

The Ontario Securities Commission

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# Chapter 1

## Notices

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### 1.1 Notices

#### 1.1.1 OSC Notice 11-789 Notice Statement of Priorities for Financial Year to end March 31, 2021

##### ONTARIO SECURITIES COMMISSION

##### OSC Notice 11-789 – Notice Statement of Priorities for Financial Year to end March 31, 2021

The *Securities Act* (Act) requires the Ontario Securities Commission (OSC or Commission) to deliver to the Minister of Finance and publish in its Bulletin each year a statement of the Chair setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In the Notice published on April 30, 2020, the Commission decided not to consult on a detailed 2020-2021 Statement of Priorities (SoP) given the current and unprecedented environment and significant challenges affecting stakeholders given the outbreak of COVID-19 and the related financial market uncertainty. Instead, the OSC Business Plan for the fiscal year 2020-2021 was informed by the [2019-2020 SoP](#) published on June 27, 2019 and the initiatives as outlined in the [Reducing Regulatory Burden In Ontario's Capital Markets](#) report published on November 19, 2019. The OSC invited comment on existing OSC priorities and initiatives as outlined in the above reports.

The OSC received seven comment letters. The comments were generally supportive of the overall direction of the OSC goals and proposed priorities. Commenters supported the proposed work to address the recommendations of the Ontario Government's Capital Markets Modernization Taskforce and noted that investor protection should remain important in this work. A summary of specific comment areas is set out below:

1. Comments were mixed on the OSC proposal to address embedded commissions including suggestions to stop or pause work on the project or to just proceed to ban their use. On February 20, 2020, proposed OSC Rule 81-502 *Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds*, its related companion policy, and proposed amendments to NI 81-105 *Mutual Funds Sales Practices* was published for comment. The proposed rule would restrict the use of the Deferred Sales Charge option in the sale of mutual funds.
2. There was continued support for work to reduce regulatory burden. This is a key goal for the OSC, and we continue to believe that our markets are better able to compete, innovate and flourish with regulation that is proportionate to the regulatory objectives sought, while maintaining appropriate safeguards.
3. There was strong support for further developing and publishing OSC service standards in a transparent manner including providing expected response times at the start of each transaction to provide certainty to applicants in planning their business transactions. The OSC has committed to evaluating existing service standards and adopting new service standards for interactions with market participants, investors and general public. These will be posted on the OSC website once established.
4. Commenters expressed support and the need for action to address advisor titles and proficiency standards. The Financial Services Regulatory Authority is leading an initiative to regulate the titles of "financial advisor" and "financial planner".
5. There was continued support for the OSC Investor Office and the various initiatives underway to improve investor protection. The Investor Office will continue to address key investor protection issues including execution of the action items set out in our OSC Seniors Strategy.
6. There continues to be support for strengthening the powers of the Ombudsman for Banking Services and Investments (OBSI) as well as ideas to improve investors' access to compensation. The OSC is committed to strengthening OBSI so that both investors and firms have access to a fair, effective dispute resolution process, and that complaints are resolved in a timely fashion.
7. Several responses were received regarding improvements for the use of data and evidence-based decision-making by the OSC. Various analytical tools have been implemented that allow staff to develop the means and expertise to compile and analyze data to meet the needs of business and decision makers.

8. Shareholder democracy issues such as “say on pay” and proxy voting were identified for priority OSC action. We continue to monitor shareholder democracy activities and issues to determine whether there is a need for further action.
9. Comments related to the planned establishment of the Cooperative Capital Markets Regulatory System (CCMR) were mixed with some supporting OSC work on this initiative offset by others suggesting not to divert resources to this effort. The OSC is working collaboratively with Ontario’s Ministry of Finance, other participating provincial and territorial jurisdictions and the federal government, to further the implementation of the CCMR.

While the 2020-2021 SoP includes our highest priority areas, we will consider the other important initiatives and issues identified for inclusion by various respondents in our plan for this year. Many are already addressed within our branch business plans or will be considered for future work. The comments received on this SoP will also be considered as part of the more substantive consultation on the 2021-2022 SoP later in 2020.

The OSC remains committed to its core regulatory work but will also remain flexible given the unprecedented environment and market conditions as we respond to challenges due to COVID-19. As such, the OSC anticipates adjusting and re-aligning priorities throughout the year to accommodate changes due to the impact of the COVID-19 pandemic, as well as the outcomes of the Ontario Government’s Capital Markets Modernization Taskforce.

