 *Corporate Governance Related Disclosure Expectations for Reporting Issuers in the Cannabis Industry*. The notice outlines some of the specific problems we are seeing with governance practices in the cannabis industry and provides our expectations in these areas. Please see page 20 of the Report for further information regarding this notice.

For more information:

CSA Multilateral Staff Notice 51-359 *Corporate Governance Related Disclosure Expectations for Reporting Issuers in the Cannabis Industry*

CSA Staff Notice 51-357 *Staff Review of Reporting Issuers in the Cannabis Industry*

CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities*

CSA Staff Notice 51-342 *Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities*

CSA Staff Notice 51-356 *Problematic Promotional Activities by Issuers*

IPO issuers with hybrid business structures

In instances where an IPO issuer's proposed business model is a public/private equity fund consisting of investments both in publicly traded securities and private investments, we may take the view that the portfolio invested in publicly traded securities should be subject to certain investment fund requirements, while the portfolio invested in privately traded securities should be subject to corporate finance requirements. Such requirements may include measures relating to the deployment of IPO proceeds destined for the private portfolio, certain investment restrictions such as a concentration restriction, and the required use of a custodian.

The guidance outlined in CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements* should also be considered by such IPO issuers.

Subsequent offerings by an IPO blind pool issuer

Certain issuers that hold minimal assets at the time of their IPO and have not identified any acquisitions are considered "blind pools". The audited financial statements included in the IPO prospectus of a blind pool issuer generally do not reflect any meaningful results. Staff may have concerns where these types of issuers seek to conduct a follow-on public capital financing before they have filed audited financial statements reflecting business operations. An issuer may be able to address staff's concerns by providing audited financial statements for an interim period ended after its operations commenced to provide investors with some audited financial history of the underlying operating business. We encourage issuers to submit a pre-file and consult with staff in these circumstances.

Base shelf prospectuses qualifying distributions of specified derivatives or asset backed securities

Where an issuer's base shelf prospectus contemplates distributions of specified derivatives or asset-backed securities that are novel (as such terms are defined in National Instrument 44-102 *Shelf Distributions* (NI 44-102) or NI 41-101, as applicable), we will issue comments and, if appropriate, require the issuer to file an undertaking to pre-clear any prospectus supplements that will qualify distributions of novel specified derivatives or asset-backed securities. To avoid unnecessary delays relating to this matter, issuers that do not plan to distribute such novel securities should include disclosure in its base shelf prospectus similar to the following:

> *This Prospectus does not qualify for issuance specified derivatives or asset-backed securities that are novel (as such terms are defined in National Instrument 44-102 Shelf Distributions or NI 41-101 General Prospectus Requirements, as applicable).*

Asset vs. business acquisitions: IFRS 3 amendments

In October 2018, the International Accounting Standards Board (IASB) issued amendments to the definition of a business in IFRS 3 *Business Combinations* (IFRS 3). IFRS 3 sets out different accounting requirements for a business combination versus an acquisition of an asset or group of assets that does not constitute a business under the standard. The amendments apply to relevant transactions that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

Notwithstanding the issuer's determination under IFRS 3, reporting issuers must make a separate determination of whether the acquisition constitutes an asset or business acquisition under securities law. Part 8 of Companion Policy 51-102CP and OSC Staff Notice 51-728 *Corporate Finance Branch 2016-2017 Annual Report* provide guidance regarding this determination.

Acquisition of intangible assets

IAS 38 *Intangible Assets* requires that an issuer, when determining whether to recognize a purchased intangible asset, assess if (i) it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and (ii) the cost of the asset can be measured reliably. The probability of future economic benefits must be based on reasonable and supportable assumptions that will exist over the life of the asset.

As part of our CD and prospectus reviews, in circumstances where an issuer has acquired intangible assets and has recognized such assets within its financial statements, we may request that the issuer provide both its quantitative and qualitative analyses that it has previously prepared or provided to its auditors to support the probability of economic benefits attributed to each of the acquired intangible assets flowing to the issuer, as well as the issuer's corresponding purchase price allocation to each of the assets based on such analyses. Additionally, for acquisitions involving non-cash consideration (i.e. shares), staff may also request the issuer to explain how the consideration was valued and how the resulting purchase price allocations reconcile to the original book values of the acquired intangible assets. Finally, where necessary, we may request that the issuer disclose certain supporting assumptions of the above analyses in order to provide a clearer understanding of how the assigned values for these intangible assets were determined by the issuer.

This is an area of heightened interest to staff in circumstances where the fair values assigned to certain intangible assets upon acquisition by an issuer are substantially higher than their respective original book values (e.g., acquired licenses, etc.). This is especially the case for certain internally generated intangible assets (e.g., brands, titles, customer lists, etc.), which are only permitted to be recognized as assets upon acquisition by another entity.

Promoter liability

Where a promoter exists at the time of an issuer's IPO, we remind issuers to consider whether promoter status continues for subsequent offerings irrespective of whether it has been two years since the IPO. This assessment should consider whether the promoter's relationship with the issuer has changed since the IPO in terms of the promoter's continued involvement in the governance and management of the issuer, including the promoter's ownership and *de facto* control of the issuer, among other factors. How and when a promoter ceases to be a promoter is determined on a case by case basis. The analysis should consider how the facts and circumstances upon which the issuer determined that a promoter is a promoter of the issuer have changed.

Relief to be evidenced by receipt of a final prospectus

When seeking relief in connection with an offering where the relief will be evidenced by receipt, issuers should provide written submissions explaining why relief is required. The application letter itself will be made available to the public on request unless the Commission grants a request for confidentiality that is included in the application letter (see the 'Requests for confidentiality' section below). To facilitate this, an application letter should be a stand-alone document satisfying the guidance set out in OSC Staff Notice 41-703 *Corporate Finance Prospectus Practice Directive #2 – Exemption from Certain Prospectus Requirements to be Evidenced by a Receipt*.

An issuer should inform staff if there are any concerns about making the application letter or the OSC acknowledgement letter, if applicable, available to the public.

Testing the waters exemption

As stated in the recently published *Reducing Regulatory Burden in Ontario's Capital Markets* report, 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. Market participants are encouraged to contact staff with any questions relating to this issue.

Prospectus filings - timing

Reminder: A preliminary prospectus, together with all accompanying materials in acceptable form, should be filed before 12:00 p.m. on the day that the receipt is required. If materials are filed after 12:00 p.m., the receipt will normally be issued before 12:00 p.m. on the next business day and dated as of that day.

If issuers anticipate filing a preliminary prospectus within a reasonable period of time after 12:00 p.m. (or 3:00 p.m. for a bought deal prospectus) and need a receipt issued that day, they should advise the prospectus review officer by email at *prospectusreviewofficer@osc.gov.on.ca* and explain the reason for not filing before the applicable deadline. We will attempt to accommodate these requests, but there is no assurance that a receipt will be issued on the same day.

Where an issuer plans to conduct an overnight marketed deal, the issuer should (a) advise the prospectus review officer by email no later than the morning of the day on which the receipt is required (but prior to filing the materials), and (b) file all materials in acceptable form before

12:00 p.m. that day. In such cases, we will make reasonable efforts to issue a receipt for the preliminary prospectus at or just after 4:00 p.m. on the day of the filing.

Each year, we receive requests to issue a receipt for a preliminary prospectus at a specific time of the day. In rare circumstances, staff may consider this request where the issuer can demonstrate that there would be a material adverse consequence to an issuer if a preliminary receipt is not issued at the specific time. The issuer should make such a request along with reasons in its cover letter accompanying the filing of the preliminary prospectus. The cover letter should also acknowledge that the issuer bears the risk of the receipt being issued at a time other than the requested time. Issuers should note that we cannot guarantee that the request will be satisfied and there is a practical risk that the receipt will be issued at a time other than the requested time.

Exempt Market

The OSC recognizes the need to be vigilant in its oversight of the exempt market as it evolves under the new regulatory framework. Our Branch and the CRR Branch have primary responsibility for oversight of compliance in the exempt market. Both branches are working to coordinate and conduct the compliance reviews of issuers and registrants.

Offerings

Frequent market activity without involvement of a registered dealer

We conducted a joint review with CRR staff of issuers that accessed the exempt market repeatedly without using a dealer. Our focus in these reviews was whether issuers relying on the new prospectus exemptions in Ontario may be misunderstanding how to use these exemptions.

We focused on issuers who

- filed multiple Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F1) identifying that no compensation was paid to a registered dealer or registered individual in connection with the distribution(s),
- submitted multiple Form 45-106F1 filings within a short period of time – indicating that the trading activity was being done with repetition, regularity or continuity,
- appeared to be directly soliciting investments through advertising over the internet and social media, and/or
- distributed securities and had large capital raised from Ontario investors.

We found several issues with exemption compliance, including

- reliance on the family, friends and business associates (FFBA) exemption where the purchaser lacked the requisite relationship with a director, executive officer, or control

person of the issuer. We remind issuers that a relationship between the purchaser and an officer of the related dealer is not sufficient to satisfy the requirements of the exemption.

- reliance on the accredited investor exemption without taking reasonable steps to verify that the purchaser meets the definition of an accredited investor. Issuers are required to maintain adequate records to demonstrate compliance with securities law and in several cases it appears that inadequate steps were taken to verify the accredited investor status and inadequate documentation was maintained.

- non-compliance with the investment limits under the offering memorandum (OM) exemption

    - issuers are required to take reasonable steps to determine whether an investor is an eligible investor and to confirm compliance with the appropriate investment limit for purchases under the exemption.

    - a positive suitability assessment by a registrant is required for an eligible investor to exceed the $30,000 annual limit for purchases under the exemption. Issuers that are offering securities directly, without the involvement of a registered dealer, cannot sell securities to an eligible investor in excess of the $30,000 annual limit.

- failure to provide or correctly complete the required risk acknowledgement forms under the accredited investor, OM and FFBA exemptions.

- discrepancies between the reporting of trades under the report of exempt distribution and the issuer's records of the securities actually issued.

We remind issuers that offer their own securities regularly to assess whether they are trading in, or advising on, securities for a business purpose and, therefore may be subject to the dealer or adviser registration requirements. A discussion of the factors relevant to that determination is included in section 1.3 of the Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103CP).

Disclosure requirements

Issuers relying on the OM exemption frequently have complex structures with funds being raised by one issuer that are loaned or otherwise invested in another entity that conducts the business activities intended to produce a return on investment. We note that where such a structure is used, it is the issuer's responsibility to ensure that the OM contains sufficient information to allow a potential purchaser to make an informed investment decision in relation to the securities being distributed.

Marketing materials

Any marketing materials used in connection with a distribution under the OM exemption must be incorporated by reference into the prescribed form of OM and filed with the OSC (either as an attachment to a report of exempt distribution or through the OSC electronic filing portal) at the same time as filing the OM or, if the marketing materials are prepared after the OM was filed, within 10 days of the first use of the materials. This requirement is subject to a limited exception that allows the use of an "OM standard term sheet". We found in several instances where issuers have delivered or made available materials to prospective investors without filing those materials.

Reminder: Issuers that use exemptions other than the OM exemption, such as the accredited investor exemption, FFBA exemption, private issuer exemption or minimum amount exemption, should consider the requirements of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (OSC Rule 45-501) regarding disclosure provided in connection with the distribution of securities.

Materials purporting to describe the business and affairs of an issuer that are prepared primarily for prospective investors will generally fall within the definition of "offering memorandum" in subsection 1(1) of the Act. While the use of such documents is voluntary and not subject to specific form requirements, Part 5 of OSC Rule 45-501 provides that statutory rights of action in favour of a purchaser of securities will apply if the materials contains a misrepresentation. Furthermore, an issuer is required to include a description of these statutory rights and deliver the material to the OSC within 10 days. These requirements may apply to materials such as investor presentations, letters or brochures.

Reporting

Form 72-503F Report of Distributions Outside Canada

In Ontario, the OSC made consequential amendments to Form 72-503F *Report of Distributions Outside Canada* (Form 72-503F) to align certain parts of Form 72-503F with the amendments to Form 45-106F1. The amendments also came into effect on October 5, 2018.

We have received several inquiries about whether an issuer may file a Form 45-106F1 instead of a Form 72-503F. Section 4.3 of OSC Rule 72-503 specifically provides that an investment fund may file a Form 45-106F1 instead of a Form 72-503F if the other conditions in that provision are satisfied. Please note that staff would not object to an issuer that is **not** an investment fund filing a Form 45-106F1 instead of a Form 72-503F provided

- the issuer completes Form 45-106F1 within the time frame required for the filing of that form,
- the Form 45-106F1 includes the information that would otherwise be required in Form 72-503F,
- Form 45-106F1 is completed in its entirety (including the schedules), and
- the issuer pays the prescribed filing fee for Form 45-106F1.

Issuers that have relied on the OM exemption

We remind issuers that have relied on the OM exemption in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) (OM issuers) that they are subject to ongoing reporting obligations to both the OSC and their securityholders.

OM issuers are required to deliver annual financial statements and a Form 45-106F16 *Notice of Use of Proceeds* (Form 45-106F16) to the OSC and make them reasonably available to investors, within 120 days after the issuer's financial year end. The financial statements are required to be audited and prepared in accordance with IFRS. The documents must be delivered to the OSC through our Electronic Filing Portal.

When completing the Form 45-106F16, OM issuers must provide a reasonable breakdown of all proceeds used in section 2 of the table. The breakdown should be specific enough and provide sufficient detail for an investor to understand how the proceeds have been used.

OM issuers must continue to deliver these documents each year until the earliest of

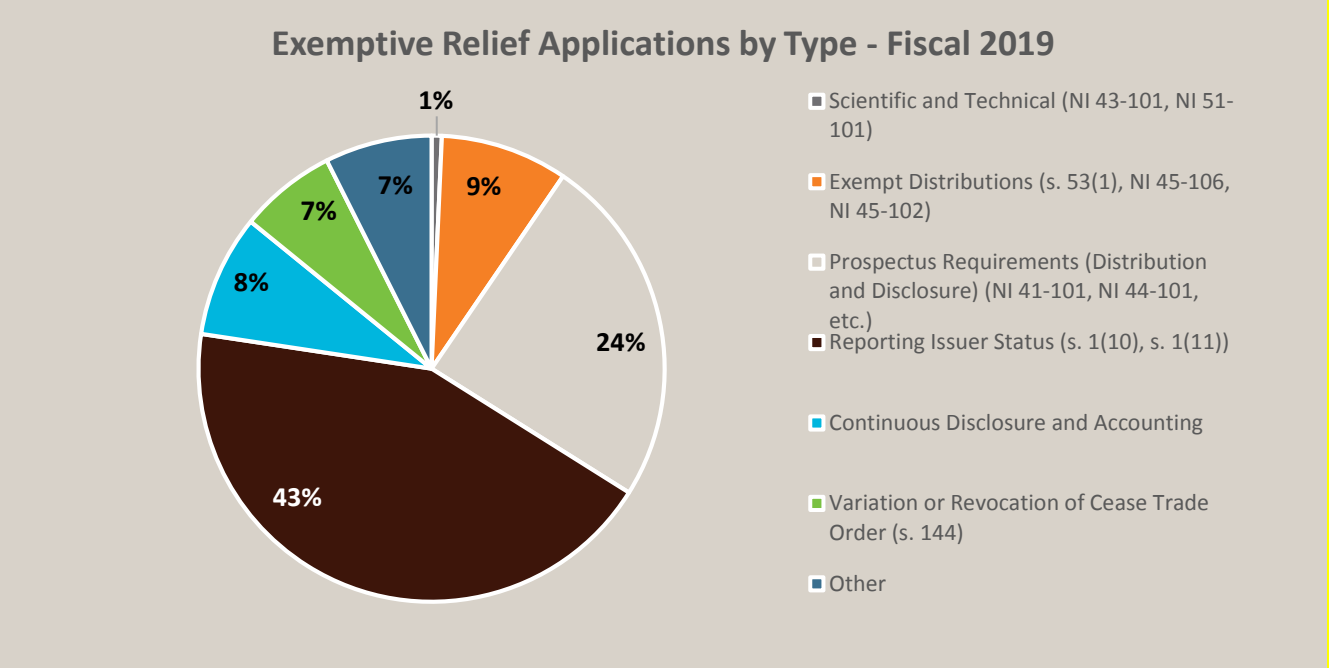
- the date the issuer becomes a reporting issuer in any jurisdiction of Canada, and
- the date the issuer ceases to carry on business.

Exemptive Relief Applications

Staff review and make recommendations to appropriate decision makers on applications for exemptive relief. The review standard for granting relief varies, but it generally requires a decision maker to determine that granting the requested relief would not be prejudicial to the public interest.

Statistics

In fiscal 2019, we reviewed over 280 applications for exemptive relief from various securities law requirements (fiscal 2018: over 250[1]).



Trends and guidance

We have noted an increase in the number of applications received in fiscal 2019 and that the proportion of the various types of applications changed slightly compared to previous fiscal years. While applications for relief in connection with reporting issuer status remained the predominant type of application, fiscal 2019 saw an increase in the number of applications for

[1] The prior year figure has been revised to include applications where relief would be evidenced by receipt of a prospectus and certain cease to be reporting issuer applications.

relief from certain prospectus requirements and a decrease in the number of applications relating to exempt distributions.

We will continue to monitor the types of applications we receive and the exemptive relief granted to determine whether we should consider changes to our rules or policies.

Key takeaways from our exemptive relief work in fiscal 2019 are set out below.

Tip: Prior OSC orders and exemptive relief decisions can be found on the OSC website or on CanLII at https://canlii.org/en/on/onsec/.

Applications for a decision that an issuer is not a reporting issuer

We receive a significant number of these applications each fiscal year and our process for reviewing them is currently set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*. The process for Ontario-only applications for such a decision is set out in OSC Staff Notice 12-703 *Applications for a Decision that an Issuer is not a Reporting Issuer*.

Foreign issuers who seek a decision that they are no longer a reporting issuer should review the "modified procedure" to consider details that help support such an application. Staff will generally ask issuers to describe the due diligence that was conducted in order to make the representations that residents of Canada do not own more than 2% of each class of outstanding securities and do not comprise more than 2% of the total number of securityholders.

Reminder: There should be sufficient time between the news release announcing that the issuer has applied to cease to be a reporting issuer and the date of the order to provide securityholders with the opportunity to object to the order.

Revocation of failure-to-file cease trade orders

Under Multilateral Instrument 11-103 *Failure-to-file Cease Trade Orders in Multiple Jurisdictions* and local statutory provisions adopted by certain CSA jurisdictions: (i) a failure-to-file cease trade order will generally result in the same prohibition or restriction in other participating jurisdictions; and (ii) a reporting issuer will generally deal only with the regulator that issued the failure-to-file cease trade order if it is seeking a revocation or variation of this order that has the same result in multiple jurisdictions.

National Policy 11-207 *Failure-to-file Cease Trade Orders and Revocations in Multiple Jurisdictions* outlines the interface process for Ontario to opt into decisions to issue and revoke

failure-to-file cease trade orders made by other CSA regulators. We remind issuers that in Ontario, the OSC can treat the filing of the CD document referred to in a failure-to-file cease trade order that has been in effect for 90 days or less as an application for the revocation of the cease trade order. An application and related fee is not required in this circumstance.

Revocation of a cease trade order that has been breached

If an issuer has breached the terms of a cease trade order, it can still seek a revocation. However, we will ask for disclosure of the circumstances surrounding the breach in the draft decision document which staff will consider in making a recommendation in connection with the issuer's application. In some cases, staff will not recommend granting a revocation order in the face of one or more breaches of the cease trade order and may also consider whether breaches of a cease trade order warrant enforcement action.

Reminder: The definition of "trade" in the Act includes acts in furtherance of a trade such as advertising or soliciting investors, directly or indirectly.

Revocation of a long-standing cease trade order

Where an issuer with a long-standing cease trade order seeks a revocation, the review process may take longer than a short-term cease trade order as staff will review the issuer's updated CD record to consider whether it is in compliance with applicable securities laws including compliance with applicable audit committee composition requirements under NI 52-110. As well, we may require an issuer to provide a written undertaking that it will not execute an RTO of, a restructuring transaction involving, or a significant acquisition of, a business outside of Canada unless the issuer files with the OSC, and obtains, a receipt for a final prospectus containing the disclosure required for the transaction.

Management Cease Trade Orders (MCTO)

National Policy 12-203 *Management Cease Trade Orders* (NP 12-203) provides guidance as to when we will consider issuing a management cease trade order rather than a failure-to-file cease trade order. Issuers that can satisfy the eligibility criteria for an MCTO should file an application for an MCTO at least 2 weeks in advance of the deadline and issue a default announcement. We believe that, in most cases, an issuer exercising reasonable diligence at least 2 weeks in advance of the deadline should have discussions with their auditors about timing and be able to determine whether it can comply with a specified requirement.

An element of the eligibility criteria set out in section 6 of NP 12-203 is whether there is an active, liquid market for the issuer's securities. In our review of this element, we consider the trade volume, trade value, and number of trades of the issuer's securities. If the majority of

trading days have a low trade value and/or low number of trades, we are likely to conclude there is an absence of an active, liquid market for an issuer's securities and would therefore not grant a MCTO.

For issuers seeking to obtain an MCTO, we require fully completed Personal Information Forms (PIFs) for an issuer's CEO and CFO (see Appendix "A" to NI 41-101). If an issuer has submitted PIFs for these individuals within the last 3 years, the issuer should provide the SEDAR project number and submission number where the PIF can be found.

MCTO applications should be filed through the OSC Electronic Filing Portal - General PDF Submissions, not the Applications portal.

Business acquisition report (BAR)

The number of applicants seeking relief from the BAR requirements in Part 8 of NI 51-102 has decreased in the last two fiscal years. Notwithstanding this, the criteria to file a BAR is one of the areas currently under consideration as part of the policy initiative *Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (see Part C for further details).

Tip: Issuers should file their BAR relief applications early to avoid going into default. The cost or time involved in preparing and auditing the financial statements required to be included in the BAR are not generally viewed by staff as relevant factors when considering whether to recommend relief.

Requests for confidentiality

A filer requesting that an application and supporting materials be held in confidence during the application review process under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* should provide substantive reasons for the confidentiality request in its application. If a filer is also requesting that the decision be held in confidence after the effective date of the decision, the filer should explain why the confidentiality request is reasonable in the circumstances, not prejudicial to the public interest, and should specify the length of time the filer wishes to maintain confidentiality. Generally, staff is of the view that a decision should not be held in confidence for a period of greater than 90 days following the date of the decision. In instances where a request to hold a decision in confidence after the effective date of the decision has been granted, it is the filer's responsibility to notify staff if an event that would cause confidentiality to expire, as set out in the decision, has occurred.

Reverse takeover transactions – relief from financial statements

If an issuer prepares an information circular in respect of a significant acquisition or a restructuring transaction, including an RTO, under which securities are to be changed,

exchanged, issued or distributed, the information circular is required to include prospectus level disclosure (including financial statements) for the entities referred to in Item 14.2 of Form 51-102F5.

While exchanges can waive certain listing requirements, they cannot waive financial statement requirements in respect of information circulars. In these circumstances, if an issuer is requesting relief from a financial statement requirement, the issuer must obtain the exemptive relief prior to mailing their information circular.

Tip: Issuers and their advisors may wish to consider whether a pre-file is appropriate for novel applications. See National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Automatic Securities Disposition Plans

On October 24, 2019, the CSA announced that it is undertaking a review of the regulatory framework governing Automatic Securities Disposition Plans (ASDPs). ASDPs enable insiders to make preplanned sales of securities of an issuer through an arms-length administrator, according to a predetermined set of instructions.

Until the CSA completes its review and updates the market on its conclusions, OSC staff are unlikely to recommend new insider reporting relief for trades done under ASDPs. Such relief, while not requested by all issuers setting up ASDPs, has been granted several times in the last decade. Existing insider reporting relief will be unaffected.

Insider Reporting

We review compliance of reporting insiders and issuers with insider reporting requirements through a risk-based compliance program. We actively and regularly assist filers and their advisors by providing guidance on filing matters.

The objective of our insider reporting oversight work is twofold

- **compliance**
- **education and outreach**

Insider reporting serves a number of functions, including deterring improper insider trading based on material undisclosed information and increasing market efficiency by providing investors with information about the trading activities of insiders, and, by inference, the insiders' views of the issuer's future prospects. Non-compliance affects the integrity, reliability and effectiveness of the insider reporting regime, which in turn has a negative impact on market efficiency. Where we identify non-compliance, we reach out to filers and request remedial filings. Filers should make remedial filings as soon as they become aware of an error to accurately inform investors of their activities and to avoid any further late filing fees.

We educate filers through our compliance reviews and we also reach out to new reporting issuers directly to inform them of insider reporting obligations. We encourage issuers to implement insider trading policies and monitor insider trading to meet best practice standards in National Policy 51-201 *Disclosure Standards*.

Reminder: the definition of "reporting insider" can be found in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104).

We remind issuers and their insiders that they should also refer to the definition of "significant shareholder" and the interpretation of "control" in NI 55-104 as well as the interpretation of "beneficial ownership" in the Act when determining who is required to file on SEDI. Understanding these definitions and interpretations will help filers identify and comply with their obligations.

Insiders are also reminded to check their insider profile to ensure the contact information is correct and file an amended insider profile within ten days of any change in name, relationship to an issuer, or if the insider has ceased to be a reporting insider of the issuer.

For more information and guidance issuers and insiders should also review guidance provided in OSC Staff Notice 51-726 *Report on Staff's Review of Insider Reporting and User Guides for Insiders and Issuers*.

Administrative Matters

Participation fee form

Under OSC Rule 13-502 *Fees* if a reporting issuer files its annual financial statements before they are due, the participation fee must also be paid on the same date. If the participation fee is not paid at the same time the annual financial statements are filed, late fees will be applied starting from the date that the annual financial statement were filed.

Each issuer must select the participation fee form applicable to its reporting issuer classification as the forms and related fees are substantively different.

Tip: The class of the issuer is based on their status as at the end of their previous financial year, not at the time of filing. Issuers must also ensure that the correct form for Ontario participation fees is completed as other jurisdictions have fee forms that look very similar to the OSC form.

Refiling CD documents

If an issuer must correct a material typographical or administrative error (or omission) in an electronic filing, the issuer must refile the entire corrected document using the appropriate cover page for the filing type as well as a covering letter or a face page for the corrected document describing the correction with the date of the correction.

If information in the refiled document is materially different from information in the originally filed document, please refer to Part 11.5 of NI 51-102 for the procedure to be followed for refiling.

When refiling a document with materially different information or when filing restated information, the document should be attached to the document type that is identified as "Amended" or "Restated". For example, if an amended material change report is being filed, it should be filed using the document type "Material change report (amended)". If an amended NI 43-101 technical report is being filed, it should be filed using the document type "Amended & restated technical report (NI 43-101)".

Making documents private on SEDAR

We often receive requests from issuers and SEDAR filers to make certain documents private on SEDAR. Generally, we will make a document private on SEDAR if it has been filed on the wrong issuer profile or if the document contains errors caused by redaction software. We may also make a document private if the document contains confidential information that is potentially detrimental to the issuer.

In order to request a document be marked private, issuers will need to complete a request form and send it to the financial examiners at finrepnotifications@osc.gov.on.ca. Please note that we only consider requests to make CD private from those issuers whose principal regulator is Ontario. We cannot guarantee that a request will be approved immediately as we require time to review each individual request and consult internally, if necessary.

If an issuer's request is denied, we recommend that the issuer refile the document including a note to the reader on the face page or cover page of the document explaining the reason for refiling. Making a document private on SEDAR does not mean that it has not already been disseminated in the public domain. Certain requests to mark a document private may require a formal application under subsection 140(2) of the Act.

Designated Rating Organizations (DROs)

In April 2012, the CSA implemented a regulatory oversight regime for credit rating agencies (CRAs) through National Instrument 25-101 *Designated Rating Organizations* (NI 25-101). The regime recognizes and responds to the role of CRAs in our credit markets, and the role of CRA-issued ratings which are referred to in securities rules and policies. Under the regime, the OSC has the authority to designate a CRA as a DRO, to impose terms and conditions on a DRO, and to revoke a designation order, or change its terms and conditions, where the OSC considers it in the public interest to do so.

There are currently five CRAs that have been designated as DROs in Canada under NI 25-101:

1. DBRS Limited
2. Fitch Ratings, Inc.
3. Kroll Bond Rating Agency, Inc. (Kroll)
4. Moody's Canada Inc.
5. S&P Global Ratings Canada

Kroll has only been designated as a DRO for the purposes of the alternative eligibility criteria in section 2.6 of National Instrument 44-101 *Short Form Prospectus Distributions* and section 2.6 of NI 44-102 for issuers of asset-backed securities to file a short-form prospectus or shelf prospectus, respectively.

In Canada, the OSC is the principal regulator of these DROs. We conduct reviews of DROs using a risk-based approach. Our reviews focus on credit rating activities of the CRAs in Canada or in respect of Canadian issuers.

When we identify a concern, or an area of material non-compliance, we may take various actions depending on the nature of the observation and the perceived or potential harm to the marketplace.

This may include, but is not limited to, recommending changes to the DRO's policies, procedures or information and documents on the DRO's website, or requiring training or specified oversight of DRO staff in areas where we have seen non-compliance with the DRO's policies or procedures.

Financial benchmarks

In the OSC's statement of priorities for 2018-2019, it was announced that we would be developing an OSC/CSA regulatory regime for financial benchmarks and publishing for comment a proposed rule to establish a Canadian regulatory regime for financial benchmarks. On March 14, 2019, the CSA published for comment a proposed rule, National Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (NI 25-102), intended to implement a comprehensive regime for the designation and regulation of benchmarks and those that administer them.

We are pursuing this initiative since we believe there is a need for regulation due to conduct lapses in other jurisdictions and the potential for similar misconduct in Canada, and we need to reflect global developments in benchmarks regulation, including the IOSCO *Principles for Financial Benchmarks* and the European Union's *Benchmarks Regulation.*

Recent rule amendments and policy changes

March 14, 2019

As noted above, on March 14, 2019, the CSA published for comment proposed NI 25-102, which is intended to implement a comprehensive regime for the designation and regulation of benchmarks and those that administer them. The comment period ended on June 12, 2019 and the CSA are considering the comments received.

Upcoming

The CSA plans to publish final NI 25-101 amendments in 2020 so that NI 25-101 will be recognized for purposes of the European Union (EU) "equivalence/certification" regime under the EU CRA Regulation. The NI 25-101 amendments will reflect changes to the EU CRA Regulation that came into effect in 2018 and that are required for purposes of the EU "equivalence/certification" regime.

The existing DROs in Canada are only relying on the EU "endorsement" regime and NI 25-101 continues to be recognized for purposes of that regime. The NI 25-101 amendments would be required if a DRO wanted to instead rely on the EU "equivalence/certification" regime.

Part C: Responsive Regulation

- Burden Reduction Task Force
- Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers
- Exempt Distribution Reporting
- Syndicated Mortgages
- Problematic Promotional Activities by Issuers
- Climate Change-related Disclosure
- Branch Advisory Committees

Burden Reduction Task Force

The Branch is part of the OSC Burden Reduction Task Force, as described in OSC Staff Notice 11-784 *Burden Reduction*. We have actively engaged with market participants on ways to reduce unnecessary regulatory burden through written comments, public roundtables, advisory committees and in-person meetings. As a result of these consultations, this past November, we published *Reducing Regulatory Burden in Ontario's Capital Markets*, a report containing decisions and recommendations on how to reduce regulatory burden for Ontario market participants.