All comment letters received are available on our website [www.osc.gov.on.ca](http://www.osc.gov.on.ca). The SoP will serve as the guide for the Commission’s operations. Following delivery of the SoP to the Minister of Finance, we will also publish on our website a report on our progress against our 2019-2020 priorities.

***[Editor’s Note: The Statement of Priorities follows on separately numbered pages. Bulletin pagination resumes at the end of the Statement of Priorities.]***

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2020-2021

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OSC  
Statement of Priorities

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# INTRODUCTION

## OSC Statement of Priorities

We are pleased to present the OSC Chair's Statement of Priorities (SoP) for the Ontario Securities Commission for the year commencing April 1, 2020. The *Securities Act* (Ontario) requires the OSC to publish the Statement of Priorities in its Bulletin and to deliver it to the Minister by June 30 of each year. This Statement of Priorities also supports the OSC's commitment to be both effective and accountable in delivering its regulatory services.

The current unprecedented environment resulting from the COVID-19 pandemic poses significant challenges for stakeholders and has resulted in considerable economic and financial market uncertainty. Accordingly, the OSC's 2020-2021 SoP is informed by the 2019-2020 SoP with adjustments for updated progress on significant matters and the current market and regulatory environment. The OSC regulates the largest capital market in Canada and our actions have impacts for Ontario and the rest of Canada. The OSC is committed to promoting fair and efficient markets in Ontario and has identified a broad range of initiatives to improve the existing regulatory framework. We strive to anticipate problems in the market and act decisively to promote public confidence in our capital markets, protect investors, and support market integrity. We will continue to proactively identify emerging issues, trends, and risks in our capital markets.

Confidence in fair and efficient markets is a prerequisite for economic growth. Investor protection is always a top priority for the OSC. The OSC engages with investor advocacy groups to gain insights to better understand investor needs and interests.

The OSC continues to move the regulatory agenda forward, improving the way we approach our work and

engage with industry participants and other regulators to understand the issues and their concerns. The OSC interacts extensively with stakeholders through various advisory committees, roundtables and other means of consultation, to inform operational approaches and policy development.

Our significant work in the international regulatory environment will continue, taking into consideration the constraints imposed by the COVID-19 pandemic, as another key means to gain insights into emerging issues and standards that can be integrated into our policy development and oversight activities. These actions are essential to reach solutions that balance the inclusion of innovation and competition in the marketplace while maintaining appropriate investor safeguards.

The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country. The OSC is working with the Ontario government and the OSC's counterparts in other participating jurisdictions to develop a harmonized regulatory approach and seamless transition to the proposed Cooperative Capital Markets Regulatory System (CCMR).

The OSC is also a member of the Heads of Regulatory Agencies (HoA), an important federal-provincial forum for cooperation on financial sector issues. Chaired by the Bank of Canada, the HoA brings together the Department of Finance Canada, the Office of the Superintendent of Financial Institutions (OSFI) as well as the Autorité des marchés financiers, the Ontario Securities Commission, the British Columbia Securities Commission and the Alberta Securities Commission.

# INTRODUCTION

## Vision, Mandate and Goals

### Our Vision

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

### Our Mandate

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

### Our Organizational Goals

#### PROMOTE

Confidence in Ontario's Capital Markets

*Promote confidence in Ontario's capital markets among market participants and investors*

#### REDUCE

Regulatory Burden

*Enhance access for businesses and financial services providers to Ontario's capital markets*

#### FACILITATE

Financial Innovation

*Cultivate an environment that supports development of innovative financial business models*

### Strengthen Our Organizational Foundation

**People**

**Technology**

**Information**

# INTRODUCTION

## Key Priorities

Our 2020-2021 SoP sets out the four strategic goals on which the OSC intends to focus its resources and actions in 2020-2021. It also lays out the priority initiatives that the OSC will pursue in support of each of these strategic goals, including delivering the objectives outlined in the Ontario Government's Five-Point Plan to create confidence in the capital markets in the April 2019 Ontario Budget "Protecting What Matters Most" (Five-Point Plan).

The SoP also describes the environmental factors that the OSC has considered in setting these goals and priority initiatives. It is important to note that most OSC resources are focused on delivering the core regulatory work (authorizations, reviews, compliance, enforcement and the systems and infrastructure to support that work) undertaken by the OSC to maintain high standards of regulation in Ontario's capital markets.