The report sets out 13 decisions and recommendations relating to Corporate Finance issuers. Seven items relate to existing burden reduction policy projects that were announced in 2018. Some key new initiatives are: development of a process for issuers to request confidential staff review of an entire prospectus prior to announcing an offering, a review of options for extending the filing deadline for Reports of Exempt Distribution, and providing clearer information regarding issuer and management cease-trade orders.

One initiative has already been completed, which is development of a process for mining issuers to request confidential staff review of publicly-filed mining disclosure prior to commencing an offering. On June 6, 2019 we issued OSC Staff Notice 43-706 *Pre-filing Review of Mining Technical Disclosure*. The program introduced with this staff notice provides increased certainty for public mining companies – the largest population of Ontario public companies. Pre-filing reviews allow mining issuers to avoid potentially disruptive delays during the offering process. These companies can now ask the OSC to review their public technical disclosure before they file a preliminary short-form prospectus. This gives them the opportunity to address any material comments, and increase deal certainty, before an offering goes to market.

Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers

In collaboration with the CSA, the OSC published CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (the Consultation Paper) on April 6, 2017. The purpose of the Consultation Paper was to identify and consider areas of securities legislation applicable to non-investment fund reporting issuers that could benefit from a reduction of undue regulatory burden, without compromising investor protection or the efficiency of the capital markets.

In consideration of all feedback received and together with its CSA partners, the OSC initiated key policy initiatives to streamline reporting issuer requirements, including potential draft rule amendments (where applicable), related to

- the criteria to file a business acquisition report (BAR requirements),
- primary business requirements,
- at-the-market offerings (ATM offerings),

- identification of opportunities to reduce CD requirements,
- consideration of a potential alternative prospectus model, and
- identified opportunities to use technology and data to reduce regulatory burden (e.g. electronic delivery of documents).

2019 saw the publication of two CSA notices on proposed amendments to the BAR requirements and ATM offerings respectively. Subject to the CSA's consideration of all comments received and receipt of the necessary approvals, the proposed amendments are expected to be effective in 2020.

CSA notices on the policy initiatives relating to primary business requirements, CD requirements, an alternative prospectus model, and electronic delivery of documents are expected to be published in 2020.

We note that there are a number of steps that must occur in connection with any changes to our regulatory regime. As such, there is no assurance that any changes to our regulatory regime will ultimately be adopted in any of the CSA jurisdictions.

For more information see CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers.*

Business Acquisitions Reports (BARs)

On September 5, 2019, the CSA published a Notice Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Changes to Certain Policies Related to the Business Acquisition Report Requirements for a 90-day comment period relating to BAR requirements for reporting issuers that are not venture issuers (the proposed BAR amendments).

In response to the consultation paper, we received feedback that in some cases the significance tests may produce anomalous results, that preparation of a BAR may entail or take significant time and cost, and that the information necessary to comply with the BAR requirements may, in some instances, be difficult to obtain.

If adopted, the proposed BAR amendments would

- alter the determination of significance for reporting issuers that are not venture issuers such that an acquisition of a business or related businesses is a significant acquisition only if at least two of the existing significance tests are triggered, and
- increase the significance test threshold for reporting issuers that are not venture issuers from 20% to 30%.

It is expected that the proposed BAR amendments would reduce regulatory burden for reporting issuers that are not venture issuers by limiting the application of the BAR requirements while still providing investors with relevant and appropriate information following such transactions.

The comment period for the proposed BAR amendments and related changes ended on December 4, 2019.

At-the-Market Offerings

On May 9, 2019, the CSA published a Notice of Proposed Amendments to NI 44-102 *Shelf Distributions* and Change to Companion Policy 44-102CP relating to ATM offerings (the proposed ATM amendments).

An ATM offering is a distribution of securities by an issuer under a base shelf prospectus into the secondary market (i.e. over an exchange and at prevailing market prices) using a registered investment dealer acting as an agent. ATM requirements are currently found in Part 9 of NI 44-102 but do not contemplate necessary exemptions from certain prospectus requirements that are not practical in the context of an ATM distribution.

The proposed ATM amendments aim to replace relief that has been required by issuers conducting ATM offerings of equity securities and liberalize the current ATM distribution regime in Canada.

It is expected that the proposed ATM amendments would reduce the regulatory burden for issuers and agents who wish to conduct ATM offerings. Stakeholders would no longer have to incur costs associated with obtaining relief and would be able to conduct ATM offerings more quickly, as such distributions would be readily available to qualifying market participants.

The proposed ATM amendments would also apply to closed-end investment funds as that industry has recently expressed interest in conducting ATM offerings.

The comment period for the proposed ATM amendments and change ended on August 7, 2019 and the CSA are considering the comments received. The new rules are expected to come into force (subject to receipt of the necessary approvals) in 2020

For more information see CSA Notice and Request for Comment Proposed Amendments to National Instrument 44-102 *Shelf Distributions* and Change to Companion Policy 44-102CP *Shelf Distributions* relating to At-the-Market Distributions

Exempt Distribution Reporting

On October 5, 2018, amendments to Form 45-106F1, including the Schedule 1 Excel template, came into force. A related change to Companion Policy 45-106CP *Prospectus Exemptions* came into effect on the same date. Issuers and underwriters who rely on certain prospectus exemptions to distribute securities are required to file the report within the prescribed timeframe.

The revisions

- provide greater clarity and flexibility regarding the certification requirement of the report while still supporting the regulatory objectives of filed reports being true and complete, and
- streamline certain information requirements to assist filers in completing the report while still providing us with the information necessary for oversight and policy development.

The revisions are primarily intended to address concerns expressed by foreign dealers conducting offerings into Canada and Canadian institutional investors about the unintended effects of the certification requirement and other information requirements in the report on these offerings. However, we believe the revisions will be beneficial to all filers.

The CSA also concurrently published a revised version of CSA Staff Notice 45-308 (Revised) *Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions* to reflect the amendments and a revised Excel template for Schedule 1 to the report (Confidential Purchaser Information).

On February 7, 2019, the CSA published CSA Staff Notice 45-325 *Filing Requirement and Fee Payable for Exempt Distributions involving Fully Managed Accounts* to clarify when a Form 45-106F1 is required to be filed for exempt distributions involving fully managed accounts. In Ontario, the requirement to file a Form 45-106F1 in respect of a distribution involving a fully managed account is based on the location of the trust company, trust corporation or registered adviser deemed to be purchasing the securities as principal. Accordingly, in Ontario, there is no requirement to file a Form 45-106F1, or to pay the associated fee, based on the location of the beneficial owner of a fully managed account. Issuers should refer to the notice for guidance on requirements in other jurisdictions of Canada.

For more information:

CSA News Release: Canadian Securities Regulators Publish Final Amendments on Report of Exempt Distribution

Revised Schedule 1 Excel template (effective October 5, 2018)

CSA Staff Notice 45-325 *Filing Requirement and Fee Payable for Exempt Distributions involving Fully Managed Accounts*

Syndicated Mortgages

Subsections 35(4) and 73.2(3) of the Act provide that mortgages sold by persons registered or exempt from registration under mortgage brokerage legislation are exempt from the registration and prospectus requirements in Ontario. These exemptions currently include syndicated mortgages, which are defined as mortgages in which two or more persons participate, directly or indirectly, as the mortgagee. As such, syndicated mortgage investments are primarily regulated by the Financial Services Regulatory Authority of Ontario (FSRA).

Concerns have been raised about the current regulatory framework, including in a 2016 expert report to the Ministry of Finance reviewing the mandate of the Financial Services Commission of Ontario (FSCO). In response to these concerns, on April 27, 2016, the Ontario government announced its plan to update regulatory oversight of syndicated mortgage investments. Effective June 8, 2019 the FSRA assumed the regulatory functions of the FSCO.

On March 8, 2018, the OSC, along with the CSA published for comment proposed amendments to NI 45-106 and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), which together with changes to the Act that have not yet been proclaimed in force, would substantially harmonize the treatment of syndicated mortgages across the CSA.

In response to comments from market participants, revised proposals were published for a second comment period on March 15, 2019.

The proposed amendments would replace subsections 35(4) and 73.2(3) of the Act with harmonized exemptions in NI 31-103 and NI 45-106 that would no longer include syndicated mortgages other than qualified syndicated mortgages. These types of syndicated mortgages are not expected to present significant investor protection concerns because of various restrictions relating to property type, loan-to-value ratio and other mortgage characteristics.

The proposed amendments also provide for additional investor protections, such as

- enhancing disclosure and requiring the delivery of a current property appraisal prepared by an independent professional appraiser to investors who purchase syndicated mortgage investments under the offering memorandum exemption, and
- removing the private issuer exemption for syndicated mortgage investments.

The second comment period for the proposed amendments ended on June 14, 2019, with additional comments provided by 11 commenters.

We continue to work with other branches of the OSC, FSRA staff and Ministry of Finance staff to coordinate the oversight of investments in the syndicated mortgage sector.

Problematic Promotional Activities by Issuers

CSA Staff Notice 51-356 *Problematic promotional activities by issuers* was published on November 29, 2018. The notice highlights staff's concerns with certain promotional practices, including dissemination of unbalanced or unsubstantiated material claims, and cautions issuers to avoid promotional activities that may artificially increase an issuer's share price or trading volume, or may mislead investors. Examples of promotional activities that may be misleading include

- disseminating presentations, marketing materials, social media posts, or other information that describe early-stage plans with unwarranted certainty, or make unsupported assertions about growth of markets or demand for a product,
- announcing an issuer name or business change to reference an emerging industry or technology without a supporting business plan or comprehensive risk disclosure, and
- compensating third parties who use social media and general investing blogs to promote issuers, but do not disclose their agency, compensation or financial interest

Problematic promotional activities may result in enforcement action or other regulatory responses such as requiring an issuer to

- issue a clarifying news release,
- retract or remove overly promotional language from their disclosure record including their website and/or social media, and
- refile CD documents.

Misleading promotional activity by issuers undermines the integrity of our capital markets and puts investors at risk of harm. The notice reminds issuers of our staff expectations in this area.

Climate Change-related Disclosure

The focus on climate change-related issues in Canada and internationally has grown rapidly in recent years. In order to make informed investment and voting decisions, investors, particularly institutional investors, are seeking improved disclosure on the material risks, opportunities, and financial impacts related to climate change.

Securities legislation in Canada requires reporting issuers to disclose the material risks affecting their business and, where practicable, the financial impacts of such risks. In addition to addressing regulatory requirements, these disclosures provide issuers with an opportunity to inform investors about the sustainability of their business model and to provide insights into how they are mitigating and adapting to these risks.

As outlined in CSA Staff Notice 51-354 *Report on Climate change-related Disclosure Project* (SN 51-354), which was published on April 5, 2018, we found that issuers needed further guidance on identifying and disclosing material climate change-related risks. In response, on August 1, 2019, we published CSA Staff Notice 51-358 *Reporting of Climate Change-related Risks* (SN 51-358), which is intended to assist companies in identifying and improving their disclosure of material risks posed by climate change.

SN 51-358 does not create any new legal requirements or modify existing ones. It reinforces and expands upon the guidance provided in CSA Staff Notice 51-333 *Environmental Reporting Guidance* (SN 51-333) and should be read in conjunction with SN 51-333, which continues to provide guidance to issuers on existing CD requirements relating to a broad range of environmental matters, including climate change.

We encourage boards of directors and management of issuers to review SN 51-358 as it

- provides an overview of the responsibilities of boards and management relating to risk identification and disclosure,
- outlines relevant factors to consider in assessing the materiality of climate change-related risks,
- provides examples of some of the types of climate change-related risks to which issuers may be exposed,
- includes questions for boards and management to consider in the climate change context, and
- provides an overview of the disclosure requirements if an issuer chooses to disclose forward-looking climate change-related information.

We will continue to monitor disclosure of climate change-related matters as part of our ongoing CD review program.

Branch Advisory Committees

The Branch has several committees that have been constituted to advise OSC staff on matters related to a range of projects and policy initiatives. A list of the current advisory committees and their members can be found here.

Continuous Disclosure Advisory Committee (CDAC)

The CDAC advises staff on a range of projects, including the planning, implementation and communication of its CD review program, as well as related policy initiatives. The CDAC also serves as a forum to advise OSC staff on emerging issues, and to critically assess procedures. The CDAC consists of 10 to 15 members who meet approximately four times annually. Members serve two-year terms and are selected for their extensive knowledge of CD issues and a strong interest in related policy. The CDAC is currently chaired by Michael Balter, Manager of the Branch.

Small and Medium Enterprises Committee (SMEC)

The SMEC advises staff on matters related to small and medium enterprises (SMEs). Committee members discuss the development, implementation and communication of policies and practices to address issues affecting SMEs, in the pursuit of capital market efficiency, investor protection and economic growth. The SMEC meets approximately four times a year. The committee consists of 10 to 15 members with a variety of perspectives. The SMEC is chaired by Jo-Anne Matear, Manager of the Branch.

Mining Technical Advisory and Monitoring Committee (MTAMC)

The MTAMC provides advice to the CSA on technical issues relating to disclosure requirements for the mining industry. The committee also serves as a forum for continuing communication between the CSA and the mining industry. The MTAMC consists of approximately 15 members who meet three times annually. Members typically serve three-year terms and are drawn from across Canada and different sectors of the mining industry, ranging from early stage exploration to commercial production. Members typically have significant technical experience and a strong interest in securities regulatory policy as it relates to the mining industry. The MTAMC is currently co-chaired by Craig Waldie, Senior Geologist of the Branch.

Part D: Additional Resources

Online Resources

Issuer Education and Outreach

A part of our Branch's mandate is to foster a culture of compliance through outreach and other initiatives. Although we cannot provide legal, financial accounting or other advice, we try to assist issuers in meeting their regulatory requirements by providing the following resources.

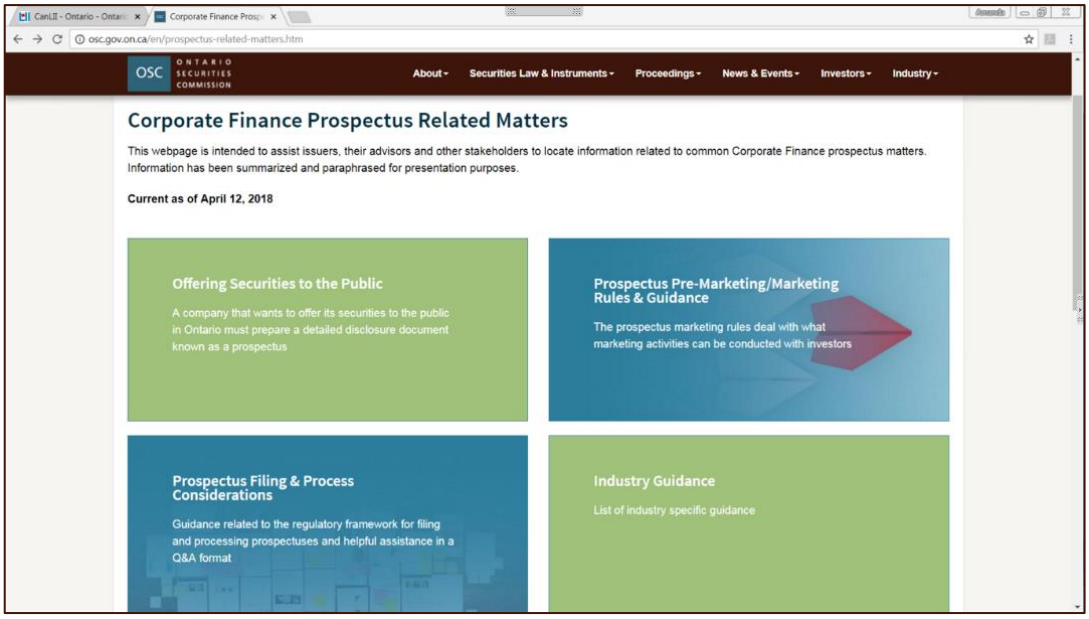
Online Resources

Corporate Finance section of OSC website - The Corporate Finance section of the OSC website provides a basic outline for issuers on how to comply with Ontario securities law and file certain documents with the OSC. It describes the steps an issuer needs to take to

- distribute and market securities,
- disclose information on a timely and accurate basis, and
- apply for regulatory exemptions.

In particular, there is a page that contains links to information for smaller issuers (both reporting issuers and other issuers) that want to learn more about Ontario securities law. The "Information for Companies" section of the OSC website can be found here.

OSC Corporate Finance Prospectus Webpage - On May 16, 2018, the Branch launched a webpage focused exclusively on Corporate Finance Prospectus Related Matters.



This webpage is intended to assist issuers, their advisors and other stakeholders in locating information related to common Corporate Finance prospectus matters. This webpage will serve as a useful guide to easily access prospectus related information articulated in the form of guidance, notices, policies and branch reports. We encourage issuers and their advisors to review the webpage for helpful prospectus related details.

OSC Exempt Market Webpage - The OSC exempt market webpage provides access to the OSC Electronic Filing Portal and electronic form to file reports of exempt distribution. The webpage also provides links, information, and guidance for issuers including

- a summary and comparison of the key capital raising exemptions in Ontario,
- exempt market activity data,
- forms and filing requirements,
- tips on completing Form 45-106F1 and frequently asked questions, and
- exempt market publications.

Issuer Education and Outreach

Issuer education and outreach occurs at both a micro level through direct communication with an issuer, as well as at a macro level through broad communications, such as staff notices. We also share the observations and findings of our review program through the Branch's outreach program for SMEs called the OSC SME Institute. Through the institute, we offer SMEs a series of free educational seminars to help them and their advisors understand the securities regulatory requirements for being or becoming a public company in Ontario and participating in the exempt market. Anyone interested in attending an event or consulting past presentations can visit the section Information for Small and Medium Enterprises on the OSC's website. A summary of the seminars we have conducted during fiscal 2019 is included in the table below (along with links to the presentation).

Date of seminar	Topic
February 21, 2019	Current Trends in Prospectus Filings
January 15, 2019	Hot Topics in Continuous Disclosure
December 6, 2018	Report of Exempt Distribution: How to complete it, when to file it, what to avoid, and what's new

Finally, staff of the Branch give presentations from time to time at industry conferences, professional advisory firms' offices and provide staff views and commentary through various media forums.

APPENDIX A – Key Staff Notices

Topic	Reference
Prospectus Practice Directives	• OSC Staff Notice 41-702 – *Prospectus Practice Directive #1 – Personal Information Forms and Other Procedural Matters Regarding Preliminary Prospectus Filings* • OSC Staff Notice 41-703 – *Corporate Finance Prospectus Practice Directive #2 – Exemption from Certain Prospectus Requirements to be Evidenced by a Receipt*
Disclosure Obligations	• OSC Staff Notice 51-711 (Revised) – *Refilings and Corrections of Errors* • OSC Staff Notice 51-723 – *Report on Staff's Review of Related Party Transaction Disclosure and Guidance on Best Practices*
Forward-Looking Information	• OSC Staff Notice 51-721 – *Forward-Looking Information Disclosure* • CSA Staff Notice 51-356 – *Problematic promotional activities by issuers*
Non-GAAP Financial Measures	• CSA Staff Notice 52-306 (Revised) – *Non-GAAP Financial Measures* • CSA Staff Notice 52-329 – *Distribution Disclosures and Non-GAAP Financial Measures in the Real Estate Industry* • OSC Staff Notice 52-722 – *Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures*
Industries	• CSA Staff Notice 43-307 – *Mining Technical Reports – Preliminary Economic Assessments* • CSA Staff Notice 43-309 – *Review of Website Investor Presentations by Mining Issuers* • CSA Staff Notice 51-327 – *Revised Guidance on Oil and Gas Disclosure* • CSA Staff Notice 51-342 – *Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities* • CSA Multilateral Staff Notice 51-349 – *Report on the Review of Investment Entities and Guide for Disclosure Improvements* • CSA Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* • CSA Staff Notice 51-357 – *Staff Review of Reporting Issuers in the Cannabis Industry* • OSC Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets* • OSC Staff Notice 51-722 – *Report on a Review of Mining Issuers' Management's Discussion and Analysis and Guidance* • OSC Staff Notice 51-724 – *Report on Staff's Review of REIT Distributions Disclosure*

Insider Reporting and SEDI	• OSC Staff Notice 51-726 – *Report on Staff's Review of Insider Reporting and User Guides for Insiders and Issuers* • CSA Staff Notice 55-316 – *Questions and Answers on Insider Reporting and the System for Electronic Disclosure by Insiders (SEDI)*
Use of the Internet and Cyber Security	• CSA Multilateral Staff Notice 51-347 – *Disclosure of cyber security risks and incidents* • CSA Staff Notice 51-348 – *Staff's Review of Social Media Used by Reporting Issuers*
Corporate Governance	• CSA Multilateral Staff Notice 58-310 *Report on Fourth Staff review of Disclosure regarding Women on Boards and in Executive Officer Positions* • CSA Multilateral Staff Notice 58-311 *Report on Fifth Staff Review of Disclosure regarding Women on Boards and in Executive Officer Positions* • CSA Multilateral Staff Notice 51-359 *Corporate Governance Related Disclosure Expectations for Reporting Issuers in the Cannabis Industry*.
Climate Change	• CSA Staff Notice 51-354 – *Report on Climate change-related Disclosure Project* • CSA Staff Notice 51-358 – *Reporting of Climate Change-related Risks*

APPENDIX B – Staff Contact Information

Topic	Staff Contact
Administrative matters including insider reporting and cease trade orders	Eden Williams Manager, Regulatory Administration ewilliams@osc.gov.on.ca (416) 593-8338
Designated Rating Organizations	Michael Bennett Senior Legal Counsel mbennett@osc.gov.on.ca (416) 593-8079
Exchange oversight	Michael Balter Manager mbalter@osc.gov.on.ca (416) 593-3739

The OSC Inquiries & Contact Centre operates from
8:30 a.m. to 5:00 p.m. Eastern Time, Monday to Friday,
and can be reached on the Contact Us page on the OSC website at:

osc.gov.on.ca

Contacts

If you have questions or comments about this report, please contact:

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1.1.3 CSA Staff Notice 81-332 – Next Steps on Proposals to Prohibit Certain Investment Fund Embedded Commissions

CSA Staff Notice 81-332

Next Steps on Proposals to Prohibit Certain Investment Fund Embedded Commissions

December 19, 2019

Introduction

On September 13, 2018, the Canadian Securities Administrators (**CSA** or **we**) published for comment proposed amendments to National Instrument 81-105 *Mutual Fund Sales Practices* that would prohibit

- the payment of upfront sales commissions by fund organizations to dealers, and in so doing, discontinue sales charge options that involve such payments, such as all forms of the deferred sales charge option, including low-load options (collectively, the **DSC option**), and
- trailing commission payments by fund organizations to dealers who do not make a suitability determination, such as order-execution-only (**OEO**) dealers

(collectively, the **2018 Consultation**).

The purpose of this notice is to provide an update on next steps.

Background

On January 10, 2017, we published for comment CSA Consultation Paper 81-408 *Consultation on the Option of Discontinuing Embedded Commissions* (the **Consultation Paper**), in which we identified and discussed key investor protection and market efficiency issues arising from mutual fund embedded commissions. The Consultation Paper sought specific feedback, including evidence-based and data-driven analysis and perspectives, on the option of discontinuing embedded commissions as a regulatory response to the identified issues and on the potential impacts to both market participants and investors of such a change, to enable the CSA to make an informed policy decision on whether to pursue this option or consider alternative policy changes.

Further to our evaluation of all the feedback received throughout the consultation process, including written submissions and in-person consultations, the CSA decided on a policy response which we announced in CSA Staff Notice 81-330 *Status report on Consultation on Embedded Commissions and Next Steps* (**CSN 81-330**) published on June 21, 2018. The CSA proposed the following policy changes:

1. implement enhanced conflict of interest mitigation rules and guidance for dealers and representatives requiring that all existing and reasonably foreseeable conflicts of interest, including conflicts arising from the payment of embedded commissions, be addressed in the best interests of clients or avoided;
2. prohibit all forms of the DSC option and their associated upfront commissions in respect of the purchase of securities of a prospectus qualified mutual fund;
3. prohibit the payment of trailing commissions to, and the solicitation and acceptance of trailing commissions by, dealers who do not make a suitability determination in connection with the distribution of securities of a prospectus qualified mutual fund.

In addition to announcing the CSA's policy decision and providing a summary of the consultation process and the feedback received, CSN 81-330 provided an overview of the regulatory concerns that our proposed policy changes aim to address, and also discussed why we are not proposing to ban all forms of embedded commissions.

The CSA published the 2018 Consultation for a 90-day comment period and requested feedback on transitional issues including a proposed transition period of 365 days from the date of final publication of the amendments.

The CSA considered comment letters and feedback from stakeholders.

Next Steps

The securities regulatory authorities of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Labrador, Nunavut, Northwest Territories and Yukon (the **Participating Jurisdictions**) will publish for adoption final amendments in early 2020 to ban the DSC option.

The Ontario Securities Commission will not be adopting final amendments to ban the DSC option.

All members of the CSA will publish for adoption final amendments later in 2020 to ban payments of trailing commissions to dealers who do not make a suitability determination.

Transition

With respect to the ban of the DSC option, the Participating Jurisdictions anticipate that

- there will be a transition period of at least two years,
- on the effective date of the DSC ban, Participating Jurisdictions will not permit new sales using the DSC option in the Participating Jurisdictions, and
- DSC redemption schedules for sales made prior to the effective date of the DSC ban will be allowed to run their course in the Participating Jurisdictions.

The Participating Jurisdictions will provide more information when the final amendments are published, including any transitional provisions that may be required to allow the continued use of the DSC option after the Client Focused Reforms enhanced conflicts of interest requirements come into effect.

With respect to the ban of OEO trailing commission payments, the CSA anticipate that there will be

- a transition period of at least two years, and
- additional adjustments to respond to stakeholder comments.

Questions

Please refer your questions to any of the following:

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Kathryn Anthistle
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Financial and Consumer Affairs Authority of Saskatchewan
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The Manitoba Securities Commission
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Office of the Superintendent of Securities, Newfoundland
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Office of the Superintendent of Securities, Northwest Territories
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Office of the Superintendent of Securities, Nunavut
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Office of the Yukon Superintendent of Securities
Rhonda Horte
Tel: 867-667-5466

1.1.4 OSC Staff Notice 81-730 – Consideration of Alternative Approaches to Address Concerns Related to Deferred Sales Charges

OSC Staff Notice 81-730

Consideration of Alternative Approaches to Address Concerns Related to Deferred Sales Charges

December 19, 2019

Introduction

The Canadian Securities Administrators (**CSA**), with the exception of the OSC, announced today that they will publish final amendments in early 2020 to implement a ban on the use of the deferred sales charge option (**DSC option**) in the sale of mutual fund securities. This notice outlines how the OSC will explore alternative approaches for addressing the investor protection concerns arising from the use of the DSC option.

Background

On September 13, 2018, the CSA published for comment proposed amendments to National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) that would prohibit:

- the payment of upfront sales commissions by fund organizations to dealers, and in so doing, discontinue sales charge options that involve such payments, such as all forms of the DSC option, and
- trailing commission payments by fund organizations to dealers who do not make a suitability determination, such as order-execution-only (**OEO**) dealers

(collectively, the **2018 Consultation**).

Today, the CSA published CSA Staff Notice 81-332 *Next Steps on Proposals to Prohibit Certain Investment Fund Embedded Commissions* to provide an update on next steps on the 2018 Consultation. In that publication, the OSC stated that, while it will participate in the OEO trailer fee ban, it will not be implementing a ban on the DSC option.

Next Steps

The OSC is considering restrictions on the use of the DSC option to mitigate negative investor outcomes. Potential options include:

- banning sales to seniors;
- shortening the term of redemption fee schedules;
- banning the use of borrowed funds to finance purchases;
- putting limits on the account size; and
- giving investors hardship exceptions from redemption penalties.

In the upcoming months, the OSC will focus its efforts on working with the CSA to finalize the OEO trailer fee ban. This includes addressing key transitional issues, such as the ability to rebate, to ensure a smooth transition for industry.

Questions

Please refer your questions to any of the following:

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Miner Edge Inc. et al. – ss. 127(1), 127.1

FILE NO.: 2019-44

IN THE MATTER OF
MINER EDGE INC.,
MINER EDGE CORP. and
RAKESH HANDA

NOTICE OF HEARING
Subsection 127(1) and Section 127.1 of the *Securities Act,* RSO 1990, c S.5

PROCEEDING TYPE: Enforcement Proceeding
HEARING DATE AND TIME: January 20, 2020, at 2:00 p.m.
LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the orders requested in the Statement of Allegations filed by Staff of the Commission on December 16, 2019. The hearing set for the date and time indicated above is the first attendance in this proceeding, as described in subsection 5(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 17th day of December, 2019

"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.

IN THE MATTER OF
MINER EDGE INC.,
MINER EDGE CORP. and
RAKESH HANDA

STATEMENT OF ALLEGATIONS
(Subsection(s) 127(1) and Section 127.1 of the *Securities Act,* RSO 1990, c S.5)

A. OVERVIEW

1. This proceeding serves to caution investors regarding the presence of illegal and dishonest conduct in the emerging crypto-asset sector.

2. Miner Edge was a purported crypto-asset investment scheme masterminded by Brampton Ontario resident Rakesh Handa—but it was a sham. Handa and Miner Edge raised approximately $113,000 in fiat and cryptocurrencies from 90 known investors throughout the world, including prospective immigrants to Canada in violation of the registration and prospectus requirements and under false pretences. Investors were promised their funds would be used to establish cryptocurrency mining operations that would generate extraordinary returns. However, no meaningful steps were taken to establish these operations, Miner Edge's promotional materials were full of misrepresentations, and Handa misappropriated investor funds to benefit himself and his family.

3. Handa also flouted Ontario securities law during Staff's investigation of his conduct. He repeatedly lied to and misled Staff while testifying under oath, concealed critical documents, unlawfully disclosed that he was to be examined by Staff and interfered with a key witness.

4. This dishonest and deceitful conduct by Handa and Miner Edge harmed investors, including vulnerable persons, and stained the integrity of Ontario's capital markets. Those who defy fundamental investor protection requirements and obstruct Staff investigations must be disqualified from participating in Ontario's capital markets.

B. FACTS

5. There are two Miner Edge corporate entities, Miner Edge Inc. and Miner Edge Corp. (referred to collectively as "**Miner Edge**"), both incorporated in foreign jurisdictions in 2018. Since their inception, Handa has been the sole director, 100 percent shareholder, CEO and directing mind of both corporations.

6. Handa promoted Miner Edge as a cryptocurrency mining enterprise, claiming that investor funds would be used to establish and operate mining centres in Canada to mine cryptocurrencies including Bitcoin, Ethereum, Litecoin and Dash. Profits would supposedly be distributed to investors, who were assured of substantial returns. Investments into Miner Edge therefore constituted investment contract securities under the *Securities Act,* RSO 1990, c S.5 (the "**Act**").

7. Neither Handa nor Miner Edge was registered with the Commission to trade in securities and no exemptions from the registration requirement were available. No prospectus was filed in relation to any Miner Edge securities.

8. Miner Edge investments were solicited in two ways:

   (a) Handa oversaw an online promotional campaign for the Miner Edge 'initial coin offering' or ICO. Miner Edge Tokens ("**MET**") were marketed to the general public on various platforms and sold directly from the Miner Edge website in exchange for payments in Bitcoin (BTC) or Ethereum (ETH); and

   (b) Handa personally solicited fiat currency investments into Miner Edge through individual communications with prospective investors.

   Both these fundraising streams, discussed in turn below, involved misleading investors and misusing their funds.

Handa and Miner Edge sold Miner Edge Tokens to the public through a misleading web-based marketing campaign and misused investor funds

9. While Handa marketed Miner Edge as a cryptocurrency mining business, he took no meaningful steps towards cryptocurrency mining. Instead, he used Miner Edge to sell MET for personal gain.