### COVID-19 Impacts

The COVID-19 outbreak continues to have a significant impact on financial markets and economic conditions. Markets reacted significantly to the spread of the virus, the restrictions intended to contain its spread, and the significant uncertainty about future developments. Unprecedented fiscal and central bank actions are being put in place to help contain the economic and financial consequences and ensure the financial system remains resilient. In addition to posing a significant health risk in several countries, the spread of COVID-19 is expected to restrict economic activity for some time, impacting global supply chains and business confidence, likely resulting in increased bankruptcies and business failures. Firms with good credit quality are expected to be able to continue to take advantage of lower borrowing costs, but other firms, especially those in the most impacted industries, may be challenged in their ability to raise new capital or refinance existing debt.

Many investors are also facing financial hardship due to job losses or other economic impacts. While markets have recovered significantly from low points, ongoing market volatility also presents challenges for retail investors.

Recent conditions highlight the fragility of the market and how quickly sentiment and confidence can change. Effective management of the diverse range of potential issues arising from COVID-19 requires cooperation and coordination across the CSA and with other domestic authorities, to harmonize our approach for market participants on extending filing deadlines and adjusting other compliance requirements. We are also actively monitoring market operations and are working collaboratively with the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Depository for Securities Limited (CDS).

### Capital Markets Modernization Task Force

As part of its 2019 Fall Economic Statement, the Ontario government announced the formation of the Capital Markets Modernization Task Force (Task Force), which began work in February 2020. The Task Force will build on the extensive burden reduction work already undertaken by the OSC. The Task Force will solicit input from stakeholders, inform the government's vision of creating a 21st century securities regulatory framework, and provide policy recommendations on areas including driving competitiveness, regulatory structure, efficient regulation and investor protection. The five members of the Task Force are: Rupert Duchesne, Wesley J. Hall, Melissa Kennedy, Cindy Tripp and Walied Soliman (Chair). The Task Force is supported by an Expert Advisory Group of 12 people, including a representative of the OSC. The mandate of the Task Force is not limited to a review of the *Securities Act* and includes broader capital market considerations. The Task Force report could result in significant changes to the *Securities Act* (potentially as early as the 2021 Spring Budget Bill) and other aspects of securities regulation.

The OSC will support the efforts of the Ministry of Finance in relation to the Task Force and the Commission anticipates adjusting priorities as needed based on the recommendations from the Task Force.

## **GOAL 1 – Promote Confidence in Ontario’s Capital Markets**

Promote confidence in Ontario’s capital markets among market participants and investors

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- Implementation of Client Focused Reforms
- Continue CSA and OSC Policy-Setting on Mutual Fund Deferred Sales Charges (DSC) and Order Execution Only (OEO) Embedded Commissions
- Improve the Retail Investor Experience and Protection
- Continue to Expand Systemic Risk Oversight
- Bring Timely and Impactful Enforcement Actions
- Enhance Economically Focused Rule-Making
- Initiate Consultation to Consider the Current Self-Regulatory Organization (SRO) Framework
- Support Transition to the Cooperative Capital Markets Regulatory System (CCMR)

## **GOAL 2 – Reduce Regulatory Burden**

Enhance access for businesses and financial services providers to Ontario’s capital markets

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- Complete Actions Identified in the OSC Burden Reduction Plan

## **GOAL 3 – Facilitate Financial Innovation**

Cultivate an environment that supports development of innovative financial business models

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- Develop and Begin Implementation of Multi-Year Plan for the Office of Economic Growth and Innovation
- Engage with Fintech and Support Innovation in Capital Markets

## **GOAL 4 – Strengthen Our Organizational Foundation**

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- Continue Re-development of CSA National Systems
- Modernize OSC Technology Platform
- Ensure Competitiveness and Clear Service Standards
- Improve Efficiency and Regulatory Responsiveness through Internal Innovation

# THE ENVIRONMENT

## Scan and Impact

Environmental factors influence securities regulators in their operations and regulatory oversight. There are key challenges and issues that may influence the OSC's policy agenda, its operations, and the way it uses its resources. In addition, the OSC anticipates adjusting and re-aligning priorities throughout the year to accommodate changes due to the impact of the COVID-19 pandemic, as well as the recommendations from the Task Force.

### Globalization

Continuing geopolitical events could have profound impacts on financial regulation globally. The global interconnectedness of markets and mobility of capital create a strong need for harmonization and coordination of regulation.

The markets, products, and participants that the OSC regulates and oversees continue to grow, both in size and complexity. Globalization of financial markets, products and services adds another layer to these challenges. The sustained growth of cross-border activities raises challenges to regulatory supervision, highlights the value of cooperation between regulators and increases the benefit of achieving consistent standards and requirements both domestically and internationally.