10. In approximately April 2018, the Miner Edge website (the "**Website**") became publicly accessible and the Miner Edge white paper (the "**White Paper**") was posted on the Website. Handa formulated content for the White Paper—much of which he plagiarized from the white paper of an unrelated cryptocurrency mining entity—and directed that the White Paper be posted on the Website. The Website and White Paper remained available on the internet for investors to view until approximately June 2019.

11. From approximately May 2018 until at least June 2019 Handa also supervised social media accounts associated with Miner Edge, including Twitter, Facebook, Telegram and Medium.com accounts as well as a YouTube channel.

12. The Website, White Paper and Miner Edge social media accounts focused on promoting the Miner Edge ICO and were riddled with false and misleading statements. For instance:

    (a) they represented that MET would be delivered to investors who purchased MET from the Website. However, no MET were delivered to purchasers;

    (b) they stated that Miner Edge was in the process of setting up cryptocurrency mining operations and would distribute mining profits to MET purchasers. No meaningful steps were taken to establish any cryptocurrency mining operation. In fact, the Respondents' only business activities related to raising money from investors;

    (c) they represented that Miner Edge had a Chief Technical Officer, a Chief Investment Officer and a Chief Management Officer. These positions did not exist and the persons identified as holding these positions did not serve, formally or informally, as officers of Miner Edge;

    (d) it was stated that every MET holder would have "access to a transparent accounting of all costs and output." No accounting documentation was prepared nor were MET purchasers provided with access to any information on costs or output; and

    (e) they represented that MET holders would earn annual returns in excess of 100% on their investment. Such returns did not materialize, nor could they have materialized, since Miner Edge had no operations, generated no revenue and took no meaningful steps towards engaging in revenue-generating activity.

13. Between approximately June 2018 and May 2019 at least 201.12 Ethereum (ETH) and 0.3824 Bitcoin (BTC) was raised from 87 known investors through online sales of MET, totaling approximately $41,000.[1] Handa and Miner Edge misrepresented to investors how these proceeds would be spent and misused their funds.

14. The White Paper and the Website claimed that MET sale proceeds would be spent on:

    (a) setting up mining facilities (90%);

    (b) software development, licensing, and research and development (6%); and

    (c) administrative expenses including incorporation and legal support (4%).

15. No MET sale proceeds were spent on any of these items. Instead, Handa and Miner Edge used a portion of the proceeds to continue marketing MET and retained the remainder.

Handa made false and misleading claims to three individual investors and misappropriated their funds

16. Handa solicited approximately $71,700 in Miner Edge investments from three Nigerian residents—Investor 1, Investor 2 and Investor 3—under false pretences and used their investments to benefit himself and his daughter, Kritika Handa.

17. Investor 1 had been a client of Handa's since 2015 in connection with Handa's purported immigration consulting business. In January 2018, Handa began encouraging Investor 1 to invest in a cryptocurrency mining project as a means for Investor 1 to immigrate to Manitoba through Manitoba's business immigration stream.

18. On March 2, 2018, believing he was investing in Miner Edge, Investor 1 wired approximately $19,500 into an Ontario bank account in the name of a Handa-operated business called Telemall. This bank account was controlled by Handa.

19. In procuring these funds from Investor 1, Handa made false representations, including that:

    (a) Investor 1's Miner Edge investment would form part of Investor 1's immigration application, which Handa would submit to the Manitoba authorities. Handa never submitted any immigration application for Investor 1 and in response to Investor 1's follow up inquiries, falsely represented that the application would soon be, or had been, submitted;

    (b) Miner Edge was in the process of finalizing two mining locations, in Manitoba and Quebec, and had negotiated power supply with Quebec Hydro. These statements were false;

    (c) Investor 1 would receive either interest payments or Miner Edge shares. Investor 1 received neither interest payments nor shares;

[1] This total is based on publicly available BTC/CAD and ETH/CAD exchange rates as of the date of this statement of allegations.

(d) Handa would provide Investor 1 with a memorandum of understanding governing his investment. Handa never provided Investor 1 with any such document; and

(e) Investor 1's investment would be spent on Miner Edge business, including legal fees and costs associated with promoting Miner Edge. In reality, Handa misappropriated most of Investor 1's funds for personal gain.

20. Investor 1 conveyed information he received from Handa about Miner Edge to a friend, Investor 2. Investor 2 gave Investor 1 approximately $1,300 to be paid to Handa as Investor 2's Miner Edge investment. On June 27, 2018, on Handa's instruction, Investor 1 wired Investor 2's funds into Kritika Handa's personal bank account.

21. In procuring these funds, Handa—through information he conveyed to Investor 1—represented to Investor 2 that: (i) MET would be delivered to Investor 2's cryptocurrency wallet; and (ii) Miner Edge would use investor proceeds to establish and operate cryptocurrency mining facilities and distribute profits to investors. These representations were false and Handa diverted Investor 2's funds to Kritika Handa for her personal benefit.

22. Investor 3 was an immigration client of Handa's. Between May 18, 2018 and October 25, 2018 Investor 3 wired a total of approximately $50,900 into an Ontario bank account solely controlled by Handa. Handa represented to Investor 3 that Handa would invest these funds into a Canadian business on Investor 3's behalf and instructed Investor 3 to identify these funds as Miner Edge-related on the wire transfer records.

23. Contrary to his representations, Handa did not invest Investor 3's funds in Miner Edge or any other business. Rather, he misappropriated those funds for his personal benefit.

Handa misled Staff

24. Handa misled Staff by making an array of false claims during his interviews and by concealing documents regarding the existence of Investors 1, 2, and 3 and their payments to Handa-related bank accounts.

25. Handa was interviewed under affirmation by Staff on May 16, 2019 and November 14, 2019. During these examinations, Handa misled Staff by claiming that:

(a) there were no sales of MET in exchange for fiat currency;

(b) there was a blanket prohibition on MET purchases by U.S. or Canadian investors;

(c) Investor 1 was a co-founder of Miner Edge and a co-equal of Handa in establishing Miner Edge and making business decisions;

(d) Handa had no email communication at all with Investor 1 and no email communication with Investor 1 regarding Miner Edge;

(e) the transfers of funds from Investor 3 to Handa had nothing to do with Miner Edge;

(f) Handa did not mix his immigration consulting business with Miner Edge;

(g) Miner Edge had no relationship, financial or otherwise, with Telemall;

(h) no banking was done on behalf of Miner Edge;

(i) Handa had a personal cryptocurrency wallet containing Ethereum which he used to pay for Miner Edge marketing activities;

(j) by March 2019 the Miner Edge wallet had been blocked, making it impossible for anyone to invest in Miner Edge with BTC or ETH;

(k) an email was sent to Miner Edge investors informing them that Miner Edge was doing nothing because the market was down; and

(l) investors' funds would be returned to them if the Miner Edge project did not develop.

26. Handa also concealed important information and documentation from Staff. Through a section 13 summons issued on April 22, 2019, Handa was compelled to provide information and documentation regarding any accounts used by Miner Edge to send and receive payments as well as records of payments received by Miner Edge or its principals. Despite this, Handa did not produce any of the bank account documentation and other records in his custody relating to Investor 1's Investor 2's and Investor 3's payments to Handa.

27. Similarly, during his May 16, 2019 section 13 interview, Handa undertook to provide all emails he sent or received regarding, among other matters, any payments to Miner Edge in fiat currency and any actual or potential investment in

Miner Edge. However, he failed to produce any of the numerous emails he sent and received concerning Investor 1's and Investor 2's purported Miner Edge investments.

Handa disclosed that he was to be examined by Staff and interfered with Investor 1

28. On October 2, 2019, Handa contacted Investor 1 by telephone. He told Investor 1 he was being investigated by the Commission and was scheduled to meet with Staff. At that time, a section 13 examination of Handa was scheduled. Handa also asked Investor 1 to tell him what Investor 1 had told or given to Staff and instructed Investor 1 not to provide any information or material to Staff or answer Staff's telephone calls.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

29. Staff alleges that Miner Edge Inc., Miner Edge Corp. and Handa:

(a) as described in paragraphs 9-15 above, as well as paragraphs 16-23 above in relation to Handa, engaged in or participated in acts, practices, or a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons or companies contrary to subsection 126.1(1)(b) of the Act;

(b) as described in paragraphs 9-15 above, as well as paragraphs 16-23 above in relation to Handa, made untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship and/or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;

(c) engaged in, and held themselves out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement contrary to subsection 25(1) of the Act;

(d) engaged in distributions of securities without filing a preliminary prospectus or prospectus and without an applicable exemption from the prospectus requirement contrary to section 53 of the Act; and

(e) through the conduct described in subparagraphs (a) through (d) above, acted contrary to the public interest.

30. Staff alleges that Handa also:

(a) authorized, permitted or acquiesced in the non-compliance of the Act by Miner Edge as described in paragraph 29(a) through (d) above contrary to section 129.2 of the Act;

(b) misled Staff by:

i. making misleading statements on material matters and/or omitting facts required to make the statements not materially misleading contrary to subsection 122(1)(a) of the Act; and

ii. failing to produce documents compelled under section 13 and documents he undertook to provide during his section 13 compelled interview contrary to section 13 of the Act;

(c) disclosed the name of a person sought to be examined under section 13 contrary to section 16 of the Act; and

(d) through the conduct described in subparagraphs (a) through (c) above, and by interfering with Investor 1, acted contrary to the public interest.

31. Staff reserves the right to amend these allegations and to make such further and other allegations as Staff may advise and the Commission may permit.

D. ORDERS SOUGHT

32. Staff requests that the Commission make the following orders:

(a) As against Miner Edge Inc. and Miner Edge Corp.:

i. that it cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

ii. that it be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

iii. that any exemption contained in Ontario securities law not apply to it permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

iv. that it be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

v. that it be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

vi. that it pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

vii. that it disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

viii. that it pay costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

ix. such other order as the Commission considers appropriate in the public interest.

(b) As against Rakesh Handa:

i. that he cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

ii. that he be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

iii. that any exemption contained in Ontario securities law not apply to him permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

iv. that he be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

v. that he resign any position he may hold as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

vi. that he be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Commission, pursuant to paragraph 8 of subsection 127(1) of the Act;

vii. that he resign any position he may hold as a director or officer of any registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

viii. that he be prohibited from becoming or acting as a director or officer of any registrant permanently or for such period as is specified by the Commission, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

ix. that he be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

x. that he pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

xi. that he disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

xii. that he pay costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

xiii. such other order as the Commission considers appropriate in the public interest.

DATED this 16th day of December 2019.

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Katrina Gustafson
Senior Litigation Counsel
kgustafson@osc.gov.on.ca
Tel: (416) 597-7209

Staff of the Enforcement Branch

1.4 Notices from the Office of the Secretary

1.4.1 Amendments to the Ontario Securities Commission Rules of Procedure and Forms and Practice Guideline as of December 10, 2019

FOR IMMEDIATE RELEASE
December 12, 2019

AMENDMENTS TO
THE ONTARIO SECURITIES COMMISSION RULES OF PROCEDURE AND FORMS AND PRACTICE GUIDELINE AS OF DECEMBER 10, 2019

TORONTO – On December 10, 2019, the Ontario Securities Commission (OSC) approved amendments to the OSC's *Rules of Procedure and Forms* and *Practice Guideline*. The amendments take effect immediately and apply to all proceedings before the Commission.

The *Rules of Procedure and Forms (Amendment as of December 10, 2019)* and the *Practice Guideline (Amendment as of December 10, 2019)* are available on the OSC's website at the link below and will be published in an upcoming issue of the *OSC Bulletin*.

The amendments were made to conform with the *Tribunal Adjudication Records Act, 2019*, which governs public access to adjudicative records.

https://www.osc.gov.on.ca/en/Proceedings_tribunal_resources.htm

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

1.4.2 Sean Daley and Kevin Wilkerson

FOR IMMEDIATE RELEASE
December 12, 2019

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

TORONTO – Take notice that the first attendance in the above named matter is rescheduled for December 20, 2019 at 10:00 a.m.

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 Capital Group Inc. et al.

FOR IMMEDIATE RELEASE
December 13, 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,
FABRIC LUXEMBOURG HOLDINGS S.À.R.L.,
L&T B (CAYMAN) INC. and
RUPERT ACQUISITION LLC,
File No. 2019-41

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

A copy of the Order dated December 13, 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 General Inquiries:

1-877-785-1555 (Toll Free)
inquiries@osc.gov.on.ca

1.4.4 Miner Edge Inc. et al.

FOR IMMEDIATE RELEASE
December 17, 2019

MINER EDGE INC.,
MINER EDGE CORP. and
RAKESH HANDA,
File No. 2019-44

TORONTO – The Office of the Secretary issued a Notice of Hearing on December 17, 2019 setting the matter down to be heard on January 20, 2020 at 2:00 p.m. as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated December 17, 2019 and Statement of Allegations dated December 16, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

1-877-785-1555 (Toll Free)
inquiries@osc.gov.on.ca

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RBC Global Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Existing and future mutual funds granted relief to invest in specified ETFs whose securities would meet the definition of index participation unit under NI 81-102 but for the fact that they are listed on the London Stock Exchange (London iShares ETFs) – relief is subject to certain conditions and requirements including that none of the London iShares ETFs are synthetic ETFs and that each top fund will not invest more than 10% of its net asset value in any single London iShares ETF and will not invest more than 20% in London iShares ETFs in the aggregate.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.5(2)(a), (a.1) (c) and (c.1), and 19.1.

June 26, 2018

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

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

AND

IN THE MATTER OF
RBC GLOBAL ASSET MANAGEMENT INC.
(RBC GAM)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from RBC GAM on behalf of each of the investment funds (each a **Fund** and collectively, the **Funds**) for which RBC GAM or an affiliate (the **Filer**) acts or may in the future act as manager that are subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**), for a decision under the securities legislation of the jurisdiction of the principal regulator (the **Legislation**) providing an exemption from paragraphs 2.5(2)(a), (a.1), (c) and (c.1) of NI 81-102, to permit the Funds to invest in securities of one or more exchange traded funds (the **London iShares ETFs**) listed on the London Stock Exchange that, but for the fact that they are listed on a stock exchange in the United Kingdom and not on a stock exchange in Canada or the United States, would qualify as "index participation units" (**IPU**) as defined in 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 the application; and

(b) the Filer has provided notice that Subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the Jurisdictions).

Interpretation

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

Representations

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

RBC GAM, the Filer, and the Funds

1. RBC GAM is a corporation formed by amalgamation under the federal laws of Canada and its head office is located in Toronto, Ontario.

2. RBC GAM is an indirect, wholly-owned subsidiary of the Royal Bank of Canada.

3. RBC GAM is registered as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the securities legislation of each of the Jurisdictions, as an investment fund manager in British Columbia, Newfoundland and Labrador, Ontario and Québec, and as a commodity trading manager in Ontario.

4. The Filer acts, or will act, as manager of each of the Funds.

5. Each Fund is, or will be, an investment fund under the laws of a Jurisdiction of Canada and a reporting issuer under the laws of some or all of the Jurisdictions.

6. Each Fund is, or will be, governed by NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities.

7. The securities of each Fund are, or will be, qualified for distribution in some or all of the Jurisdictions under a prospectus or simplified prospectus.

8. Neither the Filer nor any of the existing Funds are in default of securities legislation in any of the Jurisdictions.

The London iShares ETFs

9. Each Fund proposes, from time to time, to invest up to 10% of its net asset value in securities of a single London iShares ETF. At no time will a Fund invest more than 20% of its net asset value in securities issued by London iShares ETFs in aggregate.

10. Each London iShares ETF is, or will be, a portfolio, with segregated liability, of an umbrella open-ended investment company with variable capital. Such investment company is incorporated with limited liability in Ireland and is authorized by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended (the **UCITS Regulations**). Each London iShares ETF therefore is, or will be, a "UCITS" and will therefore comply with UCITS requirements.

11. The investment objective of a London iShares ETF is, or will be, to provide investors with a total return, taking into account both capital and income returns, which reflects the returns of the applicable index which would be a "permitted index" within the meaning of NI 81-102.

12. Securities of each London iShares ETF are, or will be, listed on the London Stock Exchange (the **LSE**). The securities of a London iShares ETF may also be listed on more or more additional stock exchanges.

13. The UK Financial Conduct Authority, in its role as the UK Listing Authority (**UKLA**), is the regulator for the LSE. The UKLA has the responsibility for overseeing the admission process to the LSE.

14. The LSE is subject to substantially equivalent regulatory oversight to securities exchanges in Canada and the requirements to be complied with by the London iShares ETFs in order to be admitted to trading on the LSE are consistent with the Toronto Stock Exchange listing requirements.

15. Each London iShares ETF is, or will be, an "investment fund" and a "mutual fund" within the meaning of applicable Canadian securities legislation.

16. Securities of each London iShares ETF would be IPUs within the meaning of NI 81-102, but for the fact that they are not traded on a stock exchange in Canada or the United States.

17. Each London iShares ETF will either: (a) hold securities that are included in a specified widely-quoted market index in substantially the same proportion as those securities are reflected in that index; or (b) invest in a manner that causes the issuer to replicate the performance of that index.

18. BlackRock Asset Management Ireland Limited is the manager of the London iShares ETFs and has responsibility for the management and administration and overall oversight of all service providers and other delegates and for the investment and reinvestment of assets of the London iShares ETFs. BlackRock Asset Management Ireland Limited is not an affiliate or associate of the Filer.

19. BlackRock Advisors (UK) Limited is the investment manager and has responsibility for the investment and reinvestment of assets held by the London iShares ETFs.

20. The following third parties are currently involved in providing services in respect of the existing London iShares ETFs:

    (a) State Street Fund Services (Ireland) Limited is the administrator and registrar;

    (b) State Street Custodial Services (Ireland) Limited is the depository of the London iShares ETFs; and

    (c) PricewaterhouseCoopers are the auditors and reporting accountant.

21. The London iShares ETFs are, or will be, regulated by the Central Bank of Ireland and are, or will be, subject to the following regulatory requirements and restrictions:

    (a) Each London iShares ETF is subject to a robust risk management framework through prescribed rules on governance, risk, regulation of service providers and safekeeping of assets.

    (b) No London iShares ETF is a "synthetic ETF", meaning that no London iShares ETF will principally rely on an investment strategy that makes use of swaps or other derivatives to gain an indirect financial exposure to the return of an index.

(c) Each London iShares ETF is restricted to investments permitted by the UCITS Regulations and/or authorized by the Central Bank of Ireland.

(d) Each London iShares ETF is subject to investment restrictions generally designed to limit holdings of illiquid securities which are not listed on a stock exchange or regulated market to 10% or less of its net asset value. In addition, a London iShares ETF will hold no more than 10% of its net asset value in securities of other investment funds, including other collective investment undertakings.

(e) Each London iShares ETF is subject to restrictions concerning the use of derivatives, including the types of derivatives in which it may transact, limits on counterparty risk, and limits on increases to overall market risk resulting from the use of derivatives. Any use of derivatives is also subject to the oversight of, and requires prior approval from, the Central Bank of Ireland.

(f) Each London iShares ETF has procedures in place relating to the use of derivatives and risk modelling of derivative positions.

(g) Each London iShares ETF may enter into securities lending, repurchase and/or reverse repurchase agreements for the purposes of efficient portfolio management subject to the conditions and limits set out in the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as the same may be amended or replaced) and in accordance with the requirements of the Central Bank of Ireland.

(h) Each London iShares ETF has a prospectus that discloses material facts and that is similar to the disclosure required to be included in a prospectus or simplified prospectus of a Fund.

(i) Each London iShares ETF has a key investor information document which forms part of the prospectus and a factsheet which together contain disclosure similar to that required to be included in an ETF Facts document prepared under National Instrument 41-101 *General Prospectus Requirements.*

(j) Each London iShares ETF is subject to continuous disclosure obligations which are similar to the disclosure obligations under National Instrument 81-106 *Investment Fund Continuous Disclosure*, including the requirement to prepare unaudited semi-annual reports and audited annual reports.

(k) Each London iShares ETF is required to update information of material significance in the prospectus.

(l) Each London iShares ETF has an investment manager that is subject to a governance framework which sets out a duty of care and a standard of care requiring the management board of the investment manager to act in the best interest of unitholders.

22. Each index tracked by each London iShares ETF is, or will be, transparent, in that the methodology for the selection and weighting of index components is, or will be, publicly available.

23. Details of the components of each index tracked by each London iShares ETF, such as issuer name, ISIN and weighting of index components are, or will be, publicly available and updated from time to time.

24. Each index tracked by each London iShares ETF includes sufficient component securities so as to be broad-based and is distributed and referenced sufficiently so as to be broadly utilized.

25. Each London iShares ETF makes, or will make, the net asset value of its holdings available to the public through at least one price information system associated with the London Stock Exchange. Each London iShares ETF makes, or will make, its net asset value available to the public on the website of its manager.

Investment by Funds in London iShares ETFs

26. The investment objective and strategies of each Fund will be disclosed in each Fund's prospectus or simplified prospectus.

27. The Funds will provide all disclosure mandated for investment funds investing in other investment funds.

28. There will be no duplication of management fees or incentive fees as a result of an investment by a Fund in a London iShares ETF.

29. The amount of loss that could result from an investment by a Fund in a London iShares ETF will be limited to the amount invested by the Fund in such London iShares ETF.

30. The majority of trading in securities of the London iShares ETFs occurs in the secondary market rather than by subscribing or redeeming such securities directly from the London iShares ETF.

31. As is the case with the purchase or sale of any other equity security made on an exchange, brokers are typically paid a commission in connection with trading in securities of exchange-traded funds, such as the London iShares ETFs.

32. Securities of the London iShares ETFs are typically only directly subscribed or redeemed from a London iShares ETF in large blocks and it is anticipated that many of the trades conducted by the Funds in London iShares ETFs would not be the size necessary for a Fund to be eligible to directly subscribe for securities from the London iShares ETF.

33. It is proposed that the Funds will purchase and sell securities of the London iShares ETFs on the London Stock Exchange.

34. Where a Fund purchases or sells securities of a London iShares ETF in the secondary market, it will pay commissions to brokers in connection with the purchase and sale of such securities.

35. There will be no duplication of fees payable by an investor in the Funds and the Filer will ensure that there are appropriate restrictions on sales fees and redemption charges for any purchase or sale of securities of a London iShares ETF.

Rationale for Investment in London iShares ETFs

36. A Fund is not permitted to invest in securities of a London iShares ETF unless the requirements of subsection 2.5(2) of NI 81-102 are satisfied.

37. If securities of a London iShares ETF were IPUs within the meaning of NI 81-102, a Fund would be permitted by subsections 2.5(3), (4) and (5) of NI 81-102 to invest in securities of that London iShares ETF.

38. Securities of each London iShares ETF would be IPUs, but for the requirement in the definition of IPU that the securities be traded on a stock exchange in Canada or the United States.

39. The Filer considers that investments in a London iShares ETF provide an efficient and cost-effective way for the Funds to achieve diversification and obtain exposure to the markets and asset classes in which the London iShares ETFs invest.

40. The investment objectives and strategies of each Fund, which contemplate or will contemplate investment in global or international securities, permit or will permit the allocation of assets to global or international securities. As economic conditions change, the Funds may reallocate assets, including on the basis of asset class or geographic region. A Fund will invest in the London iShares ETFs to gain exposure to certain unique equity and fixed income strategies in global or international markets in circumstances where it would be in the best interests of the Fund to do so through exchange-traded funds rather than through investments in individual securities. For example, a Fund will invest in the London iShares ETF in circumstances where certain investment strategies preferred by the Fund are either not available or are not cost-effective to be implemented through investments in individual securities.

41. The Filer is not aware of any mutual fund that:

    (a) is subject to NI 81-102;

    (b) issues securities that are traded on a Canadian or U.S. stock exchange; and

    (c) focuses primarily on the European bond market and is able to trade in local UK time (thereby providing for tighter and more relevant execution).

    The Filer therefore believes that the London iShares ETFs will be able to provide the Funds with unique exposures.

42. By investing in the London iShares ETFs, the Funds will obtain the benefits of diversification, which would be more expensive and difficult to replicate using individual securities. This will reduce single issuer risk.

43. Investment by a Fund in a London iShares ETF meets, or will meet, the investment objectives of such Fund.

44. An investment by the Funds in securities of each London iShares ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Funds.

45. In the absence of the Exemption Sought:

    (a) the investment restriction in paragraph 2.5(2)(a) of NI 81-102 would prohibit a Fund that is a mutual fund from purchasing or holding securities of a London iShares ETF because such London iShares ETF is not subject to NI 81-102 and neither would such London iShares ETF offer securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (or a prospectus in accordance with National Instrument 41-101 *General Prospectus Requirements*) and, because IPUs are currently defined to be securities that are traded on a stock exchange in Canada or the United States only, a Fund would not

be able to rely upon the IPU exemption set forth in paragraph 2.5(3)(a) of NI 81-102;

(b) the investment restriction in paragraph 2.5(2)(a.1) of NI 81-102 would prohibit a Fund that is a non-redeemable investment fund from purchasing or holding securities of a London iShares ETF because such London iShares ETF is not subject to NI 81-102 and neither would such London iShares ETF be a reporting issuer in any of the Jurisdictions and, because IPUs are currently defined to be securities that are traded on a stock exchange in Canada or the United States only, a Fund would not be able to rely upon the IPU exemption set forth in paragraph 2.5(3)(a) of NI 81-102; and

(c) the investment restrictions in paragraph 2.5(2)(c) and 2.5(2)(c.1) of NI 81-102 would prohibit a Fund that is a mutual fund and a Fund that is a non-redeemable investment fund, respectively, from purchasing or holding securities of the London iShares ETFs unless the London iShares ETFs are reporting issuers in the local Jurisdiction or in the Jurisdiction in which the Fund is a reporting issuer and, because IPUs are currently defined to be securities that are traded on a stock exchange in Canada or the United States only, a Fund would not be able to rely upon the IPU exemption in paragraph 2.5(3)(a) of NI 81-102.

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) the investment by a Fund in securities of the London iShares ETFs is in accordance with the fundamental investment objectives of the Fund;

(b) none of the London iShares ETFs are synthetic ETFs, meaning that they will not principally rely on an investment strategy that makes use of swaps or other derivatives to gain an indirect financial exposure to the return of an index;

(c) the prospectus of each Fund that is relying on the Exemption Sought discloses the fact that the Fund has obtained relief to invest in the London iShares ETFs and, in the case of a Fund that is a mutual fund, the matters required to be disclosed under NI 81-101 in respect of fund of fund investments, provided that:

(i) any Fund that is a mutual fund and in existence as of the date of this decision makes the required disclosure no later than the next time the simplified prospectus of the Fund is renewed after the date of this decision, and

(ii) any Fund that is a non-redeemable investment fund and in existence as of the date of this decision makes the required disclosure no later than the next time the annual information form of the Fund is filed after the date of this decision;

(d) the investment by a Fund in the London iShares ETFs otherwise complies with section 2.5 of NI 81-102;

(e) a Fund does not invest more than 10% of its net asset value in securities issued by a single London iShares ETF and does not invest more than 20% of its net asset value in securities issued by London iShares ETFs in aggregate;

(f) a Fund shall not acquire any additional securities of a London iShares ETF, and shall dispose of any securities of a London iShares ETF then held in the event the regulatory regime applicable to the London iShares ETF is changed in any material way; and

(g) the Exemption Sought will terminate six months after the coming into force of any amendments to paragraphs 2.5(a), (a.1), (c) or (c.1) of NI 81-102 that further restrict or regulate a Fund's ability to invest in the London iShares ETFs.

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

2.1.2 Tobias Lütke

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus requirement for trades by a control person of an issuer under automatic securities disposition plans – Applicant intends to annually establish an automatic securities disposition plan (ASDP) in accordance with the guidance provided under OSC Staff Notice 55-701 Automatic Securities Disposition Plans and Automatic Securities Purchase Plans and make orderly sales of securities of the issuer under the ASDP – Trades by the applicant as a control person under the ASDP deemed to be a distribution attracting the prospectus requirement – Applicant cannot rely on the prospectus exemption for a trade by a control person in s.2.8 of NI 45-102 because the seven-day waiting period requirement in paragraph 2.8(3)(b) and the 30-day expiry provision in paragraph 2.8(4)(a) of NI 45-102 would prevent continued or successive dispositions under the ASDP by requiring the applicant to refile a Form 45-102F1 every 30 days and wait at least seven days before making the first trade after each filing of a Form 45-102F1 – Compliance with all conditions of s.2.8 of NI 45-102 would impede applicant's ability to establish, and effect orderly trades under, an ASDP – Relief granted from the prospectus requirement for trades effected by the control person under the ASDP subject to conditions consistent with the policy rationale underlying section 2.8 of NI 45-102 – Relief granted to maintain confidentiality of application and decision for a period of up to 60 days – Relief expires on January 1, 2021.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53(1), 74(1) and 147.
National Instrument 45-102 Resale of Securities, s. 2.8.

December 6, 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
TOBIAS LÜTKE
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the "**Application**") from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **"Legislation**") granting an exemption from the prospectus requirement under the Legislation in connection with the sale of Class A Shares (as defined below) of Shopify Inc. (the **Issuer**) by the Filer under a Filer ASDP (as defined below) (the **Exemption Sought**).

Furthermore, the principal regulator in the Jurisdiction has also received a request from the Filer for a decision that the Application and this decision be kept confidential and not be made public until the earlier of (i) the public disclosure by the Filer of the establishment of a new Filer ASDP, and (ii) 60 days from the date of this decision (the "**Confidentiality Relief**").

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

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

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

Interpretation

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

Representations

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

1. The Issuer is a corporation incorporated under the *Canada Business Corporations Act*.

2. The Issuer's authorized share capital consists of: (i) an unlimited number of Class A subordinate voting shares (the "**Class A Shares**"), (ii) an unlimited number of Class B multiple voting shares (the "**Class B Shares**", and together with the Class A Shares, the "**Shares**"), and (iii) an unlimited number of preferred shares, issuable in series (the "**Preferred Shares**").

3. Holders of Class A Shares have one vote for every Class A Share. Holders of Class B Shares have ten votes for every Class B Share. The Class B Shares are convertible into Class A Shares on a

one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances.

4. As of October 25, 2019, 103,657,173 Class A Shares, 12,232,572 Class B Shares and no Preferred Shares were issued and outstanding. The Class A Shares represented 45.87% of the aggregate voting rights attached to all of the Issuer's outstanding Shares and the Class B Shares represented 54.13% of the aggregate voting rights attached to all of the Issuer's outstanding Shares.

5. The Class A Shares are listed on the New York Stock Exchange and on the Toronto Stock Exchange under the symbol "SHOP".

6. The Issuer is a reporting issuer in each of the Jurisdictions and is not in default of the securities legislation in any Jurisdiction.

7. The Filer is the Chief Executive Officer and Chair of the Board of the Issuer.

8. On August 26, 2015, the Filer established an automatic securities disposition plan (the "**Filer's Original ASDP**") which terminated on December 31, 2016.

9. Pursuant to a decision of the OSC dated November 15, 2016 (the "**Original Exemption for Tobias Lütke**"), the Filer was granted exemptive relief to establish new automatic securities disposition plans, annually, in order to continue to allow the Filer to make orderly sales of Class A Shares from the Filer's holdings over time (each, a "**Annual Filer ASDP**") following termination of the Filer's Original ASDP on December 31, 2016, and subsequently once each Annual Filer ASDP terminated, on December 31 of each year. The Original Exemption for Tobias Lütke expires on January 1, 2020.

10. The Filer intends to continue to annually establish automatic securities disposition plans ("**ASDPs**") in order to be able to continue to make orderly sales of Class A Shares from the Filer's holdings from time-to-time (each a "**Filer ASDP"**), once the Filer's current ASDP terminates on December 31, 2019, and subsequently once each Filer ASDP is terminated, as is currently intended, on December 31 of each year.

11. As of October 25, 2019, the Filer directly or indirectly owned, in aggregate, 40,192 Class A Shares (the "**Filer Class A Shares**") and 7,858,504 Class B Shares (the "**Filer Class B Shares**"). The Filer Class A Shares represent approximately 0.04% of the outstanding Class A Shares, the Filer Class B Shares represent approximately 64.24% of the outstanding Class B Shares, and together, the Filer Class A Shares and Filer Class B Shares represent, in the aggregate, approximately 34.79% of the votes attaching to all of the Issuer's outstanding Shares. In addition, the Filer has been granted 32,749 restricted stock units ("**RSUs**"), that entitle the Filer to 32,749 Class A Shares upon vesting, subject to the conditions thereof.

12. The Filer may currently be deemed to be a control person of the Issuer under the Legislation and the securities legislation of the other Jurisdictions in which the Issuer is a reporting issuer.

13. A Filer ASDP will be established in accordance with the staff guidance set out in OSC Staff Notice 55-701 *Automatic Securities Disposition Plans and Automatic Securities Purchase Plans* ("**Staff Notice 55-701"**), including that:

    (a) a Filer ASDP will include written trading parameters and other instructions in the form of a written plan document;

    (b) a Filer ASDP will include meaningful restrictions on the ability of the Filer to vary, suspend, or terminate such Filer ASDP;

    (c) a Filer ASDP will include provisions restricting a broker from consulting with the Filer regarding any sales under the Filer ASDP and the Filer from disclosing information to the broker concerning the Issuer that might influence the execution of the Filer ASDP;

    (d) at the time the Filer enters into a Filer ASDP, the Filer will not possess any knowledge of a material fact or material change with respect to the Issuer that has not been generally disclosed ("**Material Undisclosed Information**"); and

    (e) a Filer ASDP will be entered into in good faith.

14. It is anticipated that pursuant to the terms of a Filer ASDP, among other things:

    (a) all sales of Class A Shares will be conducted by a broker on behalf of the Filer;

    (b) all sales of Class A Shares will be conducted over a period (the "**Sales Period**") that is specified in the corresponding Form 45-102F1 *Notice of Intention to Distribute Securities under Section 2.8 of NI 45-102 Resale of Securities* (a "**Form 45-102F1**") filed when the Filer ASDP is entered into; and

    (c) all sales of Class A Shares will be made by a broker with no participation by or direction or advice from the Filer.

15. It is the intention of the Filer and the Issuer that all sales under any Filer ASDP be exempt from the insider trading restriction and related liability under the Legislation in reliance on the available exemption in the Legislation and corresponding law and regulation in the Jurisdictions for trades conducted under automatic plans.

16. Under the Filer ASDP intended to be effective January 1, 2020, it is currently the intention of the Filer to sell up to approximately 321,145 Class A Shares, which may include Class A Shares currently, directly or indirectly, held by Filer, Class A Shares issued to the Filer upon conversion of Class B Shares, Class A Shares issued to the Filer upon the vesting of RSUs of the Issuer, and/or Class A Shares owned by holding entities or charitable foundations over which the Filer may be considered to have, or share in the exercise of, control or direction.

17. If the Filer is deemed to be a control person of the Issuer, any sale of the Filer Class A Shares would be considered a "control distribution" (as such term is defined in NI 45-102 *Resale of Securities* (**NI 45-102**)), and would either have to comply with the prospectus requirement or satisfy the conditions of the exemption from the prospectus requirement for trades by a control person in section 2.8 of NI 45-102 (the **Prospectus Exemption for Control Trades**).

18. The Filer's compliance with each of the conditions of the Prospectus Exemption for Control Trades would impede the implementation and operation of a Filer ASDP because the seven-day waiting period requirement in paragraph 2.8(3)(b) and the 30-day expiry provision in paragraph 2.8(4)(a) of NI 45-102 would prevent continued or successive dispositions under the Filer ASDP by requiring that the Filer refile a Form 45-102F1 respecting the proposed sales of Class A Shares every 30 days over the course of the duration of a Filer ASDP and that the Filer wait at least seven days before making the first trade after each filing of a Form 45-102F1. Compliance with these requirements would effectively limit the Filer's trades under a Filer ASDP to successive 23-day windows, separated by seven-day waiting periods, which would reduce the number of trading days and have a detrimental impact on the Filer's ability to implement a Filer ASDP.

19. In absence of the Filer's compliance with each of the conditions of the Prospectus Exemption for Control Trades, the Filer requests the Exemption Sought in order to relieve the Filer from the prospectus requirement in connection with each disposition of Filer Class A Shares under a Filer ASDP and enable the establishment of a Filer ASDP in accordance with Staff Notice 55-701, while still providing timely and meaningful public disclosure of the intended and completed sales by the Filer of Class A Shares consistent with the policy rationale underlying section 2.8 of NI 45-102.

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) each Filer ASDP includes meaningful restrictions on the ability of the Filer to vary, suspend, or terminate the Filer ASDP;

(b) all sales of Class A Shares under a Filer ASDP are conducted by a broker with no participation by or direction or advice from the Filer;

(c) at the time the Filer enters into a Filer ASDP, the Filer does not possess any Material Undisclosed Information;

(d) the total number of the Class A Shares sold under a Filer ASDP in any calendar year does not exceed 2**%** of the total number of outstanding Class A Shares as of the commencement of the Filer ASDP under which Class A Shares are first sold during the calendar year;

(e) the Filer files or causes to be filed one completed and signed notice (a "**Notice**") in the form of Form 45-102F1 at least seven days prior to the first trade of Class A Shares under any Filer ASDP that discloses the aggregate number of Class A Shares intended to be sold under the Filer ASDP, and the Sales Period for the sale of Class A Shares under the Filer ASDP;

(f) the Filer files, or causes to be filed, insider reports within three days of the completion of each sale under a Filer ASDP in accordance with the insider reporting obligation applicable to trades by a control person in paragraph 2.8(3)(c) of NI 45-102;

(g) the Sales Period under any Filer ASDP does not exceed one calendar year;

(h) the Notice for a Filer ASDP is signed no earlier than one business day before it is filed;

(i) the Notice filed in connection with trades under any Filer ASDP expires on the earlier of:

  (i) the end of the applicable Sales Period; and

  (ii) the date that the Filer files the last of the insider reports reflecting the sale of all Class A Shares referred to in the Notice;

(j) the Filer does not conduct further sales of Class A Shares under a Filer ASDP following the expiry of the Notice for that Filer ASDP;

(k) the Filer does not conduct sales of Class A Shares under a Filer ASDP prior to the expiry of the Notice for any previously commenced Filer ASDP;

(l) the Issuer is and has been a reporting issuer in the jurisdiction of Canada for the four months immediately preceding each trade under any Filer ASDP;

(m) the Filer has held any Class A Shares, or securities that were converted into such Class A Shares, sold under a Filer ASDP for at least four months prior to the trade of such Class A Shares;

(n) no unusual effort is made to prepare the market or to create a demand for the Class A Shares;

(o) no extraordinary commission or consideration is paid to a person or company in respect of the trade;

(p) the Filer has no reasonable grounds to believe that the Issuer is in default of securities legislation; and

(q) the Exemption Sought shall terminate on January 1, 2021.

Furthermore, the decision of the principal regulator in the Jurisdiction is that the Confidentiality Relief is granted.

"Poonam Puri"
Commissioner
Ontario Securities Commission

"Mary Anne De Monte-Whelan"
Commissioner
Ontario Securities Commission

2.1.3 Fiduciary Trust Company of Canada and Franklin Templeton Investments Corp.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions. Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. The Filers are affiliated entities and have valid business reasons for one particular individual to be registered with both firms. The Filers have policies in place to handle potential conflicts of interest. The Filers are exempted from the prohibition.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1 and 15.1.

December 9, 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
FIDUCIARY TRUST COMPANY OF CANADA
(FTCC)

AND

FRANKLIN TEMPLETON INVESTMENTS CORP.
(FTIC, and together with FTCC,
Franklin Templeton or the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the restriction under paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing*

Registrant Obligations (**NI 31-103**) (the **Dual-Registration Restriction**), pursuant to section 15.1 of NI 31-103, to permit Mr. Manmeet Bhatia to be registered as an advising representative of each of FTCC and FTIC (the **Relief 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 Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filers in each of the provinces of Canada outside of Ontario and in the Yukon Territory (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. FTCC is a federally-regulated trust company and registered as a portfolio manager in each of the Jurisdictions and as a commodity trading manager in Ontario. The head office of FTCC is located in Toronto, Ontario. FTCC provides portfolio management services primarily to high net worth individuals and families through separately managed accounts, pooled funds and mutual funds.

2. FTIC is registered as a portfolio manager, exempt market dealer and mutual fund dealer in each of the Jurisdictions. FTIC is also registered as an investment fund manager in each of Alberta, British Columbia, Manitoba, Newfoundland & Labrador, Nova Scotia, Ontario and Quebec and as a commodity trading manager in Ontario. The head office of FTIC is located in Toronto, Ontario. FTIC is the investment fund manager of various Canadian proprietary mutual funds and pooled funds and provides portfolio management services to those funds and institutional clients.

3. FTIC is also registered as an investment adviser with the U.S. Securities and Exchange Commission (**SEC**).

4. FTCC and FTIC are affiliates as FTCC is a wholly-owned subsidiary of FTIC.

5. Mr. Bhatia is Head of Private Wealth, Canada at FTIC and FTCC. In this role, Mr. Bhatia will champion the growth of Franklin Templeton's existing discretionary high net worth and investment fund management businesses and lead the digital transformation of these businesses all under the Private Wealth Channel.

6. Mr. Bhatia has been registered with FTIC as an advising representative (portfolio manager) since September 5, 2019 in British Columbia and Ontario and was previously registered as an advising representative (portfolio manager) with other financial services entities from September 28, 2009 to July 15, 2019 in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan. Mr. Bhatia is a resident of British Columbia.

7. Franklin Templeton wishes to appoint Mr. Bhatia as a portfolio manager for the FTCC funds and client accounts. However, Mr. Bhatia is presently only registered with FTIC and is unable to provide investment management services to FTCC clients. Dual registration as an advising representative of both FTIC and FTCC would allow the Filers to leverage Mr. Bhatia's knowledge, expertise and experience in helping both FTCC and FTIC clients reach their investment objectives with increased consistency between FTCC's high net worth client portfolios and FTIC's institutional portfolios. Mr. Bhatia's dual registration will also help to optimize Filer's resources and will increase their operational efficiency.

8. Dual registration is being requested to permit Mr. Bhatia to act as Head of Private Wealth, Canada of FTCC including providing portfolio management services to clients of FTCC in addition to Mr. Bhatia's role with FTIC.

9. Mr. Bhatia will be subject to supervision by, and the applicable compliance requirements of, both Filers.

10. The Filers' Chief Compliance Officer and Ultimate Designated Person will ensure that Mr. Bhatia has sufficient time and resources to adequately serve each Filer and its clients and funds.

11. The Filers are not in default of any requirement of securities, commodity futures or derivatives legislation in any of the Jurisdictions. FTIC is in compliance in all material respects with U.S. securities laws.

12. In the absence of the Relief Sought, the Filers would be prohibited by the Dual-Registration Restriction from permitting Mr. Bhatia to be registered as an advising representative of each Filer, even though the Filers are affiliates and have controls and compliance procedures in place to deal with Mr. Bhatia's advising activities.

13. FTCC and FTIC are affiliated and accordingly, the dual registration of Mr. Bhatia will not give rise to the conflicts of interest present in a similar arrangement involving unrelated, arm's length firms. The interests of the Filers are aligned as both Filers wish to leverage Mr. Bhatia's knowledge, expertise and experience for the benefit of their clients and funds. Therefore, the potential for conflicts of interest is minimal.

14. The Filers each have adequate policies and procedures in place to address any potential conflicts of interest that may arise as a result of the dual registration of Mr. Bhatia and will be able to deal appropriately with any such conflicts.

15. It is not expected that the dual registration of Mr. Bhatia will lead to any client confusion since the principal client bases of each of the Filers are different: FTCC typically advises individual high net worth clients and FTIC advises institutional investors. Moreover, Mr. Bhatia (as FTCC's Head of Private Wealth, Canada) will only manage the FTCC funds and client accounts on behalf of FTCC, which will mitigate the risks of conflict or client confusion.

16. All accounts managed by Franklin Templeton portfolio managers (i.e., the Filers and their affiliates that are also portfolio managers) adhere to a common Franklin Templeton trade allocation policy to ensure that investment opportunities suitable for funds and clients of all Franklin Templeton portfolio managers, including the Filers, are allocated between them fairly. The Filers also have policies and procedures to address any potential conflicts of interest including trade allocation where there is overlap in portfolio holdings between accounts managed by these affiliated entities.

17. Once registered as an advising representative of FTCC, Mr. Bhatia will be engaging in functionally similar types of activities as he currently carries on within the Franklin Templeton group of companies. The Filers are confident that Mr. Bhatia will continue to have sufficient time to adequately serve both firms, their clients and funds.

18. The relationship between FTCC and FTIC, and the fact that Mr. Bhatia is dually registered with both FTCC and FTIC, will be fully disclosed, in writing or verbally, to clients and funds of each of FTCC and FTIC that deal with Mr. Bhatia.

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 Relief Sought is granted provided that:

i. Mr. Bhatia is subject to supervision by both Filers and applicable compliance requirements of both Filers;

ii. the Chief Compliance Officer and Ultimate Designated Person of each Filer ensure that Mr. Bhatia has sufficient time and resources to adequately serve each Filer and its respective clients;

iii. each Filer has adequate policies and procedures in place to address any potential conflicts of interest that may arise from the dual registration of Mr. Bhatia, and deal appropriately with any such conflicts; and

iv. the relationship between the Filers and the fact that Mr. Bhatia is dually registered with both of the Filers is fully disclosed in writing to the Filer's clients that deal with Mr. Bhatia.

The Relief Sought shall cease to be effective when either of the following apply:

i. Mr. Bhatia is no longer registered in any of the Jurisdictions as an advising representative of FTCC;

ii. Mr. Bhatia is no longer registered in any of the Jurisdictions as an advising representative of FTIC.

"Elizabeth King"

2.1.4 NBC Asset Trust™

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Dual application – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – Minority approval of a related party transaction – Application for relief from requirement to require minority approval – Securities are technically equity securities but are akin to preferred shares – Sale of trust assets at equivalent fair value.

Applicable Legislative Provisions

Securities Act (Québec), s. 263.
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.6 and 9.1.

December 16, 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
NBC ASSET TRUST™
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a "**Decision Maker**") has received an application (the "**Application**") from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the requirement to obtain minority approval from every class of affected securities as set out in Regulation 61-101 *respecting Protection of Minority Security Holders in Special Transactions*, CQLR, V-1.1, r. 33 ("**Regulation 61-101**") in connection with a proposed related party transaction (as defined in Regulation 61-101) in connection with the proposed Sale of Trust Assets (as defined below) to National Bank of Canada (the "**Exemption Sought**").

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

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

(b) the Filer has provided notice that Subsection 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR, c. V-1.1, r. 1 ("**Regulation 11-102**") is intended to be relied upon by the Filer in Alberta, Manitoba and New Brunswick; 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, Regulation 11-102 and Regulation 61-101 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer

1. The Filer is a closed-end trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of December 17, 2007, as amended and restated by an amended and restated declaration of trust dated January 22, 2008 as further amended by a first supplemental declaration of trust dated as of June 30, 2008 and a second supplemental declaration of trust dated as of July 14, 2010 (the "**Declaration of Trust**").

2. Natcan Trust Company is the trustee of the Filer (the "**Trustee**").

3. The Filer's head office is located in Québec.

4. The Filer was established solely for the purpose of effecting offerings of securities to provide National Bank of Canada (the "**Bank**") with a cost-effective means of raising capital for regulatory purposes under the *Bank Act* (Canada) (the "**Bank Act**"). The Bank is the administrative agent ("**Administrative Agent**") of the Filer pursuant to an administrative and advisory agreement ("**Administrative and Advisory Agreement**") entered into between the Trustee and the Bank on December 17, 2007 and as such administers the affairs of the Filer.

5. The Filer is a reporting issuer in each of the provinces of Canada and is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

6. The objective of the Filer is to acquire, with the proceeds of offerings of securities, and hold assets ("**Trust Assets**") primarily from the Bank or its affiliates, generally on a fully-serviced basis, which consist of: residential mortgages, mortgage co-ownership interests, mortgage-backed

securities and eligible investments. The Bank and its affiliates are responsible for the servicing of the Trust Assets, including reporting on the performance of the Trust Assets and investment of the proceeds of the Trust Assets. The Trust Assets generate income for distribution to holders of Trust Securities. The Filer does not, and will not, carry on any operating activity other than in connection with offerings of securities.

The Bank

7. The Bank is a chartered bank subject to the provisions of the Bank Act.

8. The Bank's head office is located in Québec.

9. The Bank is a reporting issuer in each of the provinces of Canada and is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

Trust Securities

10. The capital of the Filer consists of special trust securities (the "**Special Trust Securities**") and transferable trust units called Trust Capital Securities – Series 2 ("**NBC CapS II**" and, together, the "**Trust Securities**").

11. There are currently $700 million of Special Trust Securities issued and outstanding, which are all held by the Bank and $350 million of NBC CapS II issued and outstanding, which are held by the public.

12. The Trust Securities are not listed and posted for trading on any stock exchange.

13. The Special Trust Securities are the only voting securities of the Filer.

14. The NBC CapS II qualified as Tier 1 capital of the Bank under the Innovative Capital Guidelines, as amended, issued by the Office of the Superintendent of Financial Institutions (Canada) (the "**Superintendent**") pursuant to the Bank Act.

15. The terms of the NBC CapS II include the following:

    (a) The NBC CapS II pay a fixed non-cumulative distribution (the "**Indicated Distribution**") on the last day of June and December in each year. Each semi-annual payment date for the Indicated Distribution in respect of the NBC CapS II (a "**Distribution Date**") will be either a Regular Distribution Date (as defined below) or a Distribution Diversion Date. A Distribution Date will be a "Distribution Diversion Date" when the Indicated Distribution will not be paid in respect of the NBC CapS II but, instead, the Filer will pay the net distributable funds of the Filer to the Bank as holder of the Special Trust Securities if: (i) the Bank has failed to declare regular dividends on the Bank preferred shares of any series in the prescribed time; or (ii) if no Bank preferred shares are then outstanding, the Bank has failed to declare regular dividends on the Bank common shares in the prescribed time. In all other cases, a Distribution Date will be a regular distribution date (the "**Regular Distribution Date**"), in which case holders of NBC CapS II will be entitled to receive the Indicated Distribution and the Bank, as holder of the Special Trust Securities, will be entitled to receive the net distributable income, if any, of the Filer remaining after payment of the Indicated Distribution. The Bank preferred shares and the Bank common shares are hereinafter collectively referred to as the "**Dividend Restricted Shares**".

    (b) Under the Bank Share Exchange Agreements dated January 22, 2008 and June 30, 2008 entered into among the Bank, the Filer and a party acting as exchange trustee (the "**Bank Share Exchange Agreements**"), the Bank agreed, for the benefit of the holders of NBC CapS II, that in the event that the Filer fails on any Regular Distribution Date to pay the Indicated Distribution on the NBC CapS II in full, the Bank will not pay dividends on the Dividend Restricted Shares until a specified period of time has elapsed, unless the Filer first pays such Indicated Distribution (or the unpaid portion thereof) to holders of NBC CapS II (the "**Dividend Stopper Undertaking**").

    (c) The NBC CapS II will be automatically exchanged, without the consent of the holder, for newly issued First Preferred Shares Series 23 of the Bank (the "**Bank Preferred Shares**") upon the occurrence of certain circumstances (an "**Automatic Exchange**").

    (d) The Filer may, subject to the approval of the Superintendent, on July 31, 2013 and on each Distribution Date thereafter, redeem the NBC CapS II. The price payable in respect of any such redemption will include an early redemption compensation component (the "**Early Redemption Price**") in the event of a redemption prior to June 30, 2020 (the "**Early Redemption Date**"). On or after June 30, 2020, the price payable will be $1,000 per NBC CapS II together

with any unpaid Indicated Distribution thereon (the "**Redemption Price**").

(e) Upon the occurrence of certain regulatory or tax events affecting the Bank or the Filer (a "**Special Event**"), in each case prior to the Early Redemption Date, the Filer may, subject to approval of the Superintendent, redeem all but not less than all of the NBC CapS II, as the case may be, at the Early Redemption Price.

(f) The Bank has covenanted that all of the outstanding Special Trust Securities will be held by it at all times. Except for the initial $140 million of Special Trust Securities issued to the Bank in January 2008, all other Special Trust Securities held by the Bank are redeemable, in whole or in part, at any time or from time to time, at the option of the Bank, subject to Superintendent approval.

(g) As long as any NBC CapS II are outstanding and are held by any person other than the Bank, the Filer may only be terminated with the approval of the Bank as the sole holder of the Special Trust Securities and with the approval of the Superintendent: (i) upon the occurrence of a Special Event prior to July 31, 2013; or (ii) for any reason on July 31, 2013 or any Distribution Date thereafter. Holders of each series of outstanding Trust Securities will rank *pari passu* in the distribution of the property of the Filer in the event of a termination of the Filer after the discharge of any creditor claims. As long as any NBC CapS II are outstanding and held by any person other than the Bank, the Bank will not approve the termination of the Filer unless the Filer has sufficient funds to pay the Early Redemption Price in the case of a termination prior to the Early Redemption Date, or the Redemption Price in the case of a termination at any other time.

(h) The NBC CapS II are non-voting except in limited circumstances.

(i) Except to the extent that the Indicated Distribution is payable to holders of NBC CapS II, and other than in the event of a termination of the Filer, the NBC CapS II holders have no claim or entitlement to the income of the Filer or the assets held by the Filer.

16. Pursuant to the Administrative and Advisory Agreement, the Trustee has delegated to the Bank certain of its obligations in relation to the administration of the Filer. The Bank, as advisor and Administrative Agent, provides advice and counsel with respect to the management of the Trust Assets and administers the day-to-day operations of the Filer and provides other advice or counsel as may be requested by the Trustee from time to time.

Sale of Trust Assets

17. The Filer intends to sell, by no later than December 18, 2019, approximately $550 million of Trust Assets to the Bank at fair market value, in consideration of the payment by the Bank, and transfer to the Filer, at fair market value of a combination of residential mortgages and mortgage co-ownership interests, as permitted by the Declaration of Trust (the "**Sale of Trust Assets**").

18. The combination of residential mortgages and co-ownership interests transferred by the Bank to the Filer will have an equivalent fair market value to the Trust Assets being transferred by the Filer to the Bank.

19. The Bank and the Filer propose to proceed with the Sale of Trust Assets on the basis of a value that would be established between arms' length parties transacting similar pool of assets in an open market. For these kinds of assets, the methodology generally used and adopted by market participants acting at arms' length to evaluate the fair market value of loans of a similar nature to those comprising the assets of the Filer subject to the Sale of Trust Assets is as follows: market value will be determined by calculating the present value of expected cash flows. Cash flows will be discounted based on a term-range yield curve. The yield curve will be built using current market mortgage rates.

20. The methodologies used to evaluate the fair market value of the Trust Assets being transferred by the Filer to the Bank will be the same as the methodologies used to evaluate the fair market value of the residential mortgages and mortgage co-ownership interests being received by the Filer from the Bank as consideration.

21. The Bank and the Filer undertook to the Superintendent that the book value of the net assets of the Filer, less (i) undistributed income of the Filer and (ii) contributed surplus (if any) arising from the difference in the book values and tax values of assets acquired by the Filer, will not at any time exceed the aggregate issue price of all series of NBC CapS II issued by the Filer (namely $350 million) by more than 200% without the Superintendent's approval (the "**Ratio**"). The Ratio is currently at approximately 200%.

22. The Sale of Trust Assets will have no effect on the book value of the net assets of the Trust or the Ratio.

23. The Sale of Trust Assets will have no impact on the credit ratings of the NBC CapS II.

24. The sole purpose of the Sale of Trust Assets is to reduce the pool of residential mortgages' sensitivity to interest rate variations by replacing loans with the highest remaining terms to maturity by loans with lower terms to maturity.

Minority Approval

25. The Sale of Trust Assets is subject to related party transaction requirements provided in Part 5 of Regulation 61-101.

26. Pursuant to subsection 5.5(b) of Regulation 61-101, the Filer is exempt from the formal valuation requirement for the Sale of Trust Assets.

27. Absent the granting of the Exemption Sought, the Filer would be required to obtain minority approval from the holders of NBC CapS II in connection with the Sale of Trust Assets.

28. But for the fact that NBC CapS II provide a residual right to participate in the assets of the Filer upon its termination and, accordingly, constitute "equity securities" within the meaning of Regulation 61-101, no minority approval would have been required in connection with the Sale of Trust Assets.

29. The payment of the Indicated Distribution on the NBC CapS II is entirely dependent on the income stream generated by the Trust Assets held by the Filer. It is in the Bank's interest to ensure that, on any Regular Distribution Date, holders of NBC CapS II receive the Indicated Distribution since, if the Filer fails to pay the Indicated Distribution on such date, the Dividend Stopper Undertaking will preclude the Bank from paying dividends on the Dividend Restricted Shares for a specified period of time. Accordingly, the Bank would have an incentive to provide support to the Filer if the Filer is unable to pay the Indicated Distribution, since such a failure would have a significant adverse effect on the price of the Dividend Restricted Shares as well as the Bank's ability to raise capital (the "**Incentive**").

30. Given the Incentive and taking into account the terms of the NBC CapS II, the rights and economic interests of the holders of NBC CapS II are protected.

31. Under the terms of the Declaration of Trust, the Sale of Trust Assets is permitted and no approvals of the Trust Security holders and Superintendent are required.

32. The policy objectives of Regulation 61-101 are not served by imposing the vote of minority security holders in the context of the Sale of Trust Assets.

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.

"Hugo Lacroix"
Surintendant des marchés de valeurs

2.1.5 Venator Capital Management Ltd. and Venator Income Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief permitting an alternative mutual fund to process purchases and redemptions of units on a semi-monthly basis – alternative mutual fund may aggregate purchase and redemption orders to reduce portfolio turnover and to minimize impact to other unitholders – net asset value is calculated on a daily basis – subject to conditions regarding disclosure in the simplified prospectus and fund facts documents – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

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

December 12, 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
VENATOR CAPITAL MANAGEMENT LTD.
(the Filer)

AND

VENATOR INCOME FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), exempting the Fund from the following provisions of NI 81-102:

(a) subsection 9.3(1), to permit the Fund to process purchase orders for its units, as described in its simplified prospectus and fund facts documents, on a semi-monthly basis at their class net asset value per unit calculated as at the last Valuation Date (as defined below) of the semi-monthly period in which the purchase order for such units is received (the **Purchase Relief**); and

(b) subsection 10.3(1), to permit the Fund to process redemption orders for its units, as described in its simplified prospectus and fund facts documents on at least 7 business days prior written notice, on a semi-monthly basis, redeeming such units at their class net asset value per unit calculated on the last Valuation Date of each semi-monthly period in which the redemption order for such units is processed (the **Redemption Relief**)

(collectively, the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

The Filer and the Fund

1. The Filer is a corporation incorporated under the laws of the Province of Ontario with its head office located in Toronto, Ontario.

2. The Filer is registered under securities legislation in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer. The Filer is registered under securities legislation in Newfoundland and Labrador, Ontario and Québec as an investment fund manager.

3. The Filer is the trustee, investment fund manager, promoter and portfolio manager of the Fund.

4. The Fund is an open-end mutual fund trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated July 30, 2008 (the **Inception Date**), as amended and restated as at February 21, 2013 (the **Declaration of Trust**), and is governed by the provisions of NI 81-102.

5. Since the Inception Date, units of the Fund were distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106 *Prospectus Exemptions*.

6. The Filer intends to amend and restate the Declaration of Trust to, *inter alia*, change the Fund's name to Venator Alternative Income Fund and provide for the issuance of Class A, D, F and I units of the Fund (**Units**).

7. The Units will be offered by simplified prospectus, subject to NI 81-101, filed in the Canadian Jurisdictions, and accordingly, the Fund will be a reporting issuer in the Canadian Jurisdictions.

8. The Fund's net asset value will be calculated at the close of regular trading, normally 4:00 p.m. (Eastern Time), on a day the Toronto Stock Exchange is open (a **Valuation Date**).

9. Neither the Filer nor the Fund is in default of the securities legislation in any of the Canadian Jurisdictions.

The Purchase Relief and the Redemption Relief

10. The Filer will calculate the net asset value for the Fund on a daily basis in order to meet its obligations under National Instrument 81-106 *Investment Fund Continuous Disclosure* regarding the use of derivatives, including the obligation to daily mark-to-market the value of its derivatives.

11. Subsections 9.3(1) and 10.3(1) of NI 81-102 require that the purchase price and redemption price of a security of a mutual fund to which a purchase order and redemption order pertains, respectively, be the net asset value per security next determined after receipt by the fund of the purchase order and redemption order, respectively.

12. As described in the Fund's simplified prospectus and fund facts documents, the Fund will:

    (a) process purchase orders for its units on a semi-monthly basis at their class net asset value per unit calculated as at the last Valuation Date of the semi-monthly period in which the purchase order for such units is received; and

    (b) process redemption orders for its units on at least 7 business days prior written notice, on a semi-monthly basis, redeeming such units at their class net asset value per unit calculated on the last Valuation Date of each semi-monthly period in which the redemption order for such units is processed (such date, a **Redemption Date**).

13. As described in the Fund's simplified prospectus, the Fund will pay the redemption proceeds for units that are the subject of a redemption order no later than 10 business days after the Redemption Date on which the redemption price was calculated.

14. The Filer has structured its mutual fund operations so that it can consolidate all purchase and redemption orders into one efficient semi-monthly processing transaction. The Filer has determined that effecting such purchases and redemptions on a semi-monthly basis strikes the best balance between the needs of a unitholder to invest or access its assets in a timely and orderly manner, and the need to minimize the impact of such transactions on other unitholders in the Fund.

15. The Filer believes that semi-monthly redemptions will mitigate excessive portfolio turnovers to boost the Fund's net asset value due to lower transaction costs in the form of brokerage commissions and the bid-ask spread. Further, it has determined that semi-monthly redemptions will protect the Fund from having to reduce positions at less than ideal times during potentially challenging market conditions. This will ensure that all unitholders of the Fund will be treated fairly in instances where the Fund is not able to unwind its portfolio holdings in an orderly manner to honour the redemption requests at the time.

Decision

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

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

1. In the case of the Purchase Relief, the Fund:

    (a) processes, and discloses in its simplified prospectus and in the "Quick Facts" section of its fund facts documents that it processes, purchase orders for its units on a semi-monthly basis at their class net asset value per unit calculated as at the last Valuation Date of the semi-monthly period in which the purchase order for such units is received (the **Purchase Processing Frequency**); and

    (b) discloses in the "Who should invest in the Fund?" section of the Part B of its

simplified prospectus and in the "Who is this Fund for?" section of its fund facts documents the Purchase Processing Frequency and that the Fund is only suitable for investors who can accept the Purchase Processing Frequency.