The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country to facilitate business needs. Through these efforts, the OSC strives to achieve effective cross-jurisdiction regulation and gain timely insight, understanding and input into emerging regulatory issues to achieve better regulatory outcomes.

Our international involvement informs how we regulate Ontario's capital markets. The OSC continues to play an active role in international organizations such as the International Organization of Securities Commissions (IOSCO) to influence and promote changes to international standards for securities regulation and share new ideas and learnings that will benefit Ontario markets and participants.

### Technology and Innovation

The pace of technological evolution and innovation creates challenges to the development and maintenance of a responsive and aligned regulatory framework. Market participants continue to expand their product and service offerings. Innovation in Fintech (technology facilitated financial services) and Regtech (technology facilitated regulatory compliance services) is a key disruptive force in the financial services industry. Complexity driven by financial innovation offers many potential benefits and risks to the market. Fintech is leveraging new technology and creating new business models such as providing new product offerings (e.g. blockchain-based crypto assets) and disrupting service channels (e.g. online advisors). Financial services firms are using technological innovation, digitalization and distributed ledger technology to reduce operational costs and improve efficiency.

The breadth and pace of innovation in the financial sector could result in gaps in regulation or become a source of non-compliance. For example, the potential applications and impacts of Artificial Intelligence (AI) are significant but are not well understood.

### Growing Importance of Investor Education

As the responsibility for investing shifts to individuals, they are challenged to achieve the returns needed to finance future needs. There are wide gaps in the levels of investment experience and financial literacy among investors. Investor education has the potential to contribute to improved financial outcomes for investors and is an important component of investor protection.

The OSC is actively involved in providing investor education tools and resources to help investors achieve improved financial outcomes. The ability to achieve meaningful progress in improving financial literacy levels will be a key to strengthening investor protection. Investors with a greater level of understanding of financial concepts are better able to make informed investment decisions and avoid fraud. The OSC will seek new and innovative ways to deliver investor education and support retail investors in today's complex investing environment.

## **Changing Demographics and Investor Needs**

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Demographics are critical to understanding investor needs and are a key driver of most investor-focused issues. Different investor segments (e.g. seniors, millennials) have unique characteristics and present different challenges in terms of investment objectives and horizons. Their preferences can vary in terms of products (e.g. ETFs versus mutual funds) and service channels. Growing interest in environmental, social and governance (ESG) factors means that regulators need to consider how best to support investors in getting the information they reasonably need to make informed investment and voting decisions and encourage public companies to consider the direct and indirect effect of climate change on their businesses and disclose any related material risks. Automated financial advice is redefining the delivery of client wealth management services and the fees charged for advice.

## **Investor Redress**

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Investors can be at risk for potential losses from improper or fraudulent interactions. Regulators are seeking ways to improve investor access to redress in these types of situations. Avenues to obtain investor redress, including an effective and fair dispute resolution system, are increasingly being included as part of investor protection frameworks. To achieve better results for investors, the OSC will continue its support for the Ombudsman for Banking Services and Investments (OBSI) in its role as the independent dispute resolution service made available to investors.

## **Reduction of Regulatory Burden**

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Delivering responsive regulatory oversight includes being mindful of the impact of regulatory burden on market participants. The OSC, along with its CSA partners, has identified and is pursuing opportunities to reduce undue burden and make it easier and less costly for market participants to interface with us. In doing so, the OSC will continue to fulfill its responsibility to protect investors. The OSC is looking at ways to modernize the information provided to investors and other interactions that investors have with issuers and registrants.

## **Enforcement and Compliance Tools**

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Effective compliance and enforcement are essential to maintaining the integrity and attractiveness of our capital markets. Disruption of illegal activity and deterrence are key strategies to prevent or limit harm to investors. Our actions against firms and individuals who do not comply with the rules need to be timely and visible to achieve the desired deterrent effect and enhance public confidence in our markets.

As securities fraud and misconduct become increasingly complex, regulators must evolve their compliance and enforcement approaches and expand their tools. Technology is enabling growth in cross-border activities that can generate investor benefits through reduced friction and cost but can also be detrimental to investors by enabling cross-border fraud and misconduct that can be very difficult to address.

This creates challenges in supervision, surveillance and enforcement. Misalignment of regulatory approaches in different jurisdictions impedes cross-border supervision and enforcement efforts. Regulators will need greater access to data and more sophisticated surveillance and analysis tools to more effectively evaluate compliance with regulatory requirements and to identify misconduct.