2. In the case of the Redemption Relief, the Fund:

(a) processes, and discloses in its simplified prospectus and in the "Quick Facts" section of its fund facts documents that it processes, redemption orders for its units on at least 7 business days prior written notice, on a semi-monthly basis, redeeming such units at their class net asset value per unit calculated on the last Valuation Date of each semi-monthly period in which the redemption order for such units is received (the **Redemption Processing Frequency**); and

(b) discloses in the "Who should invest in the Fund?" section of the Part B of its simplified prospectus and in the "Who is this Fund for?" section of its fund facts documents the Redemption Processing Frequency and that the Fund is only suitable for investors who can accept the Redemption Processing Frequency.

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

2.1.6 National Bank Investments inc. et al.

Headnote

Policy Statement 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from subsection 2.1(1) of Regulation 81-102 respecting Mutual Funds to permit global fixed-income mutual fund to invest more than 10% of net asset value in securities issued by a foreign government or permitted supranational agency, subject to certain conditions.

Applicable Legislative Provisions

Regulation 81-102 respecting Investment Funds, s. 2.1(1).

[TRANSLATION]

December 5, 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
NATIONAL BANK INVESTMENTS INC.
(the Filer)

AND

IN THE MATTER OF
NBI UNCONSTRAINED FIXED INCOME ETF,
NBI GLOBAL BOND FUND
(formerly, National Bank Global RSP Bond Fund),
NBI GLOBAL TACTICAL BOND FUND
(formerly, National Bank Global Tactical Bond Fund)
AND
NBI UNCONSTRAINED FIXED INCOME FUND
(collectively, the Existing Funds)

AND

IN THE MATTER OF
SUCH OTHER GLOBAL OR
INTERNATIONAL BOND FUNDS MANAGED BY
THE FILER OR AN AFFILIATE OF THE FILER
THAT ARE SUBJECT TO
REGULATION 81-102
RESPECTING INVESTMENT FUNDS
(the Future Funds and, together with the Existing Funds, the Funds, each a Fund)

DECISION

Background

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

a) to revoke the 2003 Decision (as defined below) and the Sovereign Government and Supranational Entity Concentration Relief granted in the 2016 Decision (as defined below); and

b) to exempt each Fund, pursuant to section 19.1 of *Regulation 81-102 respecting Investment Funds* (c. V-1.1, r. 39) (Regulation 81-102), from subsection 2.1(1) of Regulation 81-102 (the Concentration Restriction) to permit each Fund to invest up to:

(i) 20% of its net asset value, taken immediately after the transaction, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments, other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America, and are rated "AA" by S&P Global Ratings Canada (S&P) or its DRO affiliate (as defined in Regulation 81-102), or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

(ii) 35% of its net asset value, taken immediately after the transaction, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments, other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America, and are rated "AAA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates,

(such evidences of indebtedness are collectively referred to as Foreign Government Securities).

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

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

b) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (c. V-1.1, r. 1) (Regulation 11-102) is intended to be relied upon in the jurisdictions of Canada other than the 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 81-102, *Regulation 14-101 respecting Definitions* (c. V-1.1, r. 3) and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer

1. The Filer is a corporation amalgamated under the laws of Canada with its head office in Montréal, Québec.

2. The Filer is registered as an investment fund manager in Québec, Ontario and Newfoundland and Labrador and as a mutual fund dealer in each of the jurisdictions of Canada.

3. The Filer or an affiliate of the Filer is, or will be, the investment fund manager of each Fund.

4. The Filer is not in default of securities legislation in any of the jurisdictions of Canada.

The Funds

5. Each Fund is, or will be, a mutual fund governed by the provisions of Regulation 81-102 and organized and governed by the laws of Canada or a Jurisdiction.

6. Securities of each Fund are, or will be, offered by a simplified prospectus prepared pursuant to *Regulation 81-101 respecting Mutual Funds Prospectus Disclosure* (c.V-1.1, r. 38) and Form 81-101F1 *Contents of Simplified Prospectus* or a long form prospectus prepared pursuant to *Regulation 41-101 respecting General Prospectus Requirements* (V-1.1, r.14) and Form 41-101F2 *Information Required in an Investment Fund Prospectus*, which is, or will be, filed in one or more jurisdictions of Canada (both of the simplified prospectus and the long form prospectus hereinafter referred to individually as the "prospectus"). Accordingly, each Fund is, or will be, a reporting issuer or the equivalent in one or more of the jurisdictions of Canada.

7. The investment objective of NBI Unconstrained Fixed Income ETF is to maximize total return,

consistent with preservation of capital. The fund invests, directly or indirectly through investments in securities of one or many other mutual funds or through the use of derivatives, in a diversified portfolio composed mainly of fixed-income securities of issuers located throughout the world with various maturities and credit ratings.

8. The investment objective of NBI Global Bond Fund is to provide an attractive rate of current income while providing long-term capital growth and preserving capital. The fund invests primarily in high-quality debt securities denominated in foreign currencies. Although these investments have a greater degree of risk, they offer potentially higher returns to investors.

9. The investment objective of NBI Global Tactical Bond Fund is to generate income and capital growth, while focusing on capital preservation. To do this, the fund invests directly, or indirectly through investments in securities of other mutual funds or through the use of derivatives, in a diverse portfolio mainly composed of bonds and other foreign fixed-income securities with various maturities and credit ratings.

10. The investment objective of NBI Unconstrained Fixed Income Fund is to maximize total return, consistent with preservation of capital. The fund invests, directly or indirectly through investments in securities of other mutual funds or through the use of derivatives, in a diversified portfolio composed mainly of fixed-income securities of issuers located throughout the world with various maturities and credit ratings.

11. The Existing Funds are not in default of securities legislation in any of the jurisdictions of Canada.

Investments in Foreign Government Securities

12. As part of a Fund's investment strategies, the portfolio manager of each Fund may wish to invest a portion of the Fund's assets in Foreign Government Securities. Depending on market conditions, the portfolio manager seeks the discretion for a Fund to gain exposure to any one issuer of Foreign Government Securities in excess of the Concentration Restriction.

13. Subsection 2.1(1) of Regulation 81-102 prohibits a Fund from purchasing a security of an issuer, other than a "government security", as defined in Regulation 81-102, if, immediately after the transaction, more than 10% of the net asset value of the Fund, at the time of the transaction, would be invested in securities of that issuer. Subsection 2.1(2) of Regulation 81-102 sets out certain exceptions, including in respect of a "government security" as defined in Regulation 81-102.

14. The Foreign Government Securities are not "government securities" as such term is defined in Regulation 81-102.

15. The Filer believes that the ability to purchase Foreign Government Securities in excess of the limit in subsection 2.1(1) of Regulation 81-102 will better enable each Fund to achieve its fundamental investment objectives, thereby benefitting each Fund's investors.

16. The Filer submits that allowing a Fund to hold highly rated fixed-income securities issued by governments will enable the Fund to preserve capital in foreign markets during adverse market conditions, to have access to assets with minimal credit risk, and will enable the portfolio manager to assess its views on interest rates and duration.

17. The Filer submits that the increased flexibility to hold Foreign Government Securities may also yield higher returns than Canadian shorter-term government fixed-income alternatives.

18. The Filer submits that each Fund will only purchase Foreign Government Securities if the purchase is consistent with the Fund's fundamental investment objectives.

19. The Filer submits that the prospectus for each Fund will disclose the risks associated with the concentration of assets of the Fund in securities of a limited number of issuers.

20. The Filer submits that each Fund seeks the Exemption Sought to enhance its ability to pursue and achieve its investment objectives.

The Previous Decisions

21. The Filer obtained a previous decision dated April 3, 2003 (the 2003 Decision) to permit NBI Global Bond Fund (formerly named National Bank Global RSP Bond Fund) to purchase Foreign Government Securities in excess of the limit in subsection 2.1(1) of Regulation 81-102.

22. The Filer obtained a previous decision dated November 11, 2016 (the 2016 Decision) to permit NBI Global Tactical Bond Fund (formerly named National Bank Global Tactical Bond Fund) and NBI Unconstrained Fixed Income Fund to purchase Foreign Government Securities in excess of the limit in subsection 2.1(1) of Regulation 81-102 (the Sovereign Government and Supranational Entity Concentration Relief), which decision includes other cleared swaps and derivative cover relief.

23. The Filer seeks to revoke the 2003 Decision and the Sovereign Government and Supranational Entity Concentration Relief granted in the 2016 Decision with this decision so that the Funds are granted the Exemption Sought in a single decision document, as opposed to three separate decision documents.

24. The Filer has determined that it would be in the best interests of the Funds to receive the Exemption Sought with this decision for the reasons set out above.

25. As of the date of this decision, the Filer will no longer rely on the 2003 Decision or the Sovereign Government and Supranational Entity Concentration Relief.

26. The 2003 Decision and the Sovereign Government and Supranational Entity Concentration Relief were granted on conditions that have been incorporated into this decision in all material respects.

27. The Filer submits that the Exemption Sought is not contrary to the public interest, is in the best interest of each Fund, and represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of each Fund.

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:

1. subparagraphs (b)(i) and (b)(ii) of the Exemption Sought cannot be combined for any one issuer;

2. any security that is purchased by a Fund pursuant to the Exemption Sought is traded on a mature and liquid market;

3. the acquisition by a Fund of the securities purchased pursuant to this decision is consistent with the fundamental investment objectives of the Fund;

4. the prospectus of each Fund will disclose the additional risks associated with the concentration of the net asset value of a Fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which the issuer is located; and

5. the prospectus of each Fund will disclose, in the investment strategies section, a summary of the nature and terms of the Exemption Sought, along with the conditions imposed and the type of securities covered by this decision.

Jacinthe Des Marchais
Senior Director, Investment Funds (interim)

2.1.7 Blackrock Asset Management Canada Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds for extensions of lapse dates of their prospectuses – Filer will incorporate offering of the funds under the same offering documents when they are renewed – Extensions of lapse dates will not affect the currency or accuracy of the information contained in the current prospectuses.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S. 5, as am., s. 62(5).

December 11, 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
BLACKROCK ASSET MANAGEMENT CANADA LIMITED
(the Filer)

AND

THE EXCHANGE-TRADED MUTUAL FUNDS SET OUT IN SCHEDULE "A"
(the ETFs)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the ETFs for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the prospectuses of the ETFs dated March 4, March 29, April 8, and May 30, 2019 be extended to the time limits that would be applicable as if the lapse date of each of the prospectuses of the ETFs was June 30, 2020 (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 each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a corporation amalgamated under the laws of Ontario, with its head office located in Toronto, Ontario.

2. The Filer is registered as: (i) an investment fund manager in each of the Jurisdictions; (ii) a commodity trading manager in Ontario; (iii) an adviser in Manitoba; (iv) a portfolio manager in each of the Jurisdictions; and (v) an exempt market dealer in each of the Jurisdictions.

3. The Filer is the investment fund manager and trustee of each ETF.

4. Neither the Filer nor any ETF is in default of securities legislation in any of the Jurisdictions.

5. Each ETF is an exchange-traded mutual fund established as a trust under the laws of Ontario and a reporting issuer in each of the Jurisdictions.

6. Each ETF is in continuous distribution and the securities of each ETF are listed on the Toronto Stock Exchange or another marketplace in Canada.

7. Securities of each ETF are currently qualified for distribution in each of the Jurisdictions under the long form prospectuses respectively dated: (i) March 4, 2019 as amended by Amendment no. 1 dated May 16, 2019 (the March 4 Prospectus); (ii) March 29, 2019 as amended by Amendment no. 1 dated July 11, 2019, and Amendment no. 2 dated September 16, 2019, and Amendment no. 3 dated November 14, 2019 (the March 29 iShares Funds Prospectus); (iii) March 29, 2019 (the March 29 Non-Index Funds Prospectus); (iv) April 8, 2019 (the April 8 Prospectus); and (v) May 30, 2019 (the May 30 Prospectus and collectively with the March 4 Prospectus, the March 29 iShares Funds Prospectus, the March 29 Non-Index Funds Prospectus and the April 8 Prospectus, the Current Prospectuses).

8. The lapse dates for the Current Prospectuses are March 4, March 29, April 8, and May 30, 2020, respectively (collectively, the Current Lapse Dates).

9. Accordingly, under the Legislation, the distribution of securities of each ETF would have to cease on its applicable Current Lapse Date unless: (i) the ETF files a pro forma prospectus at least 30 days prior to its Current Lapse Date; (ii) the final prospectus is filed no later than 10 days after its Current Lapse Date; and (iii) a receipt for the final prospectus is obtained within 20 days after its Current Lapse Date.

10. The Filer wishes to combine the Current Prospectuses of the ETFs in order to reduce renewal, printing and related costs. Offering the ETFs under the same renewal prospectus (the Consolidated Prospectus) would facilitate the distribution of the ETFs in the Jurisdictions under the same prospectus and will ensure that the Filer can make the operational and administrative features of the ETFs consistent with each other, if necessary.

11. The Filer desires to extend the lapse date of each of the Current Prospectuses in order to move the renewal timeframe to a more administratively beneficial date. Establishing a uniform disclosure timeframe for the ETFs will permit the Filer to streamline operations and disclosure across the Filer's ETF platform.

12. If the Requested Relief is not granted, it will be necessary to renew five sets of prospectus documents for the ETFs twice within a short period of time in order to consolidate the prospectus documents and establish a uniform filing timeline for the ETFs, and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given investors would not be prejudiced by the Requested Relief.

13. There have been no material changes in the affairs of the ETFs since the date of the Current Prospectuses, other than as amended. Accordingly, the Current Prospectuses continue to provide accurate information regarding the ETFs.

14. Given the disclosure obligations of the Filer and the ETFs, should any material change in the business, operations or affairs of the ETFs occur, the Current Prospectuses and current ETF Facts document(s) of the applicable ETF(s) will be amended as required under the Legislation.

15. New investors of the ETFs will receive delivery of the most recently filed ETF Facts document(s) of the applicable ETF(s). The Current Prospectuses of the ETFs will remain available to investors upon request.

16. The Requested Relief will not affect the accuracy of the information contained in the Current Prospectuses or the respective ETF Facts document(s) of each ETF, and will therefore not be prejudicial to the public interest.

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 Requested Relief is granted.

"Neeti Varma"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

SCHEDULE "A"

The ETFs

Prospectus dated March 4, 2019

iShares ESG MSCI Canada Index ETF
iShares ESG MSCI USA Index ETF
iShares ESG MSCI EAFE Index ETF
iShares ESG MSCI Emerging Markets Index ETF
iShares ESG Canadian Aggregate Bond Index ETF
iShares ESG Canadian Short Term Bond Index ETF

Prospectus dated March 29, 2019 (iShares Funds)

iShares Canadian Growth Index ETF
iShares S&P/TSX SmallCap Index ETF
iShares Canadian Value Index ETF
iShares Canadian Select Dividend Index ETF
iShares S&P/TSX Capped Energy Index ETF
iShares S&P/TSX Composite High Dividend Index ETF
iShares Jantzi Social Index ETF
iShares S&P/TSX Capped Financials Index ETF
iShares S&P/TSX Capped Composite Index ETF
iShares S&P/TSX Capped Information Technology Index ETF
iShares S&P/TSX 60 Index ETF
iShares S&P/TSX Capped Materials Index ETF
iShares S&P/TSX Completion Index ETF
iShares S&P/TSX Capped REIT Index ETF
iShares S&P/TSX Capped Consumer Staples Index ETF
iShares S&P/TSX Capped Utilities Index ETF
iShares Core Canadian Universe Bond Index ETF
iShares Canadian Corporate Bond Index ETF
iShares Floating Rate Index ETF
iShares Canadian Government Bond Index ETF
iShares Canadian HYBrid Corporate Bond Index ETF
iShares Core Canadian Long Term Bond Index ETF
iShares Canadian Real Return Bond Index ETF
iShares Core Canadian Short Term Bond Index ETF
iShares Core Canadian Short Term Corporate + Maple Bond Index ETF
iShares Short Term Bond High Quality Canadian Bond Index ETF
iShares Core MSCI All Country World ex Canada Index ETF
iShares China Index ETF
iShares Core MSCI Emerging Markets IMI Index ETF
iShares Core MSCI EAFE IMI Index ETF
iShares MSCI Emerging Markets Index ETF
iShares MSCI Europe IMI Index ETF
iShares U.S. High Dividend Equity Index ETF
iShares India Index ETF
iShares S&P U.S. Mid-Cap Index ETF
iShares Core S&P 500 Index ETF
iShares Core S&P U.S. Total Market Index ETF
iShares MSCI World Index ETF
iShares S&P/TSX Global Base Metals Index ETF
iShares S&P/TSX Global Gold Index ETF
iShares S&P Global Consumer Discretionary Index ETF (CAD-Hedged)
iShares MSCI Europe IMI Index ETF (CAD-Hedged)
iShares Core MSCI EAFE IMI Index ETF (CAD-Hedged)
iShares S&P Global Industrials Index ETF (CAD-Hedged)
iShares Global Healthcare Index ETF (CAD-Hedged)

iShares U.S. High Dividend Equity Index ETF (CAD-Hedged)
iShares MSCI EAFE® Index ETF (CAD-Hedged)
iShares S&P U.S. Mid-Cap Index ETF (CAD-Hedged)
iShares S&P/TSX North American Preferred Stock Index ETF (CAD-Hedged)
iShares NASDAQ 100 Index ETF (CAD-Hedged)
iShares Core S&P 500 Index ETF (CAD-Hedged)
iShares U.S. Small Cap Index ETF (CAD-Hedged)
iShares Core S&P U.S. Total Market Index ETF (CAD-Hedged)
iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged)
iShares U.S. High Yield Bond Index ETF (CAD-Hedged)
iShares U.S. IG Corporate Bond Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol EAFE Index ETF
iShares Edge MSCI Min Vol Emerging Markets Index ETF
iShares Edge MSCI Min Vol USA Index ETF
iShares Edge MSCI Min Vol Canada Index ETF
iShares Edge MSCI Min Vol Global Index ETF
iShares Edge MSCI Min Vol EAFE Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol USA Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol Global Index ETF (CAD-Hedged)
iShares Edge MSCI Multifactor Canada Index ETF
iShares Edge MSCI Multifactor EAFE Index ETF
iShares Edge MSCI Multifactor EAFE Index ETF (CAD-Hedged)
iShares Edge MSCI Multifactor USA Index ETF
iShares Edge MSCI Multifactor USA Index ETF (CAD-Hedged)
iShares Core MSCI Canadian Quality Dividend Index ETF
iShares Core MSCI US Quality Dividend Index ETF
iShares Core MSCI US Quality Dividend Index ETF (CAD-Hedged)
iShares Core MSCI Global Quality Dividend Index ETF
iShares Core MSCI Global Quality Dividend Index ETF (CAD-Hedged)

Prospectus dated March 29, 2019 (iShares Non-Index Funds)

iShares Conservative Short Term Strategic Fixed Income ETF
iShares Conservative Strategic Fixed Income ETF
iShares Short Term Strategic Fixed Income ETF
iShares Diversified Monthly Income ETF
iShares Core Balanced ETF Portfolio
iShares Core Growth ETF Portfolio

Prospectus dated April 8, 2019

iShares Global Government Bond Index ETF (CAD-Hedged) (formerly RBC Global Government Bond (CAD Hedged) Index ETF)

Prospectus dated May 30, 2019

iShares International Fundamental Index ETF
iShares Japan Fundamental Index ETF (CAD-Hedged)
iShares US Fundamental Index ETF
iShares Emerging Markets Fundamental Index ETF
iShares Canadian Fundamental Index ETF
iShares S&P/TSX Canadian Dividend Aristocrats Index ETF
iShares S&P/TSX Canadian Preferred Share Index ETF
iShares US Dividend Growers Index ETF (CAD-Hedged)
iShares Global Monthly Dividend Index ETF (CAD-Hedged)
iShares Global Real Estate Index ETF
iShares Global Infrastructure Index ETF
iShares Global Water Index ETF
iShares Global Agriculture Index ETF
iShares High Quality Canadian Bond Index ETF
iShares 1-5 Year Laddered Corporate Bond Index ETF
iShares 1-10 Year Laddered Corporate Bond Index ETF
iShares U.S. High Yield Fixed Income Index ETF (CAD-Hedged)
iShares 1-5 Year Laddered Government Bond Index ETF
iShares 1-10 Year Laddered Government Bond Index ETF
iShares Convertible Bond Index ETF

2.2 Orders

2.2.1 Gelum Capital Ltd.

Headnote

National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – Application by an issuer for a revocation of cease trade orders issued by the Commission and British Columbia Securities Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – Ontario opt-in to revocation order issued by British Columbia Securities Commission, as principal regulator.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127 and 144.
National Policy 11-207 Failure to File Cease Trade Orders and Revocations in Multiple Jurisdictions.

Revocation Order

Gelum Capital Ltd.

Under the securities legislation of British Columbia and Ontario (the Legislation)

Background

¶ 1 Gelum Capital Ltd. (the Issuer) is subject to a failure-to-file cease trade order (the FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) and Ontario (each a Decision Maker) respectively on September 4, 2018.

¶ 2 The Issuer has applied to each of the Decision Makers under National Policy 11-207 Failure-to-File Cease Trade Orders and Revocation in Multiple Jurisdictions (NP 11-207) for an order revoking the FFCTOs.

¶ 3 This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

¶ 4 Terms defined in National Instrument 14-101 *Definitions* or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

Order

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

¶ 6 The decision of the Decision Makers under the Legislation is that the FFCTO is revoked.

¶ 7 August 6, 2019.

Allan Lim, CPA, CA
Manager
Corporate Finance

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

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,
FABRIC LUXEMBOURG HOLDINGS S.À.R.L,
L&T B (CAYMAN) INC. and
RUPERT ACQUISITION LLC

File No. 2019-41

D. Grant Vingoe, Vice-Chair and Chair of the Panel
Timothy Moseley, Vice-Chair
Lawrence Haber, Commissioner

December 13, 2019

ORDER
(Section 127 of the *Securities Act,* RSO 1990, c S.5)

WHEREAS on December 11, 12 and 13, 2019, the Ontario Securities Commission held a hearing at 20 Queen Street West, 17th Floor, Toronto, Ontario to consider the Application brought by The Catalyst Capital Group Inc. (**Catalyst**) in respect of the proposed acquisition of securities of Hudson's Bay Company (**HBC**) by Rupert Acquisition LLC (**Rupert LLC**), in connection with the plan of arrangement contemplated under an arrangement agreement dated October 20, 2019 between Rupert LLC and HBC (the **Transaction**);

ON READING the Amended Notice of Application and the materials filed and on hearing the submissions of the representatives for Catalyst, the respondents and Staff of the Commission and considering the undertaking of HBC to postpone the shareholders' meeting currently scheduled for December 17, 2019, until compliance with the final order, to be issued, resulting from this proceeding (the **Final Order**);

IT IS ORDERED, with reasons to follow, that:

1. the request of Catalyst for a cease trade order relating to the Transaction is dismissed; and

2. the request of Catalyst for an order requiring amendment of HBC's Management Information Circular dated November 14, 2019 is granted, with the terms of such amendments and related matters to be the subject of the Final Order.

"D. Grant Vingoe"
"Timothy Moseley"
"Lawrence Haber"

2.2.3 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 144

Headnote

Section 144 of the Securities Act (Ontario) – application for an order varying the Commission's order recognizing The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc., as clearing agencies – requested order issued.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 144.

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

VARIATION ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission ("**Commission**") issued an order dated July 4, 2012, as varied and restated on December 21, 2012 and as varied on December 7, 2012, May 1, 2013, June 25, 2013, June 24, 2014, January 27, 2015, March 27, 2015, December 20, 2016, February 28, 2018, and September 25, 2018 pursuant to section 21.2 of the Act continuing the recognition of The Canadian Depository for Securities Limited ("**CDS Ltd.**") and CDS Clearing and Depository Services Inc. (together with CDS Ltd., "**CDS**") as clearing agencies (the "**Clearing Agency Recognition Order**");

AND WHEREAS CDS has filed an application ("**Application**") with the Commission to vary the Clearing Agency Recognition Order pursuant to section 144 of the Act to delete paragraph 4.2(c) of Schedule "B" of the Clearing Agency Recognition Order (the "**Unaffiliated Marketplace Director Requirement**") for the limited purpose of removing the requirement that one director of the CDS Board be a representative of a marketplace unaffiliated with Maple Group Acquisition Corporation (now TMX Group Limited) and nominated by the marketplaces unaffiliated with Maple Group Acquisition Corporation;

AND WHEREAS CDS requests that the Commission vary the governance term and condition in paragraph 4.2(c) of Schedule "B" of the Clearing Agency Recognition Order to replace the Unaffiliated Marketplace Director Requirement with the requirement that a CDS director must be either independent or a representative of an entity that uses CDS services or is connected to CDS and is not an affiliate of Maple Group Acquisition Corporation (the "**New Unaffiliated Director Requirement**");

AND WHEREAS CDS requests that the Commission vary the governance terms and conditions in Schedule "B" of the Clearing Agency Recognition Order to include new paragraphs 4.4.1 and 4.5.1 (the "**Unaffiliated Marketplace Committee Requirement**") to provide for a new requirement for the use of an unaffiliated marketplace committee by CDS;

AND WHEREAS CDS requests that the Commission vary the governance term and condition in paragraph 4.6 of Schedule "B" of the Clearing Agency Recognition Order to include that CDS shall obtain prior Commission approval before making changes to the unaffiliated marketplace committee's structure or its mandate;

AND WHEREAS the Commission is of the opinion based on the Application and representations made by CDS that it is not prejudicial to the public interest to vary the Clearing Agency Recognition Order to replace the Unaffiliated Marketplace Director Requirement with the New Unaffiliated Director Requirement, to add the Unaffiliated Marketplace Committee Requirement and to include that CDS shall obtain prior Commission approval before making changes to the unaffiliated marketplace committee's structure or mandate;

IT IS HEREBY ORDERED that, pursuant to section 144 of the Act,

Paragraph 4.2(c) of Schedule "B" of the Clearing Agency Recognition Order referring to the Unaffiliated Marketplace Director Requirement is replaced with the following:

Paragraph 4.2:

(c) one director who is (i) independent; or (ii) a representative of an entity that is unaffiliated with Maple and uses services offered by, or is connected to, the recognized clearing agency, such as a transfer agent or a marketplace, or is a service provider to Participants, such as a technology service provider or a custodian;

And the following is added as paragraph 4.4.1 and paragraph 4.5.1 of Schedule "B" of the Clearing Agency Recognition Order:

Paragraph 4.4.1

The recognized clearing agency governance structure shall provide for the use of an unaffiliated marketplace committee to provide advice, comments and recommendations to management and the board of directors of the recognized clearing agency and such committee shall meet the following requirements:

(a) membership is open to all marketplaces unaffiliated with Maple that access the services provided by the recognized clearing agency;

(b) the unaffiliated marketplace committee may advise on any matters that the marketplace committee deems appropriate, and shall if requested by the Commission, report directly to the Commission without first requiring board approval or notification of such reporting; and

(c) a staff representative of the Commission may attend any meetings of the unaffiliated marketplace committee as an observer.

Paragraph 4.5.1

The recognized clearing agency's board of directors shall:

(a) as required by the Commission and in any event annually, provide a written report to the Commission that contains:

(i) the recommendations made by the unaffiliated marketplace committee and whether and why any of the recommendations were rejected or only partially implemented, and

(ii) a response from the unaffiliated marketplace committee regarding whether and why they agree or disagree with the recognized clearing agency's report; and

(b) file such report and the unaffiliated marketplace committee's response with the Commission within 45 days after each fiscal year-end of the recognized clearing agency or within 60 days of a request made by the Commission.

And paragraph 4.6 of Schedule "B" of the Clearing Agency Recognition Order is varied to add "unaffiliated marketplace committee" as shown below:

Paragraph 4.6

The recognized clearing agency shall obtain prior Commission approval before making changes to the structure of its board of directors, changes to the structure of any of its board committees and their mandates, changes to the structure of any of its Participant committees and its unaffiliated marketplace committee or their mandates, or changes to its constating documents.

DATED at Toronto this 4th day of December 2019.

"D. Grant Vingoe"
Vice-Chair

"T. Moseley"
Vice-Chair

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
THERE IS NOTHING TO REPORT THIS WEEK.		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	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 5

Rules and Policies

5.1.1 Notice of Adoption of Amendments to the Ontario Securities Commission's Rules of Procedure and Forms and Practice Guideline

NOTICE OF ADOPTION OF AMENDMENTS TO THE ONTARIO SECURITIES COMMISSION'S
RULES OF PROCEDURE AND FORMS* AND *PRACTICE GUIDELINE

Adoption

On December 10, 2019, the Ontario Securities Commission adopted amendments to the *Rules of Procedures and Forms* (***Rules***) and *Practice Guideline*, effective immediately.

Application

The *Rules* and *Practice Guideline* apply to all proceedings before the Commission where the Commission is required to hold a hearing, or to afford the parties an opportunity for a hearing, before making a decision.

Publication

The amended *Rules of Procedures and Forms* and *Practice Guideline* will be published in the OSC *Bulletin* and are available on the Commission's website, under the heading "Tribunal Resources".

5.1.2 OSC Rules of Procedure and Forms

ONTARIO SECURITIES COMMISSION RULES OF PROCEDURE AND FORMS
(Amendment as of December 10, 2019)
Made under the *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 25.1

GENERAL RULES

1 Objective

The objective of these Rules is to ensure that Commission proceedings are conducted in a just, expeditious and cost-effective manner.

2 Scope

These Rules apply only to proceedings before a Panel.

3 General Powers

A Panel may waive any of these Rules at any time on such terms, if any, as it considers appropriate, to further the objective set out in Rule 1.

4 Practice Guideline for Proceeding Management

(1) Practice Guideline

The Commission may issue and amend a guideline to assist with the application of these Rules.

(2) Timelines

Timelines for procedural steps shall be as set out in the guideline issued by the Commission, unless a Panel orders otherwise.

5 Definitions

In these Rules:

(a) "Act" means the *Securities Act*, RSO 1990, c S.5;

(b) "Adjudicative Record" means:

(i) an Application, Statement of Allegations, Motion or Notice of Withdrawal;

(ii) a Notice of Hearing;

(iii) a written submission filed in respect of a proceeding;

(iv) a document that has been admitted as evidence at a hearing or otherwise relied upon by a Panel in making a decision or an order;

(v) a transcript of a hearing;

(vi) a decision or an order and any reasons for the decision or order; and

(vii) any other record that relates to a proceeding before a Panel and that is prescribed by the regulations made under the *Tribunal Adjudicative Records Act*, 2019 SO 2019, c. 7, schedule 60;

Records relating to any attempt to resolve a matter in a proceeding, including documents filed in respect of a confidential settlement conference or a confidential conference, are not Adjudicative Records.

(c) "Applicant" means a person or company who files an Application under these Rules, and includes Staff;

(d) "Commissioner" means a Commission member;

(e) "holiday" means:

(i) every Saturday and Sunday;

(ii) New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, August Civic Holiday, Labour Day, Thanksgiving Day, Christmas Day and Boxing Day;

(iii) any special holiday proclaimed by the Governor General or the Lieutenant Governor; and

(iv) if:

1. New Year's Day or Canada Day falls on a Saturday or Sunday, the following Monday is a holiday;
2. Christmas Day falls on a Saturday or Sunday, the following Monday and Tuesday are holidays; and
3. Christmas Day falls on a Friday, the following Monday is a holiday;

(f) "Panel" means one or more Commissioners who preside over a hearing or make an order or decision relating to a proceeding;

(g) "Party" includes an Applicant and a respondent to an Application and Staff;

(h) "Practice Guideline" means the guideline issued by the Commission under these Rules;

(i) "proceeding" means any matter commenced under these Rules by the issuance of a Notice of Hearing, and includes all hearings in the matter; and

(j) "representative" means an individual authorized under the *Law Society Act*, RSO 1990, c L.8 to represent a person or company in a proceeding before a tribunal, and "represented" has the corresponding meaning.

6 Service

(1) Service on representatives — Anything required by these Rules to be served on a represented Party shall be served on the representative.

(2) Service on Unrepresented persons or companies — Anything required by these Rules to be served on an unrepresented person or company shall be served by one of the following methods:

(a) if on an individual, by electronic or personal delivery;

(b) if the person or company has an officer, director, agent or business partner, by electronic or personal delivery to the officer, director, agent or business partner;

(c) if the person or company has a place of business, by leaving a copy with an individual who appears to be in control of the place of business;

(d) by courier or mail to the person or company's last known address; or

(e) by any other means authorized by a Panel.

(3) Effective date of service — Service is effective, when delivered:

(a) electronically, on the day of delivery;

(b) by personal delivery, on the day of delivery;

(c) by leaving a copy with an officer, director, agent or business partner of a person or company or an individual in control of a place of business of the person or the company, on the day of delivery;

(d) by mail, on the fifth day after the day of mailing;

(e) by courier, on the earlier of the date on the delivery receipt or the fifth day after sending;

(f) after 4:30 p.m., on the day following the day specified in this Rule for the applicable method of service; and

(g) by any other means authorized by a Panel, on the date specified by the Panel.

(4) Waiver of service — A Panel may waive or validate service.

7 Filing

(1) How to file

Anything required by these Rules to be filed shall be filed by sending it to the Registrar in accordance with the Practice Guideline and, after a proceeding is commenced, shall identify the file number assigned to the proceeding.

(2) Filing after 4:30 p.m.

A document filed after 4:30 p.m. shall be considered filed on the next day.

(3) Filing is not service

Filing a document with the Registrar does not constitute service on any Party, including Staff.

8 Communicating with a Panel

All communications with a Panel member by a Party, other than in a hearing, shall be sent to the Registrar with a copy to all other Parties.

***9 Calculation* of Time**

A time requirement in these Rules, the Practice Guideline or an order of a Panel shall be calculated as follows:

(a) if the number of days between two events is stated:

(i) the date of the first event is not counted; and

(ii) the date of the second event is counted;

(b) if the time is less than seven days, holidays are not counted; and

(c) if the day by which an act shall be done, or is effective, falls on a holiday, the act shall instead be done by, or effective on, the next day that is not a holiday.

PROCEEDINGS

10 Commencement of Proceeding

A proceeding shall be commenced by the issuance of a Notice of Hearing by the Office of the Secretary after a Statement of Allegations or an Application is filed.

11 Enforcement Proceeding

(1) Enforcement proceeding brought by Staff – s. 127(1)

A request by Staff for an order under s. 127(1) of the Act shall be made by filing a Statement of Allegations using the form in Appendix A.

(2) Service

Staff shall serve the Notice of Hearing and Statement of Allegations on all Parties and file an Affidavit regarding service without delay.

(3) Inter-jurisdictional enforcement proceeding, expedited procedure

In an inter-jurisdictional enforcement proceeding under ss. 127(1) and 127(10) of the Act, Staff may adopt the following expedited procedure:

(a) Staff shall file its Statement of Allegations, in which Staff elects this expedited procedure;

(b) the Notice of Hearing issued by the Office of the Secretary shall provide notice of this expedited procedure;

(c) Staff shall serve without delay the Notice of Hearing, the Statement of Allegations, its hearing brief containing all documents relied on, and its written submissions, on all respondents;

(d) Staff shall file without delay its hearing brief and written submissions, along with an Affidavit of Service evidencing the service referred to in Rule 11(3)(c);

(e) a respondent may request, within 21 days following the service referred to in Rule 11(3)(c), that the proceeding be heard orally by serving and filing a written request;

(f) if no request for an oral hearing is filed within 21 days of the service referred to in Rule 11(3)(c), the hearing will proceed in writing, unless a Panel orders otherwise;

(g) a respondent who does not request an oral hearing may serve and file a hearing brief and written submissions within 28 days following the service referred to in Rule 11(3)(c); and

(h) if a respondent files written submissions, Staff may serve and file written reply submissions within 14 days following service of the respondent's submissions or if more than one respondent files written submissions, following the latest date on which a respondent may file written submissions.

12 Application for Authorization to Disclose

(1)	Authorization to disclose information about an investigation or examination – s. 17	A request for an order under s. 17 of the Act authorizing disclosure of information about an investigation or examination under Part VI of the Act shall be made by filing an Application using the form in Appendix C.
(2)	Service	If all persons and companies who are entitled to an opportunity to object consent to the Application, or if a Panel is satisfied that the Application may proceed under s. 17(2.1) of the Act, the Application may proceed in writing under Rule 23(2). Otherwise, the Applicant shall serve without delay the Application on Enforcement Staff (if Enforcement Staff is not the Applicant) and on any other person or company that a Panel directs.

13 Request for a Temporary Order or for Extension of Temporary Order

(1)	A request for a temporary order or for an extension of a temporary order made under s. 127(5) – ss. 127(7) or (8)	A request made on notice for a temporary order or to extend a temporary order shall be made by filing: (a) if the request is not made in an existing proceeding, an Application using the form in Appendix D and the temporary order, if applicable; or (b) if the request is made in an existing proceeding, a Motion using the form in Appendix B and the temporary order, if applicable.
(2)	Service	If the request is made by application, the Applicant shall serve without delay the Application and the Notice of Hearing on any person or company directly affected by the temporary order and shall file an Affidavit regarding service without delay. If the request is made by motion, the moving Party shall comply with Rule 28 and the Motion shall constitute a notice of hearing under s.127(9) of the Act.

14 Application for Hearing and Review

(1)	Hearing and review of a decision of the Director, an exchange, self- regulatory organization, quotation and trade reporting system, clearing agency or trade repository – ss. 8 and 21.7	A request for a review of a Director's decision under s. 8 of the Act or for a review of a decision of a recognized exchange, self-regulatory organization, quotation and trade reporting system or clearing agency or a designated trade repository under s. 21.7 of the Act shall be made by filing an Application using the form in Appendix E.
(2)	Service	The Applicant shall serve without delay the Application and Notice of Hearing on every other party to the original proceeding and on Enforcement Staff.
(3)	Stay of decision	The Applicant may, under s. 8(4) of the Act, request a stay of the original decision until the hearing and review is concluded by filing and serving a Motion using the form in Appendix B.

15 Application for Further Decision or Revocation or Variation of a Decision

(1)	Further decision or revocation	A request for a further decision under s. 9(6) of the Act or a request for

	or variation of a decision – ss. 9(6) or 144	revocation or variation of a decision under s. 144 of the Act shall be made by filing an Application using the form in Appendix F.
(2)	Service	The Applicant shall serve without delay the Application and Notice of Hearing on every other Party to the original proceeding.

16 Application for Transactional Proceeding

(1)	Transactional proceeding – ss. 104 or 127(1)	A request for an order under s. 104 or s. 127(1) of the Act relating to a matter regulated under paragraph 26, 27 or 28 of s. 143(1) of the Act, including a take-over bid, issuer bid, amalgamation, statutory arrangement, other form of merger or acquisition however structured, related party transaction or meeting of security holders, shall be made by filing an Application using the form in Appendix G.
(2)	Service	The Applicant shall serve without delay the Application and Notice of Hearing on every other Party, including M&A Staff.

17 Other Applications

(1)	Other applications	A request for an order not specified in these Rules shall be made by filing an Application that states: (a) the order sought; (b) the grounds for the request; and (c) the evidence the Applicant intends to use.
(2)	Service	The Applicant shall serve without delay the Application and Notice of Hearing on every other Party, including Enforcement Staff.

18 Amendment of Application or Allegations

An Applicant may amend a Statement of Allegations or an Application at any time with consent of the Parties or with permission from a Panel granted on a Motion using the form in Appendix B. The motion record shall include an amended version that clearly indicates the amendments by underlining the new text and striking-through removed text. A Panel shall grant permission unless the amendment would be unfairly prejudicial to a Party.

19 Withdrawal of Application, Allegations or Motion

(1)	Notice of Withdrawal	A Party may withdraw a Statement of Allegations, an Application or a Motion, against one or more Parties at any time before a final determination by a Panel, by filing and serving every Party with a Notice of Withdrawal using the form in Appendix H, and, in the case of withdrawal against some but not all Parties, an amended Statement of Allegations or Application that clearly indicates the amendments resulting from the withdrawal by underlining the new text and striking-through removed text.
(2)	Title of the proceeding	If a Statement of Allegations or an Application is withdrawn against some but not all other Parties, the title of the proceeding on all subsequent documents shall be as a Panel directs.

20 Confidential Conferences

(1)	Confidential conferences	At any stage of a proceeding, a Party may request or a Panel may direct that the Parties participate in a confidential conference to consider: (a) the settlement of any or all of the issues; (b) the simplification of the issues; (c) facts that may be agreed upon; and (d) any other matter that may further a just, expeditious and cost-effective disposition of the proceeding.

(2)	Disqualification of confidential conference Commissioner	A Commissioner who presides at a confidential conference at which the Parties attempt to settle issues shall not preside at a subsequent hearing in the proceeding unless the Parties consent.

21 Participation in Proceedings

(1)	Change in representation	A Party who is represented may: (a) change the Party's representative by serving every other Party with, and filing, notice of the change, including the name, address, telephone number and e-mail address of the new representative; or (b) elect to appear on the Party's own behalf by serving every other Party with, and filing, notice of the change, including the Party's address, telephone number and e-mail address.
(2)	Removal of representative of record	On a motion by a representative or Party, a Panel may order the removal of a representative as the representative of record.
(3)	Failure to participate	If a Notice of Hearing is served on a Party and the Party does not attend a hearing, the proceeding may continue in the Party's absence and the Party is not entitled to any further notice in the proceeding.
(4)	Intervenor participation	On motion, a Panel may grant a person or company who is not a Party to a proceeding intervenor status to participate in all or part of the proceeding on terms the Panel considers appropriate, and subject to such terms, the intervenor shall be treated as a Party.

CONDUCT IN HEARINGS

22 Public Access

(1)	Public hearings	A hearing shall be open to the public, unless a Panel orders otherwise.
(2)	Confidential hearings	A Panel may order that a hearing or part of a hearing be held without the public present if it appears that: (a) matters involving public security may be disclosed; (b) avoiding disclosure of intimate financial or personal matters or other matters during the hearing outweighs adherence to the principle that hearings should be open to the public; or (c) a confidential hearing is required by law.
(3)	Public access to Adjudicative Records	Applications, Statements of Allegation, Notices of Hearing, Motions, Notices of Withdrawal, decisions, orders, reasons and approved settlement agreements are published on the Commission's website, unless a Panel orders otherwise. Access to other Adjudicative Records shall be available to the public upon request, if practicable, unless a Panel orders otherwise. Requests for access to Adjudicative Records should be made to record@osc.gov.on.ca.
(4)	Confidentiality Orders	A Panel may order that all or part of an Adjudicative Record be confidential and not available to the public if it appears that the circumstances described in Rule 22(2) apply to the Adjudicative Record. The following persons may request a confidentiality order: (a) a Party; and (b) a person who would be affected by the disclosure of the information contained in all or part of an Adjudicative Record. The request shall be made by filing:

(a) if the request is made in an existing proceeding, a Motion and the person making the request shall comply with Rule 28; or

(b) if the request is not made in an existing proceeding, an Application and the person making the request shall comply with Rule 17.

The Motion or Application and related materials will be available to the public and not confidential unless a request for confidentiality is made when they are filed.

(5) Recordings

Visual or audio recording of a hearing is prohibited unless a Panel grants permission. A request for permission to make a visual or audio recording shall be in writing and sent to the Registrar and all Parties at least five days before the hearing. A person who obtains permission to make a visual or audio recording shall be subject to the directions of the Panel and shall not engage in any behaviour that disrupts or detracts from the hearing.

23 Types of Hearings

(1) Oral hearings

Unless otherwise provided in these Rules or ordered by a Panel, all hearings shall be oral hearings, which term includes hearings by telephone, videoconference and other electronic means.

(2) Written hearings - consent

A hearing shall be conducted as a written hearing if all Parties consent, unless a Panel orders otherwise.

(3) Written hearings - Order

A Panel may order that a hearing be conducted as a written hearing if:

(a) the only purpose of the hearing is to deal with procedural matters; or

(b) the Panel is satisfied that there is good reason to conduct the hearing as a written hearing.

24 Language of Proceedings

(1) French or English or both

A proceeding shall be conducted in English or in French or in both English and French, as requested by the Parties.

(2) Effect of Practice Guideline

A hearing in French or in both French and English shall be conducted in accordance with the section of the Practice Guideline regarding language of proceedings.

(3) Interpreters for English and French

The Commission shall, upon request, provide an interpreter to translate to English from French, or to French from English, during a hearing.

(4) Request for interpreter

If a Party or a Party's witness requires an interpreter to translate to or from any language other than French or English, the Party shall notify the Registrar and the other Parties of its request at least 30 days before the hearing.

25 Accessibility

If a Party, representative or witness has an accessibility need that will affect the individual's ability to participate in a hearing, the individual shall notify the Registrar at least 30 days before the hearing so that reasonable accommodation can be arranged.

26 Summonses

(1) Residents of Ontario

At the request of a Party, a Panel may issue a Summons using the form in Appendix I to require a person resident in Ontario to:

(a) give evidence under oath or affirmation at an oral hearing; and

(b) to produce any document or thing specified in the Summons at an oral hearing.

(2) Witnesses outside Ontario — A Party who may call a witness who is not resident in Ontario shall inform a Panel as soon as possible before the hearing.

27 Disclosure

(1) Initial disclosure by Staff in an enforcement proceeding — In an enforcement proceeding under s. 127(1) of the Act, Staff shall:

(a) provide to every other Party copies of all non- privileged documents in Staff's possession that are relevant to an allegation;

(b) identify to every other Party all other things in Staff's possession that are relevant to an allegation; and

(c) where inspection of an original document or thing identified in (a) or (b) of this Rule is requested by a Party, make the document or thing available for inspection.

(2) Disclosure of Hearing Briefs — A Party shall provide every other Party to a proceeding with a copy of the documents, and shall identify the other things, that the Party intends to rely on or enter as evidence at a hearing.

(3) Witness lists and summaries — A Party shall file and serve a list of the witnesses, including witnesses that are Parties, the Party intends to call on every other Party to a proceeding and shall serve on every such Party a summary of the evidence that each witness is expected to give that includes, unless previously disclosed:

(a) the witness's name and address or if the address is not provided, the name and address of a person through whom the witness can be contacted;

(b) the substance of the witness's evidence; and

(c) the identification of any document or thing to which the witness is expected to refer.

Witness lists and witness summaries are not Adjudicative Records and are not available to the public.

(4) Expert witnesses — A Party who intends to call an expert to give evidence at a hearing shall provide every other Party to the proceeding with notice of the Party's intention to call an expert, including a summary of the issues on which the expert will be giving evidence.

(5) Expert report — A Party who intends to introduce expert evidence shall serve the expert's report and qualifications on every other Party.

(6) Expert reports in response and reply — A Party who is served with an expert's report may serve an expert's report in response, and the Party who served the initial expert's report may serve an expert's report in reply.

(7) Timelines for disclosure — A Panel shall set timelines for disclosure and expert reports in accordance with the Practice Guideline.

(8) Failure to disclose — A Party who fails to comply with a disclosure obligation in these Rules, the Practice Guideline or an order of a Panel shall not, without a Panel's permission, be permitted to rely on material or testimony that was not properly disclosed.

(9) Particulars — At any stage in a proceeding, a Panel may order an Applicant to provide another Party with particulars necessary for a full and satisfactory understanding of the subject of the proceeding, including:

(a) the grounds on which a remedy or order is being sought; and

(b) a general statement of the facts being relied on.

28 Motions

(1)	Motion	A Party who intends to make a motion shall file the Motion using the form in Appendix B, and shall serve the Motion on every other Party.
(2)	Materials in support of the motion	A Party who makes a motion shall file and serve with the Motion a motion record that includes any affidavits setting out the facts relied on by the Party.
(3)	Responding and reply materials	A Party who is served with a Motion may file materials in response to the Motion, and the Party making the motion may file materials in reply.
(4)	Timing for delivery of motion materials	Service and filing of a Motion, motion record and responding and reply materials shall comply with the time periods in the Practice Guideline.
(5)	Motion without notice	A Panel may permit a Party to make a motion without notice if: (a) the nature of the motion or the circumstances make service of the Motion impractical or unnecessary; or (b) the delay necessary to effect service would be likely to have serious consequences.

29 Adjournments

(1)	Exceptional circumstances	Every merits or sanctions hearing in an enforcement proceeding, and every hearing of a motion or application, shall proceed on the scheduled date unless a Party satisfies the Panel that there are exceptional circumstances requiring an adjournment.
(2)	How to request an adjournment	A Party who requests that a hearing be adjourned shall file and serve a Motion using the form in Appendix B.
(3)	Terms	A Panel may grant a request that a hearing be adjourned on terms the Panel considers appropriate.

30 Joint Hearings

(1)	Joint hearings with other securities administrators	A Panel may hold a hearing in or outside Ontario jointly with another body that is authorized by statute to regulate trading in securities, commodities or derivatives.
(2)	Request for a joint hearing	A request for a joint hearing shall be made by motion using the form in Appendix B and shall state the reasons for the request.
(3)	Payment of expenses	A Panel may require as a condition of approving a request from a Party to hold a joint hearing outside Ontario that the Party pay any additional costs incurred by the Commission.

31 Notice of Constitutional Question

A Party who intends to question the constitutional validity or applicability of any legislation, regulation, bylaw, or common law rule shall serve notice of the constitutional question on the Attorneys General of Canada and Ontario and on the other Parties and shall file the notice as soon as the circumstances requiring the notice are known and, in any event, at least 15 days before the day on which the question is to be argued.

SETTLEMENT

32 Confidential Settlement Conference

(1)	Settlement conference	The Parties to a proposed settlement shall attend at least one settlement conference.

(2)	Request for a settlement conference	The Parties to a proposed settlement shall file a joint request for the settlement conference no later than five days before the date of the settlement conference, which request shall include: (a) the written consent of the Parties to participate in the settlement conference; (b) an agreement that the discussions and any document or thing presented at the settlement conference shall be confidential; (c) a draft of the proposed settlement agreement or a joint memorandum setting out the terms of the proposed settlement; and (d) any materials in support of the settlement.
(3)	Notice	Notice of a settlement conference shall not be public.
(4)	Confidentiality	A settlement conference shall be confidential and no transcript shall be made.
(5)	Disqualification of confidential settlement conference Commissioner	A Commissioner who presides at a confidential settlement conference shall not preside at a subsequent hearing other than at a subsequent confidential settlement conference or at the public settlement hearing under Rule 33, unless the Parties consent.

33 Public Settlement Hearing

(1)	Request for a settlement hearing	If the Parties to a settlement request a hearing to approve the settlement, they shall file a joint request at least three days before the settlement hearing, which request shall include: (a) a Statement of Allegations, if one has not previously been filed; (b) a signed settlement agreement that includes a draft Order, using the form in Appendix J, and each Party's consent to the Order; and (c) any materials in support of the settlement.
(2)	Notice	The Office of the Secretary shall issue a Notice of Hearing after a request that complies with subsection (1) has been filed.
(3)	Settlement hearing Panel	A Panel that presides at a hearing to consider a settlement shall include at least one Commissioner from the Panel that presided at the settlement conference relating to the settlement.

DECISIONS

34 Notice of Decision

The Office of the Secretary shall send a copy of a Panel's written decision, reasons, and any order to each Party's representative and to each unrepresented Party.

SANCTIONS AND COSTS

35 Sanctions and Costs Hearing

(1)	Separate hearing for sanctions and costs	If a Panel makes a finding in an enforcement proceeding that provides a basis for sanctions and costs, a separate hearing shall be held to consider sanctions and costs, unless the Parties agree that all issues may be decided in one hearing.
(2)	Schedule	A Panel shall set a schedule for the sanctions and costs hearing.
(3)	Materials in support of a request for costs	If Staff claims costs, it shall file materials in support of the claim for costs that include:

(a) the amount of the costs claimed;

(b) the basis of the claim for costs;

(c) a summary statement of hours and fees, supported by time records setting out relevant hourly rates;

(d) a summary statement of disbursements supported by invoices and receipts, or if they cannot be obtained, by a written record of disbursements and associated dates; and

(e) an affidavit declaring that the information contained in the time records and the summary statement of disbursements are true and accurate, and that the disbursements were incurred directly and necessarily as a result of the investigation and/or hearing of the proceeding.

APPENDIX A
STATEMENT OF ALLEGATIONS

IN THE MATTER OF
[*Name(s) of Respondent(s)*]

STATEMENT OF ALLEGATIONS
(Subsection(s) 127(1) [*and 127(10*)] and Section 127.1 of the *Securities Act,* RSO 1990, c S.5)

A. OVERVIEW

1. [*Set out in separate, consecutively numbered paragraphs an overview of the allegations*]

B. FACTS

Staff of the Enforcement Branch of the Ontario Securities Commission ("**Enforcement Staff**") makes the following allegations of fact:

2. [*Set out in separate, consecutively numbered paragraphs each allegation of material fact relied on to substantiate the alleged breaches of Ontario Securities law and/or conduct contrary to the public interest*]

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

Enforcement Staff alleges the following breach(es) of Ontario securities law and/or conduct contrary to the public interest:

3. [*Set out in separate, consecutively numbered paragraphs each provision of Ontario Securities law alleged to have been breached and/or conduct alleged to be contrary to the public interest*]

D. ORDER SOUGHT

Enforcement Staff requests that the Commission make the following order(s):

4. [*Set out in separate, consecutively numbered paragraphs the order(s) sought, including sanctions and costs*]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Enforcement Staff*]

APPENDIX B
MOTION

IN THE MATTER OF
[*Name(s) of Applicant(s) or Respondent(s) (use title of existing proceeding)*]

File No. [#]

MOTION
OF [*Name(s) of Moving Party or Parties*]
(For [*specify relief sought*]
Under [Section [#] of the *Securities Act*, RSO 1990, c S.5 and/or Rule [#])

A. ORDER SOUGHT

The [*Moving Party or Parties*], [*name(s) of Party or Parties*], request(s) [*with or without*] notice, that the Ontario Securities Commission make the following order(s):

1. [*Set out in separate, consecutively numbered paragraphs the order(s) sought*]

B. GROUNDS

The grounds for the motion are:

2. [*Set out in separate, consecutively numbered paragraphs each of the factual and legal grounds to be argued, including reference to any relevant statutory provision or rule*]

C. EVIDENCE

The [*Moving Party or Parties*] intend(s) to rely on the following evidence for the motion:

3. [*Set out in separate, consecutively numbered paragraphs the affidavits, other documentary evidence and oral testimony, if any, that the Moving Party or Parties intend(s) to use*]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Moving Party **or** Moving Party's representative*]

APPENDIX C
APPLICATION FOR AUTHORIZATION TO DISCLOSE INFORMATION

IN THE MATTER OF
[*Name(s) of Applicant(s) or, if a proceeding is pre-existing, Respondent(s)*]

CONFIDENTIAL APPLICATION
OF [*Name(s) of Applicant(s)*]
(For Authorization to Disclose Information Under Section 17 of the *Securities Act*, RSO 1990, c S.5)

A. ORDER SOUGHT

The [*Applicant or Applicants*], [*name(s) of Applicant(s)*], request(s) that the Ontario Securities Commission make the following order(s):

1. [*Set out in separate, consecutively numbered paragraphs the order(s) sought*]

B. GROUNDS

The grounds for the request are:

2. [*Set out in separate, consecutively numbered paragraphs each of the factual and legal grounds to be argued, including reference to any relevant statutory provision or rule*]

C. EVIDENCE

The [*Applicant or Applicants*] intend(s) to rely on the following evidence at the hearing:

3. [*Set out in separate, consecutively numbered paragraphs the affidavits, other documentary evidence and oral testimony, if any, that the Applicant(s) intend(s) to use*]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Applicant(s)* ***or*** *representative of Applicant(s)*]

APPENDIX D
APPLICATION FOR EXTENSION OF A TEMPORARY ORDER

IN THE MATTER OF
[*Name(s) in the title of proceeding on the temporary order*]

APPLICATION
OF [*Name(s) of Applicant(s)*]
(For Extension of a Temporary Order Under
Subsection(s) 127[*(7)* **and/or** *(8)*] of the *Securities Act,* RSO 1990, c S.5)

A. ORDER SOUGHT

The [*Applicant or Applicants*], [*name(s) of Applicant(s)*], request(s) that the Ontario Securities Commission make the following order(s):

1. [*Set out in separate, consecutively numbered paragraphs the order(s) sought, identifying the temporary order in respect of which the order(s) is/are sought and the proposed duration of the extension*]

B. GROUNDS

The grounds for the request are:

2. [*Set out in separate, consecutively numbered paragraphs each of the factual and legal grounds to be argued, including reference to any relevant statutory provision or rule*]

C. EVIDENCE

The [*Applicant or Applicants*] intend(s) to rely on the following evidence at the hearing:

3. [*Set out in separate, consecutively numbered paragraphs the affidavits, other documentary evidence and oral testimony, if any, that the Applicant(s) intend(s) to use*]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Applicant(s)* ***or*** *representative of Applicant(s)*]

APPENDIX E
APPLICATION FOR HEARING AND REVIEW

IN THE MATTER OF
[Name(s) of Applicant(s)]

APPLICATION

(For Hearing and Review of a Decision Under Section [*8* **or** *21.7*] of the *Securities Act*, RSO 1990, c S.5)

A. ORDER SOUGHT

The [*Applicant or Applicants*], [*name(s) of Applicant(s)*], request(s) that the Ontario Securities Commission make the following order(s):

1. [*Set out in separate, consecutively numbered paragraphs the order(s) sought, identifying the specific decision in respect of which the order(s) is/are sought and stating the Applicant(s)' interest in that decision*]

B. GROUNDS

The grounds for the request and the reasons for seeking a hearing and review are:

2. [*Set out in separate, consecutively numbered paragraphs each of the factual and legal grounds to be argued, including reference to any relevant statutory provision or rule, and identifying any alleged errors in the decision in respect of which the order(s) is/are sought*]

C. DOCUMENTS AND EVIDENCE

The [*Applicant or Applicants*] intend(s) to rely on the following documents and evidence at the hearing:

3. [*Set out in separate, consecutively numbered paragraphs the affidavits, other documentary evidence and oral testimony, if any, that the Applicant(s) intend(s) to use, including, where applicable*:

   (a) *the decision that is the subject of the request for a hearing and review and the related reasons, if reasons were given;*

   (b) *the application or other document by which the original proceeding was commenced;*

   (c) *any interim orders made in the original proceeding;*

   (d) *any documentary evidence filed in the original proceeding, subject to any limitation expressly imposed by any statute, regulation or rules;*

   (e) *any other relevant documents in the original proceeding; and*

   (f) *any transcript of the oral evidence given at the original hearing*.]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Applicant(s)* ***or*** *representative of Applicant(s)*]

APPENDIX F
APPLICATION FOR FURTHER DECISION OR REVOCATION OR VARIATION OF A DECISION

IN THE MATTER OF
[use title of existing proceeding]

APPLICATION
OF [*Name(s) of Applicant(s)*]
(For [*Further Decision* **or** *Revocation of a Decision* **or** *Variation of a Decision*] Under Section [*9(6)* **or** *144*] of the *Securities Act*, RSO 1990, c S.5)

A. ORDER SOUGHT

The [*Applicant or Applicants*], [*name(s) of Applicant(s)*], request(s) that the Ontario Securities Commission make the following order(s):

1. [*Set out in separate, consecutively numbered paragraphs the order(s) sought, identifying the specific decision in respect of which the order(s) is/are sought and stating the Applicant(s)' interest in that decision*]

B. GROUNDS

The grounds for the request are:

2. [*Set out in separate, consecutively numbered paragraphs each of the factual and legal grounds to be argued, including reference to any relevant statutory provision or rule, new material or significant change in circumstances*]

C. EVIDENCE

The [*Applicant or Applicants*] intend(s) to rely on the following evidence at the hearing:

3. [*Set out in separate, consecutively numbered paragraphs the affidavits, other documentary evidence and oral testimony, if any, that the Applicant(s) intend(s) to use, including any new evidence that the Applicant(s) propose(s) to introduce at the hearing*]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Applicant(s)* ***or*** *representative of Applicant(s)*]

APPENDIX G
APPLICATION FOR TRANSACTIONAL PROCEEDING

IN THE MATTER OF
[Name(s) of Applicant(s)]

- and -

IN THE MATTER OF
[*Name(s) of Respondent(s)*]

APPLICATION
OF [*Name(s) of Applicant(s)*]
(In connection with a transactional proceeding under Rule 16 and
Under Section(s) [*104* **and/or** *127(1)*] of the *Securities Act*, RSO 1990, c S.5)

A. ORDER SOUGHT

The [*Applicant or Applicants*], [*name(s) of Applicant(s)*], request(s) that the Ontario Securities Commission make the following order(s):

1. [*Set out in separate, consecutively numbered paragraphs the order(s) sought*]

B. GROUNDS

The grounds for the request are:

2. [*Set out in separate, consecutively numbered paragraphs each of the factual and legal grounds to be argued, including reference to any relevant statutory provision or rule*]

C. EVIDENCE

The [*Applicant or Applicants*] intend(s) to rely on the following evidence at the hearing:

3. [*Set out in separate, consecutively numbered paragraphs the affidavits, other documentary evidence and oral testimony, if any, that the Applicant(s) intend(s) to use*]

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Applicant(s)* ***or*** *representative of Applicant(s)*]

APPENDIX H
NOTICE OF WITHDRAWAL

IN THE MATTER OF
[Name(s) of Respondent(s) in an enforcement proceeding,
or Applicant(s) in any other application]

File No. [**#**]

NOTICE OF WITHDRAWAL

[*Name(s) of Applicant(s)*] withdraw(s) the [*Statement of Allegations* **or** *Application* **or** ***Motion***].

OR

[*Name(s) of Applicant(s)*] withdraw(*s*) the [*Statement of Allegations* **or** *Application*] against [*name(s) of Party(Parties)*] as shown in the Amended [*Statement of Allegations* **or** *Application*] attached hereto.

DATED this [*day*] day of [*month*], [*year*].

[*Name, address, email and telephone number of Applicant(s)* ***or*** *representative of Applicant(s)*]

APPENDIX I
SUMMONS

THE *SECURITIES ACT,* RSO 1990, c S.5

IN THE MATTER OF
[use title of existing proceeding]

File No. [**#**]

SUMMONS TO A WITNESS BEFORE THE ONTARIO SECURITIES COMMISSION

TO: [FULL NAME AND ADDRESS OF WITNESS]

YOU ARE REQUIRED TO ATTEND TO GIVE EVIDENCE at the hearing of this proceeding on [*DATE*] at [*TIME*], before the Ontario Securities Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, and to remain until your attendance is no longer required.

YOU ARE REQUIRED TO BRING WITH YOU and produce at the hearing the following documents and things: [*Set out the nature and date of each document and give sufficient particulars to identify each document and thing.*]

IF YOU FAIL TO ATTEND OR TO REMAIN IN ATTENDANCE AS THIS SUMMONS REQUIRES, THE SUPERIOR COURT OF JUSTICE MAY ORDER THAT A WARRANT FOR YOUR ARREST BE ISSUED, OR THAT YOU BE PUNISHED IN THE SAME WAY AS FOR CONTEMPT OF THAT COURT.