## **Low Rate Environment**

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Even before the spread of COVID-19, global economic conditions were fragile, growth forecasts were muted, and expectations were for a “low for longer” interest rate environment. The virus has been a further knock to economic conditions resulting in previously unanticipated benchmark interest rate cuts. Interest rates are expected to remain at low levels for the foreseeable future. This will continue to encourage yield-seeking behaviour among institutional and retail investors. Regulators will need to remain vigilant about riskier products that promise greater returns and try to ensure that investors have the necessary tools to make informed decisions. Other risks to investors could include issues around disclosure of financial information and debt servicing costs as well as concerns about further growth in the level of corporate debt.

## **Modernize Financial Regulation**

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The Government of Ontario has identified initiatives to modernize the financial services regulatory framework. These policy priorities and changes in regulatory authority may impact the OSC and its operations including:

- Changes to the regulatory oversight of syndicated mortgage investments by the Financial Services Regulatory Authority (FSRA) and the OSC
- Title reform for financial planners and financial advisors
- Working with CCMR partners on the transition of the OSC to the proposed CCMR.

In addition, the Task Force will undertake measures to provide recommendations to help modernize and streamline securities regulation.

## **Systemic Risk and Financial Stability**

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The OSC works with many domestic and international regulators to monitor financial stability risks, improve market resilience, and reduce the potential risk of global systemic events. The OSC is continuing to build out a domestic derivatives framework and to operationalize the necessary compliance and oversight tools required to achieve a practical and effective regime. The OSC responds to potential risks arising from investment management activities through its work on investment funds liquidity risk and risk monitoring.

## **Cybersecurity Resilience**

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Cyber-attacks that have the potential to disrupt our markets and market participants are likely to occur. Growing dependence on digital connectivity is raising the potential for digital disruption in our financial services and capital markets and creating a strong imperative to raise awareness about cyber-attacks and to strengthen cybersecurity resilience. This is a growing challenge as more businesses, services and transactions span national and international borders. The OSC, working with other regulatory partners, has an important role to play in assessing and promoting readiness and supporting cybersecurity coordination and resilience within the financial services industry and raising awareness of cybersecurity risks.

## **Importance of Data**

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Ever-increasing market complexity is generating greater availability of, and reliance on data. The OSC is adding new tools and processes to support staff in delivering their responsibilities. Key challenges include managing growing volumes of data, obtaining access to relevant data sets, and managing information security.

The OSC is investing in information technology and infrastructure to support an integrated data management program that will improve access to information to identify trends and risks to support analysis and decision-making. This will also allow easier filings and access for market participants.

## **Workforce Strategy**

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The ability to meet the identified goals and strategic objectives is dependent upon the OSC having sufficient and appropriate resources. To meet the evolving needs, the OSC will continue to strengthen its capabilities through its people. While attracting, motivating and retaining top talent in a competitive market environment continues to be challenging, the OSC is building its capabilities and skills by recruiting staff across a range of disciplines, and by developing the skills and experience of our internal talent.

# OUR GOALS

## GOAL 1 – Promote Confidence in Ontario’s Capital Markets

The OSC shares the Ontario government’s commitment to making Ontario’s capital markets globally competitive and making Ontario an attractive place in North America in which to invest, grow businesses and create jobs. We will promote confidence in Ontario’s capital markets among market participants and investors by engaging and educating investors; exercising effective compliance oversight; and pursuing timely and vigorous enforcement. To achieve globally competitive, efficient and strong capital markets and a regulatory system that attracts investment from around the world will require the OSC to effectively balance the need to streamline capital-raising for businesses, with the need to protect investors from financial system risk and misconduct. Every year we design and carry out routine and targeted reviews of market participants with the objective of upholding the highest standards of disclosure and compliance through our various compliance oversight programs.

### OUR KEY PRIORITIES

#### 1.1 Implementation of Client Focused Reforms

Regulatory reforms to NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to improve the client/registrator relationship were published in final form in 2019. There will be a phased transition period. Amendments relating to conflicts of interest will take effect on June 30, 2021, and the remaining changes will take effect on December 31, 2021.

Under the amendments, registrants will be required to:

- Address material conflicts of interest in the best interest of the client
- Put the client’s interest first when making a suitability determination
- Do more to clarify for clients what they should expect from registrants.

Actions will include:

- The OSC, with other CSA jurisdictions and the SROs, will work with the implementation committee to provide guidance, respond to questions and otherwise assist registrants to operationalize the amendments.