Date: _____ ONTARIO SECURITIES COMMISSION

_____
On behalf of the Ontario Securities Commission

NOTE: You are entitled to be paid the same fees or allowances for attending at or otherwise participating in the hearing as are paid to a person summoned to attend before the Superior Court of Justice. **If you have questions, you should contact the party that requested that the Commission issue this Summons: [*Name, address, email and telephone number of Party requesting that the Commission issue the Summons*].**

APPENDIX J
ORDER

IN THE MATTER OF
[use title of existing proceeding]

File No. [#]

[Name(s) of Commissioner(s) comprising the Panel]

[*Day and date Order made*]

ORDER
(Section(s) [#] of the
Securities Act, RSO 1990, c S.5)

WHEREAS on [*date*], the Ontario Securities Commission held a hearing [*at 20 Queen Street West, 17th Floor, Toronto, Ontario,* **or** *in writing*], [*recite any particulars necessary to understand the Order*];

ON READING [*give particulars of the material filed*] and on hearing the submissions of the representative*(s)* for [*name represented Parties*], [*add as applicable: (name Parties) appearing in person;* **and/or** *no one appearing for (name Parties), although properly served as appears from (indicate proof of service)*], [*and considering (indicate any consents or undertakings if provided)*]*;*

IT IS ORDERED THAT:
1.

2.

[*Name of Panel Chair*]
[*Name of Commissioner*]

[*Name of Commissioner*]

5.1.3 OSC Practice Guideline

PRACTICE GUIDELINE
(Amendment as of December 10, 2019)

1. APPLICATION

(1) **Application**: This Practice Guideline applies to proceedings before a Panel of the Commission.

2. FILING DOCUMENTS

(1) **Merits Hearing for an Enforcement Proceeding**: The merits hearing in an enforcement proceeding, except an inter-jurisdictional enforcement proceeding, shall be an e-hearing. Each Party shall provide its hearing brief to the Registrar electronically and shall follow the *Protocol for E-Hearings* that is attached as Appendix A.

(2) **All Other Hearings**: In a hearing other than an e-hearing pursuant to subsection (2) above, each Party shall file the Party's documents both electronically and in paper in accordance with the *Rules of Procedure and Forms*. Five copies of a paper filing shall be filed with the Registrar. A Party who files a document or thing shall,

(a) if the document or thing is filed electronically and

(i) the file size is 50MB or less, send it by email to the address: registrar@osc.gov.on.ca; or

(ii) the file size exceeds 50MB, deliver it on physical media (e.g., DVD, CD, USB flash drive, external hard drive, or other method approved by the Registrar) to the address in (b) below; or

(b) if the document or thing is filed in paper, deliver it by mail, facsimile transmission (if under 25 pages), courier or personal delivery to:

Ontario Securities Commission
20 Queen Street West, 22nd Floor Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
Attention: Registrar, Office of the Secretary

(3) **Requests for Confidentiality Orders for Part of a Document**: A person requesting an order that part of a document be confidential and not available to the public shall file a copy of the original document with the part the person is requesting be confidential redacted, together with the original unredacted document if it has not already been filed.

(4) **Format of Electronic Filings**: A Party who files an electronic document (including text and image/picture documents) shall file it in multi-page Portable Document Format (PDF) that allows full text searching. Statements of Allegation, Amended Statements of Allegation, Applications, Motions, Notices of Withdrawal and Settlement Agreements shall also be filed in Microsoft Word format.

(5) **Authorities**: Each Party shall file a book of authorities containing copies of Commission decisions, court decisions and other legal authorities referred to in the Party's submissions that the Party intends to rely on. Any passages that the Party wishes to refer to should be clearly marked, highlighted or side-barred. If a Party is relying on an authority contained in the Commission's Book of Authorities, the Party shall include in its book of authorities the first page and any other pages of the authority the Party wishes to refer to, with passages clearly marked, highlighted, or side-barred.

3. PERSONAL INFORMATION

(1) **Obligation to Limit Disclosure of Personal Information**: Each Party shall use reasonable efforts to limit disclosure of personal information to information that is necessary for the disposition of a matter and shall redact documents the Party intends to enter into evidence accordingly. The obligation to limit disclosure of personal information extends not only to documents the Party intends to enter into evidence, but also to Applications, Statements of Allegation, Motions, written submissions and affidavits.

(2) **Personal Information**: In this Practice Guideline, "personal information" means recorded information about an identifiable individual, including but not limited to an individual's:

(a) social insurance number, driver's license number, passport number, license plate number, and Ontario Health Insurance Plan number (or other similar health plan number);

(b) date of birth;

(c) municipal address, including street name, street number and postal code (but not city or province);

(d) telephone number; and

(e) bank account number and trading account number (including a joint account).

"Personal information" does not include an individual's name, except for the name of a minor child, or the title, contact information or designation of an individual in a business, professional or official capacity.

(3) **Personal Information of Respondents**: For the sake of clarity, it is not expected that personal information of a respondent that is relevant to the disposition of a matter be redacted.

4. LANGUAGE OF PROCEEDINGS

(1) **Choice of Language for Conduct of Proceedings**: A Party may request that a Panel conduct a hearing wholly or partly in French by serving and filing a written notice with the Registrar as soon as possible and, in any event, at least 60 days before the hearing.

(2) **Language of Application**: If a Party to a proceeding brought by Staff requests that the proceeding be conducted wholly or partly in French, Staff shall serve and file, as soon as possible, a French translation of the Statement of Allegations or the Application, as the case may be.

(3) **Notice of Hearing**: Parties to a proceeding have the right to receive the Notice of Hearing in either English or French upon request.

(4) **Communications with the Commission**: The Commission will communicate and provide all of its correspondence, orders and decisions in the language of the proceeding as requested by the Parties, and the Parties may change their language of choice by notifying the Registrar in writing. Where at least one Party uses French and at least one Party uses English, Commission correspondence will be provided in both languages or will be translated.

(5) **Evidence at the Hearing**: Parties, witnesses and counsel participating in a hearing may submit evidence or written submissions either in English or in French. These documents will form part of the record in the language in which they are submitted.

(6) **Translation of Evidence**: The Commission has no obligation to translate documentary evidence. A Party may bring a motion requesting translation into English or French of documentary evidence that is necessary for a fair determination of a matter.

(7) **Translation of Transcripts**: The Commission has no obligation to translate hearing transcripts. However, the Commission may, at its discretion, provide English or French translation of hearing transcripts.

(8) **Decisions and Reasons**: Commission decisions and reasons will be issued in the language of the hearing. If a hearing is conducted in both English and French, Commission decisions and reasons will be issued in both languages.

5. ENFORCEMENT PROCEEDINGS

(1) **Proceeding Management**: A Panel will impose a timeline for attendances and other steps in enforcement proceedings to ensure that proceedings are conducted in a just, expeditious and cost-effective manner. Parties are encouraged to address matters as expeditiously as possible. The outside limits for the timeline are set out below, subject to the discretion of the Panel:

Stage of the Proceeding:	**Timeline**:
First Attendance A timeline will be set for: • Disclosure of documents and things and service of witness lists and summaries and notices of intent to call expert witnesses; and • Any additional interlocutory matters, including subsequent attendances.	On the date set in the Notice of Hearing, which should occur within 30 days of the issuance of the Notice of Hearing
Staff's Disclosure of Relevant Documents Staff shall disclose to each respondent non- privileged relevant documents and things in the possession or control of Staff.	No later than 30 days after the First Attendance
Disclosure Motion by a Respondent A respondent may serve and file a Motion regarding Staff's disclosure or seeking disclosure of additional documents.	No later than 10 days before the Second Attendance

Staff's Witness List, Summaries of Evidence, and Intention to Call Experts Staff shall: • File and serve a witness list, and serve a summary of each witness's anticipated evidence on each respondent; and • Indicate any intention to call an expert witness. If Staff intends to call an expert witness, it shall provide the expert's name and state the issues on which the expert will give evidence.	No later than five days before the Second Attendance
Second Attendance A motion by a respondent regarding Staff's disclosure will be heard or scheduled for a subsequent date. Other interlocutory motions, if any, will be scheduled.	No later than 120 days after the First Attendance
Respondent's Witness List, Summaries of Evidence, and Intention to Call Experts Each respondent shall: • File and serve a witness list, and serve a summary of each witness's anticipated evidence on Staff, including for a witness that is a Party; and • Indicate any intention to call an expert witness. If a respondent intends to call an expert witness, the respondent shall provide the expert's name and state the issues on which the expert will give evidence.	No later than 30 days before the Third Attendance
Third Attendance • Dates will be set for: o the merits hearing; and o the provision of expert reports including expert reports in response and in reply. • Further interlocutory motions may be held or scheduled.	No later than 60 days after the Second Attendance
Exchange of Hearing Briefs Each Party shall serve every other Party with a hearing brief containing copies of the documents, and identifying the other things, that the Party intends to produce or enter as evidence at the merits hearing.	No later than 10 days before the Final Interlocutory Attendance
E-hearing Checklist Each Party shall provide to the Registrar a completed copy of the *E-hearing Checklist for the Hearing on the Merits* provided in Appendix B, which is not an Adjudicative Record and will not be available to the public.	No later than five days before the Final Interlocutory Attendance
Final Interlocutory Attendance • Each Party shall advise the Panel of any issue with respect to authenticity or admissibility of a document in a hearing brief. • Outstanding interlocutory issues will be addressed.	No later than 30 days before the Merits Hearing
Electronic Documents and Index Files Each Party shall provide to the Registrar the electronic documents that the Party intends to rely on or enter into evidence at the merits hearing, along with an Index File, in accordance with the *Protocol for E-Hearings* that is attached as Appendix A. An electronic document provided to the Registrar will only be seen by the Panel if the document is subsequently offered into evidence.	No later than five days before the Merits Hearing

6. HEARING AND REVIEW PROCEEDINGS

(1) **First Attendance:** At the first attendance in a hearing and review proceeding, the Panel will impose a timeline for subsequent attendances and, if applicable, for the following:

(a) service and filing by the applicant of the record of the original proceeding;

(b) notice of intention to rely on documents or things not included in the record of the original proceeding;

(c) disclosure of documents or things not included in the record of the original proceeding;

(d) disclosure of witness lists and summaries;

(e) notices of intention to call an expert witness;

(f) any other interlocutory matter, including motions;

(g) subsequent attendances for proceeding management;

(h) filing hearing briefs;

(i) filing written submissions; and

(j) hearing the application.

(2) **Record of Original Proceeding**: The record referred to in clause (1)(a) above includes:

(a) the application or other document by which the original matter was commenced;

(b) any Notice of Hearing;

(c) interim orders;

(d) documentary evidence filed in the original proceeding;

(e) other relevant documents in the original proceeding on which the applicant will rely;

(f) any transcript of oral evidence; and

(g) the decision that is the subject of the request for a hearing and review, including any reasons for the decision.

7. ALL OTHER PROCEEDINGS

(1) **First Attendance**: At the first attendance in a proceeding other than an enforcement proceeding and a hearing and review proceeding, the Panel will impose a timeline, if applicable, for the following:

(a) disclosure of documents and things;

(b) disclosure of witness lists and summaries;

(c) notices of intention to call an expert witness;

(d) any other interlocutory matter, including motions;

(e) subsequent attendances for proceeding management;

(f) filing deadlines for written submissions; and

(g) hearing the application.

8. MOTIONS

(1) **Timing:** The following timelines apply for filing motion materials:

(a) at least 10 days before a motion date, the moving Party shall serve and file the Motion and motion record as prescribed in the *Rules of Procedure and Forms*;

(b) at least six days before the motion date, the responding Party shall serve and file any responding affidavits;

(c) at least four days before the motion date, the moving Party shall serve and file:

(i) any reply affidavits; and

(ii) a memorandum of fact and law;

(d) at least two days before the motion date, the responding Party shall serve and file a memorandum of fact and law.

If a Party fails to comply with these time limits or other time limits ordered by a Panel, a Panel may dispose of the motion as it considers appropriate.

(2) **Cross-Examination**: A Party who files an affidavit shall make the affiant reasonably available for cross-examination by any adverse Party before the motion.

(3) **Evidence:** A Panel may by order, before or at a hearing, require or permit oral testimony and cross-examination of an affiant at the hearing of the Motion.

APPENDIX A
PROTOCOL FOR E-HEARINGS

The merits hearing in an enforcement proceeding will proceed as an e-hearing. In an e-hearing, the documents that the Parties intend to enter into evidence are provided electronically to the Registrar and are then displayed electronically on screens and monitors during the hearing.

This document sets out the protocol and electronic document requirements for e-hearings. Any questions may be sent to the Registrar at registrar@osc.gov.on.ca.

In advance of an e-hearing, the Parties are required to provide the following items to the Registrar:

	Required Item	Timeline for Delivery
	E-Hearing Checklist	Five days before the Final Interlocutory Attendance
	Hearing Brief	Five days before the start of the e-hearing
	Index File	Five days before the start of the e-hearing

The timelines for delivery are guided by the Practice Guideline and may be varied by the Panel.

1. E-HEARING CHECKLIST

The E-Hearing Checklist (see Appendix B) must be filed **five days before the Final Interlocutory Attendance**. It assists the Registrar with the logistics of the e-hearing.

The E-Hearing Checklist is not an Adjudicative Record and will not be available to the public.

The following information may assist with the completion of the checklist:

OSC Portal

Software is installed on OSC laptops in the hearing rooms to enable Parties to access the OSC Portal. The OSC Portal is a database on a closed network environment, which holds the hearing documents. At the e-hearing, Parties will retrieve documents from the OSC Portal, open them and then display them on the public screens in the hearing room.

The OSC Portal can only be accessed on OSC laptops and is only for use in the hearing rooms, on hearing days.

Laptop Access

Permanent IT Equipment Set-Up in Each Hearing Room

Each hearing room is equipped with at least two laptops that are connected to the A/V system (one for Staff and one for respondents) that displays content to the public screen and to the monitors in front of the Panel and in front of the Parties. If there are more than two Parties, additional laptops can be connected to the A/V system.

If a Party requires additional laptops beyond those provided in the permanent IT equipment set-up, a request can be made on the E-Hearing Checklist (see Appendix B).

Personal Laptops

A Respondent may use their own personal laptop with a cellular/mobile internet connection (e.g. rocket stick or mobile phone hotspot). **A personal laptop cannot be used to access the OSC Portal and cannot be used to display content on hearing room screens.**

Internet Access

There is no WIFI access in the hearing rooms.

Each OSC laptop can be equipped with internet access in the hearing room, upon request on the E-Hearing Checklist (see Appendix B). A request can also be made to obtain internet access on a personal laptop through the E-Hearing Checklist.

Navigational Control

The set-up in the hearing rooms allows for a witness to have navigational control of the documents being displayed on the A/V system, while also allowing the party examining the witness to have control. Requests for witnesses to be given navigational control should be indicated on the E-Hearing Checklist (see Appendix B).

Video-Conferencing

Each hearing room has a Video Conference System.

If a witness will be testifying by video-conference, indicate the following information on the E-Hearing Checklist: the witness' name, the witness' location, anticipated date and time for the witness' testimony, the contact name and phone number at the video conferencing facility the witness will be attending, the witness' contact phone number, the facility IP address, and whether document sharing will be required to display documents to the remote witness. OSC IT staff will test the connection in advance of the hearing day and assist with establishing the connection on the day of the hearing.

Document Sharing

If a witness is testifying by video-conference, electronic document sharing may be possible.

For video-conferencing, this depends on the technology capabilities of the video conferencing facility. A request can be made on the E-Hearing Checklist at Appendix B if the Party would like to use electronic document sharing. In the alternative, Parties can provide a witness testifying by video-conference with a hard copy of the documents ahead of time.

2. HEARING BRIEF

Each Party shall provide its Hearing Brief to the Registrar electronically, along with the Index File, **at least five days before the start of the e-hearing**.

The Hearing Brief must contain all of the documents that the Party intends to enter into evidence at the hearing, so that they can be displayed on the screens and monitors in the hearing room during the hearing.

An electronic document provided to the Registrar will only be seen by the Panel if the document is subsequently offered into evidence.

Format of Documents in Electronic Hearing Brief

All documents (including text and image/picture documents) shall be provided as multi-page Portable Document Formatted (PDF) or PDF/A documents with embedded underlying Optical Character Recognition (OCR) text. For scanned documents, the PDF document must be processed using OCR software and the PDF must be searchable using full text searching. All PDF documents must be PDF version 1.7 or later, with a scanned image resolution of at least 300 dpi.

Documents must be accessible, readable, printable and free of computer viruses, malware, Trojan horses or other items of a destructive nature. If any such item is detected, the document will be rejected and deemed not to have been received. The Registrar will request that the document be disinfected or recreated and then resubmitted.

Alternative Document Formats

Any issues with the preparation of documents in the format prescribed by this Protocol must be raised with the Registrar **at least 10 days before the start of the hearing** to ensure that arrangements can be made to open and view the alternative format document in the hearing room. For instance, a document may exist in a format that cannot be converted to a PDF. The Registrar will determine what document formats are acceptable for the hearing.

When alternative document formats are permitted by the Registrar, the list of documents requiring alternative document formats, including paper copies, must be included in the E-Hearing Checklist at Appendix B.

Redacting Documents

Redactions of PDF documents must **remove the embedded underlying OCR text**. Simply blacking out the text is not sufficient. Various software products may be used for redactions. Consult your software's manual for specifics about redacting and removing embedded underlying OCR text. As a general guideline:

- Use the software redaction tool to block out the confidential text;

- Finalize/burn-in all redactions;
- Ensure the underlying OCR text is removed;
- Re-OCR the document; and
- Review the document to ensure that the redacted text does not show up in the OCR text.

Providing Electronic Documents to the Registrar

Each party must provide the Registrar with the hearing brief electronically, which can include delivery by e-mail, DVD, CD, USB flash drive, external hard drive, or other means of electronic transfer as considered appropriate by the Registrar. Facsimiles are not accepted.

When delivering documents to the Registrar, always specify the following:

- matter name
- file number
- name of Party providing electronic documents
- representative for the Party (if applicable); and
- contact information and name for the person responsible for preparing the documents.

When sending multiple physical media or emails, always label them chronologically (e.g. 1 of 2).

Electronic documents provided by e-mail shall be sent to the Registrar, Office of the Secretary, at registrar@osc.gov.on.ca. The email and its attachments shall not exceed the size of 50MB. If the total size of the documents exceeds 50MB, then a DVD, CD, USB flash drive, external hard drive, or other means of electronic transfer as considered appropriate by the Registrar, must be used.

Electronic documents provided by physical media (such as a DVD, CD, USB flash drive or external hard drive), shall be sent to the Registrar, Office of the Secretary by registered mail, courier or by hand delivery to the following address:

Attention: Registrar, Office of the Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON, M5H 3S8

3. INDEX FILE

The Index File lists and describes all the documents contained in the Electronic Hearing Brief. It is a comma delimited text file in ".csv" format (which can be created in Excel or other programs). See Appendix C for an example of an Index File. A downloadable Index File template is available on the OSC's website.

The Index File and the Electronic Hearing Brief are filed with the Registrar at the same time, **at least five days before the start of the e-hearing**.

The Index File is not an Adjudicative Record and will not be available to the public.

Information Contained in the Index File

The Index File must include the relevant information in all the mandatory fields, where applicable. The mandatory fields are identified below with an asterisk ("*"). The additional optional fields should be completed wherever possible, as a matter of best practice. See below and Appendix C for examples.

The Index File contains the following fields:

A*	B*	C*	D	E*	F	G	H	I*	J	K	L	M	N
DocumentID	Unitized Parent DocID	Confidential Parent DocID	Date	Description	Type	Author	Recipient	Path	Confidential	Redacted	Format	Native Filename	Themes
ABC000001	ABC000001		13/06/2013	Affidavit of Joe Smith	Affidavit	Smith, Joe		ABC000001.pdf			pdf		Transaction 1
ABC000104C		ABC000104C	05/05/2013	List of Shares sold during 2013	Report			ABC000104C.pdf	C		pdf		Transaction 2
ABC000104R		ABC000104C	05/05/2013	List of Shares sold during 2013	Report			ABC000104R.pdf		R	pdf		Transaction 2

The field names entered into the first row of the Index File must be exactly as shown, with no extra spaces or other punctuation.

Column A – DocumentID – Mandatory field:

The DocumentID is a unique identifier that the party creates to name each of the documents in the Hearing Brief. Each document must have a unique alphanumeric DocumentID, such as ABC000001, ABC000002, etc. No two documents can have the same DocumentID. DocumentIDs have no prescribed length.

When the Parties have previously exchanged documents electronically using DocumentIDs, the Parties may continue to use the same DocumentIDs for the Index File. The parties do not need to rename the document.

At the e-hearing, a document will be referred to by its DocumentID number or by its exhibit number if the document is marked as an exhibit by the Panel.

If the Party intends to request that a document be confidential and not available to the public, add a “C” suffix to the DocumentID (e.g. ABC000104C).

If the Party intends to request that part of a document be confidential, add a “C” suffix to the DocumentID of the original unredacted document, and an “R” suffix to the DocumentID of the redacted version of the original document (e.g. ABC000104R).

Column B –Unitized Parent DocID – Mandatory field:

Column B must be entered when individual documents are part of a family of related documents. For example, an email with attached documents is referred to as a “family”. The email itself is referred to as the “parent” and the attachments are referred to as the “children”. Document unitization is the process of preserving the relationship between the individual documents in the family (e.g. the email and its attachments). It allows the family of documents to be marked together as one exhibit at the e-hearing.

A family usually includes documents that are attached to each other. In addition, for the purposes of the Index File, a family of documents can also include any group of related, similar documents that a party intends to have entered as a single exhibit during the e-hearing (e.g. a set of financial statements for a single company, banking records for a specific account, phone records for a single phone number, etc.).

For each document that is part of a family, including the parent and all children, identify the family by entering the parent document's DocumentID in Column “B” (the Unitized Parent DocID Field).

Column C – Confidential Parent DocID - Mandatory field:

If the Party intends to request that part of a document be confidential and not available to the public, Column C must be entered for both the original and redacted versions of the document.

Column C need not be entered if the Party intends to request that the entire document be confidential.

Column C is used to unitize the original unredacted document and the redacted version into a family of two documents. The original document is the “parent” and the redacted version of the document is the “child”. Identify the confidential family by entering the original unredacted document's DocumentID in Column “C” (the Confidential Parent DocID Field) for both the original and redacted versions of the document.

These confidential families are separate and apart from the related document families discussed in Column B. Confidential families can occur as sub-families, within larger families of related documents.

Column D - Date - Optional field:

Enter the date of the document (if available) in Column D in mm/dd/yyyy format. Partial dates are not accepted.

Column E - Description - Mandatory field:

Enter the "Re:" line, title or short description of the document in Column E. Examples of document descriptions are: affidavit of Joe Smith, email attachment, audio recording of Joe Smith, etc.

Column F - Type - Optional field:

Enter the type of document in Column F (e.g. contract, email, letter, etc.).

Column G - Author - Optional field:

Enter the name of the author(s) of the document in Column G, if applicable. If the author is an individual, enter the name in this format: "last name, first name". For multiple authors, separate each author's name by a semi colon.

Column H - Recipient – Optional field:

Enter the name of the document's recipient(s), if applicable (e.g. for emails, reports, and memos, etc.). If the recipient is an individual, enter the name in the following format: "last name, first name". For multiple recipients, separate each recipient's name by a semi colon.

Column I - Path – Mandatory field:

The path is the DocumentID, followed by the document's file extension (e.g. ABC00001.pdf, ABC00020.xls). In most cases, the file extension will be "pdf", unless permission has been granted for the use of alternative document formats (see the section on "Alternative Document Formats").

Column J - Confidential - Mandatory field:

If the Party intends to request that the document be confidential, enter a "C" in Column J. For each such document, ensure that the "C" suffix is also added to the DocumentID in Column A.

Column K - Redacted - Mandatory field:

If the document is a redacted version of a document the Party intends to request be confidential, enter an "R" in Column K.

Do not enter an "R" in Column K for documents that have been redacted in accordance with section 3 of the Commission's Practice Guideline.

Column L – Format – Mandatory field:

Enter the document's file extension (e.g. pdf, xlsx, mp3, wav) in Column L.

Column M – Native Filename – Optional field:

Enter the original filename of the document in Column M. The original filename is the name given by the document's author at the time the document was created or last modified.

Column N – Themes – Optional field:

Use Column N to identify a theme related to a document. For example, the theme may indicate a witness, subject or issue related to the document.

APPENDIX B
E-HEARING CHECKLIST

This form can be downloaded from the OSC Website.

MATTER INFORMATION	
Matter Name	[INSERT MATTER NAME]
File Number	[INSERT FILE NUMBER]
Scheduled Dates for the Hearing	[INSERT SCHEDULED DATES]
Name: [INSERT NAME] [Staff/Respondent's Counsel/Respondent]	**Address:** [INSERT ADDRESS] **Phone:** [INSERT PHONE] **Email:** [INSERT EMAIL]

IT EQUIPMENT SET-UP AND PORTAL TRAINING

The Registrar will confirm IT equipment set-up and OSC Portal Training Sessions based on the Parties' availability and hearing room availability prior to the hearing. The training will take approximately 30 minutes to one hour. Please provide a list of dates and times of your availability.

	Available Dates	**Available Times**
1	[INSERT AVAILABLE DATE]	[Morning or Afternoon]
2		
3		

Please attach a separate document with the above information if you require more room.

INDIVIDUALS PARTICIPATING IN THE HEARING

Note that there are generally only two OSC laptops available to each of Staff and the Respondents

Name	**Role**	**Laptop**	**Internet Access Requested**
[INSERT FIRST AND LAST NAME]	[Counsel, Law Clerk, Respondent, or Paralegal]	[OSC laptop requested, Providing own laptop, or none]	[Check box for YES]

Please attach a separate document with the above information if you require more room.

ALTERNATIVE DOCUMENT FORMAT USE (for use only if necessary)

As set out in the Protocol for E-Hearings, hearing brief documents must be provided in separate, searchable multi-page PDF (or PDF/A) format.

However, if Registrar permission is sought (which must be done at least 10 days before the start of the hearing), or has been granted, for the use of alternative document formats, provide the following information:

Format	Format Type	Name of Document	Description of Document	Date of Document	Pages or File Size
[Paper or Electronic]	[Paper, jpeg, mp3, other]	[INSERT NAME OF DOCUMENT]	[INSERT DESCRIPTION OF DOCUMENT]	[mm/dd/yyyy]	[INSERT NUMBER OF PAGES OR FILE SIZE]

Please attach a separate document with the above information if you require more room.

E-HEARING WITNESS LOGISTICS

Total Number of Anticipated Witnesses: [INSERT TOTAL NUMBER OF PARTY'S ANTICIPATED WITNESSES]

A. WITNESSES ATTENDING IN PERSON

Witness Name	Date	Time	Anticipated Length	Navigational Control
[INSERT FIRST AND LAST NAME]	[INSERT ANTICIPATED DATES]	[INSERT ANTICIPATED TIME]	[INSERT ANTICIPATED LENGTH]	[Check box for YES]

Please attach a separate document with the above information if you require more room.

B. WITNESSES ATTENDING BY VIDEO-CONFERENCE

Witness Name	Location	Date	Time	Anticipated Length	Document Sharing	Facility Information
[INSERT FIRST AND LAST NAME]	[INSERT LOCATION OF WITNESS]	[INSERT ANTICIPATED DATES]	[INSERT ANTICIPATED TIME]	[INSERT ANTICIPATED LENGTH]	[Check box for YES]	[FACILITY CONTACT NAME, PHONE NUMBER, AND IP ADDRESS]

Please attach a separate document with the above information if you require more room.

APPENDIX C
SAMPLE INDEX FILE

DocumentID	Unitized Parent DocID	Confidential Parent DocID	Date	Description	Type	Author	Recipient	Path	Confidential	Redacted	Format	Native Filename	Themes
ABC000001	ABC000001		13/06/2013	Affidavit of Joe Smith	Affidavit	Smith, Joe		ABC000001.pdf			pdf		Transaction 1
ABC000011	ABC000001		01/06/2013	Tab 1 - Resume of Joe Smith	Resume	Smith, Joe		ABC000011.pdf			pdf		Transaction 1
ABC000021	ABC000001		01/05/2013	Tab 2 - Share Price Analysis vs TSE Index	Report	Smith, Joe	Jones, Bob; Rose, Sherry	ABC000021.pdf			pdf		Transaction 1
ABC000051	ABC000001		23/04/2013	Tab 3 - Stock performance in 2010	Article			ABC000051.pdf			pdf		Transaction 1
ABC000066	ABC000001		01/01/2012	Tab 4 - Email titled "Please review analysis"	Email	Jones, Bob	Smith, Joe; Rose, Sherry	ABC000066.pdf			pdf		Transaction 1
ABC000081	ABC000001		12/01/2013	Tab 5 - Share Certificates for ABC issued to Fred Flint	Certificates			ABC000081.pdf			pdf		Transaction 1
ABC000101			01/06/2013	RE: Offer Price	Memo	Smith, Joe	Smith, Joe	ABC000101.pdf			pdf	Offerprice.pdf	Transaction 1
ABC000102C		ABC000102C	01/06/2013	RE: Share Cap	Presentation	Jones, Bob		ABC000102C.pdf	C		pdf		
ABC000102R		ABC000102C	01/06/2013	RE: Share Cap	Presentation	Jones, Bob		ABC000102R.pdf		R	pdf		
ABC000104C		ABC000104C	05/05/2013	List of Shares sold during period Jan to Feb 2013	Report			ABC000104C.pdf	C		pdf		Transaction 2
ABC000104R		ABC000104C	05/05/2013	List of Shares sold during period Feb to March 2013	Report			ABC000104R.pdf		R	pdf		Transaction 2
ABC000105	ABC000105		05/02/2013	Email from Joe Smith	Email			ABC000105.pdf			pdf		
ABC000106	ABC000105		26/04/2013	Email attachment offer price docs	Report			ABC000106.pdf			pdf		
ABC000110C	ABC000105	ABC000110C	01/01/2013	Email attachment Trend Analysis for period 2012- 2013	Spreadsheet			ABC100110C.pdf	C		pdf		
ABC000110R	ABC000105	ABC000110C	01/01/2013	Email attachment Trend Analysis for period 2012- 2013	Spreadsheet			ABC100110R.pdf		R	pdf		
ABCvideo1			05/04/2013	Video titled "Investment information"	Video			ABCvideo1.mpg			mpg		
ABCaudio1			05/03/2013	Audio recording "Phone call to Bob Smith"	Audio			ABCaudio1.wav			wav		

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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:
AGF Canadian Large Cap Dividend Class
AGF Canadian Large Cap Dividend Fund
AGFiQ Dividend Income Fund (formerly, AGF Dividend Income Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated December 13, 2019
Received on December 13, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
N/A
Project #2885099

Issuer Name:
Maple Leaf Short Duration 2020 Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 12, 2019
NP 11-202 Preliminary Receipt dated December 16, 2019
Offering Price and Description:
Maximum: $10,000,000 - 400,000 Maple Leaf Short Duration 2020 Flow-Through Limited Partnership – National Class Units
Minimum: $2,500,000 - 100,000 Maple Leaf Short Duration 2020 Flow-Through Limited Partnership – National Class Units
Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Industrial Alliance Securities Inc.
Stifel Nicolaus Canada Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Maple Leaf Short Duration 2020 Flow-Through Management Corp.
Project #3000198

Issuer Name:
Maple Leaf Short Duration 2020 Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 12, 2019
NP 11-202 Preliminary Receipt dated December 16, 2019
Offering Price and Description:
Maximum - $15,000,000 - 600,000Maple Leaf Short Duration 2020 Flow-Through Limited Partnership – Québec Class Units
Minimum - $2,500,000 - 100,000 Maple Leaf Short Duration 2020 Flow – Through Limited Partnership – Québec Class Units
Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Industrial Alliance Securities Inc.
Stifel Nicolaus Canada Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Maple Leaf Short Duration 2020 Flow-Through Management Corp.
Project #3000200

Issuer Name:
Ninepoint 2020 Flow-Through Limited Partnership - National Class
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 13, 2019
NP 11-202 Preliminary Receipt dated December 16, 2019
Offering Price and Description:
Maximum - $50,000,000 - 2,000,000 National Class A Units or National Class F Units
Minimum - $5,000,000 - 200,000 National Class A Units or National Class F Units
Price per Unit: $25
Minimum Subscription: $2,500 (100 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
Ninepoint 2019 Corporation
Project #3000413

Issuer Name:
Ninepoint 2020 Flow-Through Limited Partnership - Quebec Class
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 13, 2019
NP 11-202 Preliminary Receipt dated December 16, 2019
Offering Price and Description:
Maximum: $10,000,000 - 400,000 Québec Class A Units or Québec Class F Units
Minimum: $2,500,000 -100,000 Québec Class A Units or Québec Class F Units
Price per Unit: $25
Minimum Subscription: $2,500 (100 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
Ninepoint 2019 Corporation
Project #3000402

Issuer Name:
TDb Split Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated to Preliminary Short Form Prospectus dated December 10, 2019
NP 11-202 Preliminary Receipt dated December 11, 2019
Offering Price and Description:
Total Offering: $35,643,935 - 2,600,012 Priority Equity Shares and 1,568,100 Class A Shares
Price: $10.00 per Priority Equity Share and $6.15 per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Canaccord Genuity Corp.
Echelon Wealth Partners Inc.
Industrial Alliance Securities Inc.
Raymond James Ltd.
Desjardins Securities Inc.,
Hampton Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
N/A
Project #2998597

Issuer Name:
Desjardins Ibrix Global Bond Fund
Desjardins Global Corporate Bond Fund
Desjardins Global Balanced Strategic Income Fund
Desjardins SocieTerra Environment Fund
Desjardins Ibrix Low Volatility Emerging Markets Fund
Principal Regulator - Quebec
Type and Date:
Amendment #4 to Final Simplified Prospectus dated December 4, 2019
NP 11-202 Receipt dated December 10, 2019
Offering Price and Description:
A, I, C, F, D, T6, R6 and S6 Class Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2870473

Issuer Name:
Franklin Liberty Canadian Investment Grade Corporate ETF
Franklin Liberty Core Balanced ETF
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)
Franklin Liberty Senior Loan ETF (CAD-Hedged)
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)
Franklin LibertyQT U.S. Equity Index ETF
Franklin LibertyQT International Equity Index ETF
Franklin LibertyQT Global Dividend Index ETF
Franklin LibertyQT Emerging Markets Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated December 6, 2019
NP 11-202 Receipt dated December 10, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2875326

Issuer Name:
TDb Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus (NI 44-101) dated December 16, 2019
NP 11-202 Receipt dated December 16, 2019
Offering Price and Description:
Total Offering: $35,643,935 - 2,600,012 Priority Equity Shares and 1,568,100 Class A Shares
Price: $10.00 per Priority Equity Share and $6.15 per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Canaccord Genuity Corp.
Echelon Wealth Partners Inc.
Industrial Alliance Securities Inc.
Raymond James Ltd.
Desjardins Securities Inc.,
Hampton Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
N/A
Project #2998597

Issuer Name:
Algonquin Fixed Income 2.0 Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Dec 9, 2019
NP 11-202 Final Receipt dated Dec 12, 2019
Offering Price and Description:
Series I (USD) Units, Series I Units, Series A Units, Series F Founders Units and Series F Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2952096

Issuer Name:
Guardian Strategic Income Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Dec 13, 2019
NP 11-202 Final Receipt dated Dec 16, 2019
Offering Price and Description:
Series A units, Series I units and Series F units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2981452

Issuer Name:
1832 AM Investment Grade Canadian Corporate Bond Pool
Scotia Emerging Markets Equity Fund
Scotia Private Canadian Core Bond Pool
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Dec 16, 2019
NP 11-202 Preliminary Receipt dated Dec 16, 2019
Offering Price and Description:
Pinnacle Series units, Series I units and Series F units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3000521

NON-INVESTMENT FUNDS

Issuer Name:
Automotive Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 16, 2019
NP 11-202 Receipt dated December 16, 2019
Offering Price and Description:
$80,035,500.00 - 6,870,000 Units
Price: $11.65 per Offered Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
DESJARDINS SECURITIES INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
HSBC SECURITIES (CANADA) INC.
Promoter(s):
893353 ALBERTA INC.
Project #2997476

Issuer Name:
Baylin Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 9, 2019
NP 11-202 Preliminary Receipt dated December 12, 2019
Offering Price and Description:
$100,000,000.00
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2999682

Issuer Name:
FIRSTSERVICE CORPORATION
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 10, 2019
NP 11-202 Receipt dated December 11, 2019
Offering Price and Description:
US$200,262,500
2,165,000 Common Shares
Offering Price: US$92.50 per Offered Share
Underwriter(s) or Distributor(s):
BMO Capital Markets
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
J.P. Morgan Securities Canada Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #2997075

Issuer Name:
FortisAlberta Inc.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated December 13, 2019
NP 11-202 Receipt dated December 13, 2019
Offering Price and Description:
$500,000,000.00 - Medium Term Note Debentures (unsecured)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Casgrain & Company Limited
Promoter(s):
-
Project #2998346

Issuer Name:
The Green Organic Dutchman Holdings Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 13, 2019
NP 11-202 Receipt dated December 13, 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:
Inovalis Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 9, 2019
NP 11-202 Preliminary Receipt dated December 10, 2019
Offering Price and Description:
$45,000,510.00 - 4,225,400 Units
Price: $10.65 per Offered Unit
Underwriter(s) or Distributor(s):
DESJARDINS SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
INDUSTRIAL ALLIANCE SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
GMP SECURITIES L.P.
LAURENTIAN BANK SECURITIESINC.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
INOVALIS S.A.
Project #2997787

Issuer Name:
Intact Financial Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated December 13, 2019
NP 11-202 Receipt dated December 13, 2019
Offering Price and Description:
$10,000,000,000.00
Debt Securities
Class A Shares
Common Shares
Subscription Receipts
Warrants
Share Purchase Contracts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2998130

Issuer Name:
New Leaf Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 13, 2019
NP 11-202 Preliminary Receipt dated December 13, 2019
Offering Price and Description:
20,000,000 Units
$0.25 per Unit
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORP.
Promoter(s):
-
Project #3000114

Issuer Name:
Radient Technologies Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated December 12, 2019
Received on December 12, 2019
Offering Price and Description:
$75,000,000.00 - Common Shares, Debt Securities, Convertible Securities, Warrants, Rights, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2999730

Issuer Name:
Subversive Real Estate Acquisition REIT LP
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 12, 2019
NP 11-202 Preliminary Receipt dated December 12, 2019
Offering Price and Description:
U.S.$200,000,000.00 - 20,000,000 Class A Restricted Voting Units
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
SUBVERSIVE REAL ESTATE SPONSOR LLC
INCEPTION ALTANOVA SPONSOR, LLC
CG INVESTMENTS INC. IV
Project #2999661

Issuer Name:
TerraX Minerals Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2019
NP 11-202 Preliminary Receipt dated December 12, 2019
Offering Price and Description:
$5,000,000.00 - 20,000,000 Common Shares
Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
Promoter(s):
-
Project #2999377

Issuer Name:
Trisura Group Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 11, 2019
NP 11-202 Preliminary Receipt dated December 12, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2999414

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to suspension (pending surrender)	Taylor Asset Management Inc.	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager	December 10, 2019
Consent to Suspension (Pending Surrender)	Rocaton Investment Advisors, LLC	Portfolio Manager	December 9, 2019
Amalgamation	Vantage Asset Management Inc. and VPP Management Inc. To form: Vantage Asset Management Inc.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager.	December 1, 2019
Consent to Suspension (Pending Surrender)	Harrington MacMillan Fund Management Limited	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager	December 13, 2019

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Amendments to Continuing Education Rules – Notice of Commission Approval

NOTICE OF COMMISSION APPROVAL

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS TO CONTINUING EDUCATION RULES

The Ontario Securities Commission has approved IIROC's proposed amendments to Rule 2650 *Continuing Education Requirements for Approved Persons* (the Amendments).

IIROC originally published the proposed amendments for comment on January 25, 2018. Considering the comments received, the Amendments were republished for comment on July 11, 2019. IIROC has made non-substantive changes to the Amendments as published in July 2019 in response to comments received. A summary of the public comments and IIROC's responses, as well as the IIROC Notice including the Amendments, can be found at http://www.osc.gov.on.ca.

The Amendments will be effective on January 1, 2020.

In addition, the Alberta Securities Commission; the Autorité des marchés financiers; the British Columbia Securities Commission; the Financial and Consumer Affairs Authority of Saskatchewan; the Financial and Consumer Services Commission of New Brunswick; the Legal Registries Division, Department of Justice (Northwest Territories); the Legal Registries Division, Department of Justice (Nunavut); the Manitoba Securities Commission; the Nova Scotia Securities Commission; the Office of the Superintendent of Securities, Service Newfoundland and Labrador; the Office of the Yukon Superintendent of Securities; and the Prince Edward Island Office of the Superintendent of Securities Office have approved or not objected to the Amendments.

13.1.2 Investment Industry Regulatory Organization of Canada (IIROC) – Proposed Amendments to Dealer Member Rules and Form 1 Relating to the Futures Market Segregation and Portability Customer-Protection Regime – Notice of Withdrawal

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS TO DEALER MEMBER RULES AND FORM 1 RELATING TO THE FUTURES MARKET SEGREGATION AND PORTABILITY CUSTOMER-PROTECTION REGIME

NOTICE OF WITHDRAWAL

IIROC is publishing a Notice withdrawing proposed amendments to its Dealer Member Rules and Form 1 (collectively, the Proposed Amendments) relating to the anticipated futures market segregation and portability customer-protection regime. IIROC initially published the Proposed Amendments for public comment on May 18, 2017. The Proposed Amendments were intended to restrict linkages between a Dealer Member's futures business and its other business lines, in order to facilitate the adoption of a customer protection segregation and portability regime by Central Clearing Counterparties (CCPs) serving the futures market.

In light of comments received raising key issues that need to be resolved before the full implementation of the Canadian futures market segregation and portability regime, as well as the passage of time and recent developments at the relevant CCPs, IIROC has withdrawn the Proposed Amendments. IIROC continues to review the issues raised and expects to publish a revised proposal in the future.

A copy of the IIROC Notice of Withdrawal can be found at http://www.osc.gov.on.ca. For more information on the segregation and portability regime, including its current status, please refer to the notice recently issued by the Canadian Derivatives Clearing Corporation (CDCC). The CDCC notice is available on the CCP's website at https://www.cdcc.ca/publications_notices_en.

13.2 Marketplaces

13.2.1 Nasdaq CXC Limited – Notice of Proposed Changes and Request for Comment

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Nasdaq CXC Limited (Nasdaq Canada) has announced plans to implement the changes described below in Q2, 2020 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol). Pursuant to the Exchange Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by January 23, 2020 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Fax 416 595 8940
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Nasdaq CXC Limited
25 York St., Suite 900
Toronto, ON M5J 2V5
Email: matthew.thompson@nasdaq.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGES

Nasdaq Canada has announced plans to introduce the following change in Q2, 2020 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Exchange Protocol.

Summary of Proposed Changes

Nasdaq Canada is proposing to make a change to its matching logic which will allow anonymous orders to be eligible for broker preferencing on the CXD Trading Book. Today, only attributed orders are eligible for broker preferencing.

Expected Date of Implementation

Subject to regulatory approval, we are expecting to introduce the broker preferencing for anonymous orders in Q2, 2020.

Rationale and Relevant Supporting Analysis

This change is being introduced to provide Nasdaq Canada Exchange Members with more opportunities to benefit from the lower trading costs and best execution opportunities that can result from internalizing orders. Although we realize that this change will facilitate new opportunities for internalization, we are making this change for competitive reasons to align with other marketplaces that already support this feature. We would be supportive of a decision by the OSC to not permit broker preferencing for anonymous orders across all marketplaces and would be happy to remove this feature at the time a decision was made.

Expected Impact on Market Structure

The introduction of broker preferencing for anonymous orders in the CXD Trading Book may result in an increase of internalized trades. However, we believe the impact will be immaterial given that CXD as a dark book is an unprotected market for the purposes of the Order Protection Rule and is used by only a subset of members.

Expected Impact on the Exchange's Compliance with Ontario Securities Law

The proposed changes will not impact Nasdaq Canada's compliance with Ontario securities law and is compliant with the fair access provisions of National Instrument 21-101. We note that several previous precedents exist for marketplaces to introduce the same functionality.

Consultation and Review

This change is being made in response to feedback solicited by Members.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

The proposed change will require development only for internal systems. Therefore, there is no time required for members or vendors to build for the change.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

Yes, MatchNow, NEO-D the CSE all support broker preferencing for anonymous orders. Nasdaq Canada also already supports this feature for M-ELO orders.

Any questions regarding these changes should be addressed to Matt Thompson, Nasdaq CXC Limited: matthew.thompson@nasdaq.com, T: 647-243-6242.

13.3 Clearing Agencies

13.3.1 CDS – Technical Amendment to CDS Procedures – Application for Participation Changes – October 2019 – Notice of Effective Date

CDS

NOTICE OF EFFECTIVE DATE

TECHNICAL AMENDMENTS TO CDS PROCEDURES

APPLICATION FOR PARTICIPATION CHANGES

OCTOBER 2019

The Ontario Securities Commission is publishing *Notice of Effective Date – Technical Amendments to CDS Procedures – Application for Participation Changes – October 2019*. The CDS procedure amendments were reviewed and approved by CDS's strategic development review committee (SDRC) on October 24, 2019.

A copy of the CDS Notice is on our website http://www.osc.gov.on.ca.

13.3.2 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – Notice of Issuance of Variation Order

NOTICE

ISSUANCE OF VARIATION ORDER TO

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED AND CDS CLEARING AND DEPOSITORY SERVICES INC.

A. Background

The Ontario Securities Commission (**Commission**) issued an order dated July 4, 2012, as varied and restated, pursuant to section 21.2 of the Securities Act (Ontario) (**Act)** continuing the recognition of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. (collectively**, CDS**) as clearing agencies (**Recognition Order**).

CDS has filed an application (**Application**) with the Commission requesting that an order be issued varying the Recognition Order to remove the requirement that one director of the CDS Board of Directors (**Board**) be a representative of a marketplace unaffiliated with Maple Group Acquisition Corporation (**Maple**) (now **TMX Group Limited**) and nominated by marketplaces unaffiliated with Maple (**Unaffiliated Marketplace Director Requirement**) and to include the establishment of a marketplace committee to provide advice and recommendations to management and the Board (collectively, **Draft Variation Order)**.

CDS' Application and Draft Variation Order were published for public comment on August 2, 2018. Two comment letters were received. A copy of the comment letters received can be found on the Commission website at: https://www.osc.gov.on.ca/en/58201.htm.

B. Amended Variation Order

In response to the comments received the following amendments have been made to the Draft Variation Order that was published for comment (**Variation Order**):

(i) the Unaffiliated Marketplace Director Requirement has been replaced with a requirement that a director on the CDS Board be (i) independent; or (ii) a representative of an entity that is unaffiliated with Maple and uses services offered by, or is connected to, CDS, such as a transfer agent or a marketplace, or is a service provider to Participants, such as a technology service provider or a custodian (**New Unaffiliated Director Requirement**). The New Unaffiliated Director Requirement expands the types of entities unaffiliated to Maple that can be a director on the Board.

(ii) clarified that the marketplace committee's membership will be open to all marketplaces unaffiliated with Maple that access the services provided by CDS (unaffiliated marketplace committee).

(iii) included a requirement that CDS obtain prior Commission approval before making changes to the unaffiliated marketplace committee's structure or mandate.

The Commission issued the Variation Order on December 4, 2019 pursuant to section 144 of the Act. A copy of the Variation Order is published in Chapter 2 of this Bulletin.

C. Summary of Comments

As noted two comment letters were received. Attached is a letter from CDS containing a summary of the comments and CDS's responses to the comments.

Letter from CDS
Summary of the Comments and CDS's Responses to the Comments

November 11, 2019

Re: Summary of Public Comments Received and Responses from The Canadian Depository for Securities Limited regarding CDS's Proposal to Eliminate the Requirement for an Unaffiliated Marketplace Representative on the CDS Board of Directors

CDS received two comment letters in response to our application (**"Proposal"**) to remove the requirement that one director of the CDS Board be a representative of a marketplace unaffiliated with TMX Group Limited (**"TMX"**). We believe that this requirement reduces the pool of potential directors for one of the CDS Board seats and that it would be a governance improvement at the clearing house if this Board seat was not limited to marketplace representatives. CDS is prepared to institute a committee for marketplaces that are not affiliated with TMX to provide advice, comments and recommendations to the management and Board of CDS, which would give non-TMX marketplaces an ability to participate on an equal basis with each other, with an assurance that matters raised by these marketplaces would be brought forward to CDS. The CDS Board would be required to address recommendations brought forward by these marketplaces, including by requiring the CDS Board to report annually in this regard to the OSC and AMF. CDS's recognition order will set out these requirements, including the requirement that Commission approval must be obtained by CDS before making changes to the unaffiliated marketplace committee's mandate or structure.

Additionally, to respond to comments received from marketplaces and feedback from regulators, the requirement for an unaffiliated marketplace director will be replaced by a new requirement. In addition to existing governance requirements related to CDS Board composition, a new provision will require that one of the CDS directors must also either qualify as an independent director or be a representative of an entity that uses CDS services and is not affiliated with TMX (such as a transfer agent, marketplace, technology services provider or a custodian).

We summarize the comments to the Proposal and provide our responses below. One of the comment letters is from MatchNow TriAct Canada Marketplace (**"TriAct"**), and the other was submitted jointly by Aequitas NEO Exchange, CNSX Markets, and Nasdaq CXC (collectively, the **"Exchanges"**).

A. General Comments

1. Comment: Proposal will result in a governance imbalance

TriAct Comment

TriAct supports a "corporate governance regime that ensures proportionate representation by key stakeholders in this ecosystem". Adequate corporate governance and oversight is required to balance the rights of a for-profit entity versus the rights of stakeholders who rely on CDS as the sole equity clearing house in Canada. The Proposal will "tilt the balance of power towards the TMX shareholders", contrary to the existing requirements which were "deliberately established … to prevent anti-competitive behaviour."

Exchanges' Comment

The Exchanges noted that having two TMX representatives on the CDS Board in addition to the CDS President results in a reduction of the director candidate pool. The Exchanges state that if the Proposal is accepted, it should be subject to the requirement that there be no TMX representatives, other than the CEO of CDS, on the CDS Board. The Exchanges believe that the challenge for CDS in managing marketplace director conflicts exists with respect to all marketplace representatives, not just non-TMX marketplaces. The Exchanges further state, "CDS is not like other subsidiaries and standard corporate governance principles supporting membership on the Board by representatives of the parent should not be applied."

CDS Response:

(i) CDS's Board should represent key stakeholders with skin-in-the-game

Indeed, CDS is not like other subsidiaries of TMX. CDS, as a systemically important entity and a financial market infrastructure (**"FMI"**), plays an integral role in Canadian capital markets stability. Unlike marketplaces which bear no risk in a participant default scenario, CDS has obligations that place it in a position where it bears risk of participant default. This risk is borne by CDS, its participants and its shareholders, but not by the marketplaces. While CDS is technically a for-profit entity (it ceased to operate on a cost-recovery basis following its acquisition by TMX), it is first and foremost a securities settlement system, central securities depository and central counterparty clearing house that is subject to the Principles for Financial Market

Infrastructures[2] (**"PFMIs"**) which govern the activities of FMIs[3].

The PFMIs resulted from a multi-year formal initiative and a decade of prior experience with international standards for FMIs. This formal initiative undertaken by CPSS and IOSCO was primarily the result of the increasing risk and uncertainty in financial markets evident during the financial crisis and the increasing role and importance of FMIs in these markets. While FMIs were generally able to settle obligations when due during the 2008 financial crisis, the events highlighted important lessons for effective risk management and the need for strong governance and oversight of FMIs to handle even more severe stress conditions. The PFMIs also address access to FMIs noting that FMIs should establish access policies that provide fair and open access, while ensuring their own safety and efficiency. Through this extensive process, IOSCO determined not to mandate composition requirements for boards of FMIs, but instead to permit FMIs to have flexibility in constructing a board of directors subject to complying with certain key principles.

By their nature, the PFMIs are principles-based and recognize that different FMIs may have different approaches to achieve a particular result. In addition to the recognition orders/decisions and other laws applicable to CDS, and because of the pivotal role CDS plays in ensuring the integrity and smooth functioning of the Canadian capital markets, CDS is extremely focused on complying with the PFMIs, in particular in light of the extensive learning that underpins them.

Principle 2 on governance requires that an FMI have robust, transparent governance arrangements that focus on the safety and efficiency of the FMI and that support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders. The PFMIs do not specifically place any limit on constituencies of directors on an FMI board, instead requiring appropriate representation to consider the various stakeholder interests. The unique role of a clearing house for ensuring stability in capital markets requires that its governance structures be explicitly designed to protect, and focused on, shareholders and clearing members, who bear the risk of failure.

This principle mirrors guidance from the SEC which requires clearing houses to consider the interests of owners, participants, participants' customers, securities issuers and holders, and other relevant stakeholders to, consistent with the public interest requirements, strike an appropriate balance among the potentially competing views of such other stakeholders represented within the clearing house.

We believe that the Proposal and CDS's governance structure, with Board representation from its shareholders and clearing members, is appropriate given the need for active risk management input and support from those entities who bear the risk of failure in the clearing house. In addition as mentioned above, to address feedback related to having balanced Board representation, the unaffiliated marketplace director role will be replaced by a director who will be sourced from a broader pool of candidates but will remain unaffiliated with TMX.

(ii) Conflicts Management

CDS uses governance best practices in its Board operations including when a Board member has a conflict of interest related to a matter that is being discussed at a Board meeting. See our response below in subsection 4(ii).

While the above addresses the situation where all marketplace representatives (including TMX representatives) could have a conflict with CDS, one conflict that is unique to unaffiliated marketplace representatives occurs when the CDS Board discussion involves information that is confidential and proprietary to CDS's affiliates, in particular the TMX marketplaces. In these circumstances, it is inappropriate for marketplaces that are competitors to the TMX marketplaces to be granted access to TMX confidential and proprietary information. On the occasions where it would be beneficial for the CDS Board to review information that is confidential to CDS's affiliates, the presence of a Board member who is affiliated with a non-TMX marketplace results in a scenario that needs to be managed by CDS's management. This conflict arises solely because of the presence of the Board member who represents a non-TMX marketplace.

2. Comment: CDS should have the same Board independence requirements as its parent, TMX Group Limited

TriAct noted that TMX Group Limited is required to have 50% independent board members, whereas CDS is required to have only 33% of its board be independent. TriAct submits that the Proposal would result in decreased board independence at CDS.

CDS Response:

As stated above, the existing requirement for an unaffiliated marketplace director will be replaced by a provision that requires one CDS director to either qualify as independent or represent an entity that uses CDS services and is not affiliated with TMX.

[2] Published in April 2012 by the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO).

[3] CDS must operate in compliance with National Instrument 24-102 which requires PFMI compliance (see section 3.1 of NI 24-102). CDS's AMF and OSC Recognition Orders also require PFMI compliance (see sections 9.1 and 10.2 of the CDS OSC Recognition Order and sections 28.1 and 29.2 of the CDS AMF Recognition Order).

Thus, the new requirement that replaces the unaffiliated marketplace director requirement addresses TriAct's concern that the change as originally set out in the Proposal would result in a decrease in CDS Board independence.

We believe that it is important to note that exchanges are fundamentally different entities from clearing houses in that a main role of a clearing house is to take on risk from its participants as it executes its core clearing operations. The requirement to manage this risk, and the impact on the owner of the clearing house and its participants in the event of a failure or default, means that owners and participants must have a leading role in how the clearing house is governed and how risk is managed. This is why regulators have mandated a majority of independent directors for exchanges, while they have not done so for clearing houses.[4] In keeping with the way clearing houses are regulated internationally, the Canadian regulators have mandated significant participant representation on the CDS Board because of the risk that participants naturally bear as clearing house members. The voice of the independent director who exercises independent judgment and advocates for the public interest remains important at a clearing house, but this must be balanced against the interests of the owners and participants who bear the clearing risk, and without whose resources the clearing house cannot operate.

B. Comments that are based on incorrect facts

3. Comment: The CDS Board has supported anti-competitive changes

The Exchanges have alleged anti-competitive behaviour by TMX with respect to two matters which we respond to below. The Exchanges' allegations are unfounded.

(i) Marketplace Fees

The Exchanges refer to a CDS fee proposal related to marketplace fees that, in the end, was not implemented, as it was not approved by CDS's regulators. The Exchanges advise that "a non-TMX marketplace representative could have provided insights" on this matter and that a "robust discussion at the Board would have been of assistance".

CDS Response:

CDS followed its fee approval process for this fee proposal, as set out in its Recognition Order. Pursuant to this process, the fee proposal was:

- submitted to the CDS Participant Fee Committee for review and comment;
- submitted to CDS's management Strategic Development Review Committee;
- tabled with the CDS Risk Management and Audit Committee (RMAC) of the CDS Board for review and comment;
- published for comment;
- discussed with regulators (including responding to comments made during the public comment process).

We believe that the CDS process for fee review and approval, which includes a public consultation process, is more than sufficient to obtain stakeholder feedback (including from marketplaces). To our knowledge, the fee review regime imposed on CDS is the most prescriptive, regimented and time consuming fee review process of any clearing house globally.[5]

In this particular instance, the unaffiliated marketplace director representative was in transition at the time this proposal was brought to the CDS Board (i.e. the unaffiliated marketplace director representative had resigned and the new director had not been appointed). Therefore this representative did not attend the Board meeting in question. The new unaffiliated marketplace director was approved at this Board meeting subject to an independent screening process which concluded a few weeks after the Board meeting. We note that if a marketplace advisory committee (as proposed by CDS in lieu of the marketplace representative Board seat) had been in place at the time of this fee proposal, CDS would have consulted with this committee and all marketplaces would have been afforded the ability to comment on the proposal directly to CDS, in addition to participating in the public comment process. If the marketplaces' recommendation to CDS on the fee proposal had not been

[4] Under their respective recognition orders, CDS, CDCC and the TMX exchanges are required to consider their participants as not independent for purposes of board composition requirements.

[5] Based on our review of securities legislation, PFMI disclosure documents, and consultation with foreign counsel in 2016, we found that clearing agencies in other jurisdictions that are comparable to or competitive with Canada are not subject to regulatory approval of fee changes. Specifically, European countries, South Africa and Australia do not require clearing agencies to submit fee changes for approval. In Europe, consistent with PFMI requirements, fees are subject to transparency requirements. In the United States, the CFTC requires that clearing agency fee changes be subject to a 10-day self-certification period with the exception of certain fees under $1.00. The SEC requires notification at the time of the fee change. The only exception is a fee charged to non-members which would either need (i) for noncontroversial changes, 30 days delay after filing (or shorter at the SEC's discretion), or (ii) for more significant or controversial changes, SEC approval.

heeded by management, then consistent with our proposal, management would have been required to discuss same with the CDS Board and the CDS Board would have been required to report to the OSC and AMF.

(ii) Cannabis

The Exchanges state that the CDS Board initially supported a proposal to cease clearing issuers with US cannabis operations or assets.

CDS Response:

On August 17, 2017 TMX published a statement regarding the clearing of securities of issuers with marijuana-related activities in the U.S. TMX stated that it was working with regulators to arrive at a solution to clarify this matter. In the August 17, 2017 statement, TMX advised that there was no CDS ban on the clearing of such securities, despite media reports. On February 9, 2018 CDS announced the signing of a memorandum of understanding with all Canadian exchanges, following discussions with regulators regarding the clearing of securities of issuers with marijuana-related activities in the U.S. The MoU confirms that CDS relies on the exchanges to review the conduct of listed issuers and as a result, there is no CDS ban on the clearing of securities of issuers with marijuana-related activities in the U.S. This is the extent of public information on this matter. CDS does not comment publicly on Board discussions.

4. Comment: CDS has not followed its original process that includes obtaining Board nominations from all of the non-TMX marketplaces

(i) Nomination Process

The Exchanges state that requests for nominations from all marketplaces would have provided deeper pools of candidates.

CDS Response:

Pursuant to the CDS Governance Committee Charter, the Governance Committee is to review on an annual basis the CDS Procedure for the Nomination and Election of the Board of Directors (Procedure). The Procedure was initially implemented following completion of the Maple transaction and was based on the procedure that Maple Group Acquisition Corporation used to populate the CDS Board following completion of the transaction.

The Governance Committee reviewed the Board composition under the Procedure as required in 2013 and 2014, however in 2014 the Governance Committee and the Board decided that the potential for turnover in Directors on an annual basis was not in the best interests of CDS and that more stability and continuity for CDS was necessary to ensure strong governance. They determined to instead review the composition on a bi-annual basis. The last such formal review was in 2016 and it was followed in early 2018 by a review by the Governance Committee and the Board to create the mirror board structure with CDCC. On February 20, 2014, CDS sent letters to seven unaffiliated marketplaces. Three of the seven submitted a nominee. Four did not respond. On February 11, 2016, CDS sent letters to eight unaffiliated marketplaces. Three of the eight submitted a nominee. Five did not respond. The 2018 review included a decision by the Governance Committee and the Board to pursue the Proposal and so no canvas of the unaffiliated marketplaces was conducted.

(ii) Board Meeting Procedures

The Exchanges advise that all “marketplace directors” should be allowed to remain for at least part of the discussion on issues impacting marketplaces - and then recuse themselves so the CDS Board has as much information as possible on which to make the decision.

CDS Response:

Our standard good governance practices operate in the manner suggested by the Exchanges. Directors are only asked to recuse themselves from the portions of the Board meeting where a conflict of interest places them in a situation where the *Canada Business Corporations Act* prescribes that they cannot vote on a matter. The remainder of the CDS Board, led by the independent Chair, has historically determined, once notified of a conflict, how the conflicted director should or should not participate in a discussion so as to ensure that the best interests of CDS are always paramount.

Respectfully submitted,
“The Canadian Depository for Securities Limited”

13.3.3 CDS Clearing and Depository Services Inc. (CDS) – Proposed Significant Change to Eliminate CDS Fee Rebates and Proposed Amendments to Eliminate Network Connectivity Fees – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)

PROPOSED SIGNIFICANT CHANGE TO ELIMINATE CDS FEE REBATES
AND
PROPOSED AMENDMENTS TO ELIMINATE NETWORK CONNECTIVITY FEES

The Ontario Securities Commission is publishing the CDS notice for a 60-day public comment period a proposed significant change to the CDS fee model to eliminate the two CDS fee rebates, as well as proposed amendments to eliminate network connectivity fees (**the Amendments**).

Details of the proposed Amendments are as follows:

- the permanent elimination of the two fee rebates (50/50 rebate and fixed rebate) that are paid annually to participants on a pro-rata basis based on their use of certain CDS services; and

- the permanent elimination of network connectivity fees currently paid by participants.

The comment period ends February 18, 2020.

A copy of the **CDS Notice** is published on our website at http://www.osc.gov.on.ca.

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