#### Planned Outcomes:

- Investors will benefit from registrants addressing material conflicts of interest in their best interest
- Registrants must consider specific factors when deciding whether an investment product is suitable and their recommendations “put the client’s interest first”
- Investors will receive greater clarity around the products and services they can expect from their registrants. Registrants will need to:
  - explain the potential impact on a client’s investment returns from management expense fees or other ongoing fees connected with the investment product (and the effect of compounding fees over time)
  - provide investors with more information about any restrictions on their ability to liquidate or resell an investment product
- Increased investor confidence in the industry by better aligning industry conduct with investors’ expectations, as reflected by fewer compliance review recommendations relating to information collection, inadequate know-your-product due diligence and unsuitable investments.

#### 1.2 Continue CSA and OSC Policy Setting on Mutual Fund DSC and OEO Embedded Commissions

The OSC will work to finalize OSC policy proposals to restrict the use of mutual fund deferred sales charges (DSC). The OSC, with our CSA colleagues, will work to finalize the CSA proposal to prohibit the payment of trailing commissions when no suitability assessment determination is made on order execution only (OEO) dealer platforms.

Actions will include:

- Reviewing public comments on the OSC proposal
- Working with the CSA with a focus on transitional issues when finalizing the CSA proposal.

#### Planned Outcomes:

- Limiting DSC sales practices that are harmful to investors in Ontario
- Instead of embedded fees, investors are charged applicable direct fees for mutual fund trades on OEO platforms.

### **1.3 Improve the Retail Investor Experience and Protection**

As described in the Five-Point Plan, the OSC will identify ways to improve the investor experience and investor protection. Efforts will focus on engaging stakeholders, identifying appropriate areas for improvement, and acting to make changes that will ensure that investors have a positive experience and are better informed when making investment decisions. Collectively, these efforts are intended to lead to greater investor protection and help reduce fraud. A range of initiatives will be completed in support of this priority:

Actions will include:

- Stakeholder consultations on ways to improve the investor experience
- A focus on investor education and financial literacy activities
- Continued implementation of the OSC Seniors Strategy, including consultation on the proposed regulatory framework to address issues of financial exploitation and cognitive decline among older and vulnerable investors
- Continued expansion of the use of behavioural insights in OSC policy work
- Collaboration on financial literacy initiatives with the Government of Ontario, including the Ministry of Finance, Ministry of Education, and Ministry of Seniors and Accessibility.

#### **Planned Outcomes:**

- Financial education resources and channels such as GetSmarterAboutMoney.ca continue to be used by large numbers of investors and seen as a leading in Canada and internationally
- Regulatory framework to address issues of financial exploitation and cognitive decline among older and vulnerable investors published for comment
- Timely and responsive investor research conducted and published
- Effectiveness of OSC policies and programs improved through integration of behavioural insights.

### **1.4 Continue to Expand Systemic Risk Oversight**

The OSC will continue to build its regulatory framework for systemic risk oversight through various policy and operational initiatives.

Actions will include:

- Subject to Ministry pre-approval, publish amendments to the Business Conduct Rule, limiting the scope of the rule and outlining jurisdictions that will be granted equivalency

- Work with CSA on the next version of the proposed Derivatives Dealer Registration Rule
- Establish a monitoring regime for data relevant to the applicability of a proposed Margin Rule for uncleared derivatives to Ontario entities
- Propose amendments to the Trade Reporting Rule with respect to internationally adopted data standards
- In coordination with other IOSCO members, design and implement enhanced data collection to monitor vulnerabilities associated with the use of leverage in the asset management industry
- Subject to Ministry pre-approval, publish a revised version of the Clearing Rule and Companion Policy, for comment
- Working with other provincial and federal agencies, including through the HoA, to enhance the identification of financial system vulnerabilities and promote financial system resilience.

#### **1.4.1 Conduct Compliance Reviews of Over-the-Counter (OTC) Derivatives Rules (Trade Reporting, Clearing, Segregation & Portability)**

Improve quality of trade reports to enhance ability to meet systemic risk monitoring and enforcement assistance objectives.

Actions will include:

- Develop compliance review program for the Clearing Rule
- Create data quality reports to inform decisions as to which reporting counterparties should be reviewed
- Conduct ad hoc compliance reviews on issues as they become present in the data.

#### **1.4.2 Enhanced data analytics to support Systemic Risk Oversight**

Design and implement a framework for analyzing OTC derivatives data for systemic risk oversight and market conduct purposes including development of analytical tools and the creation of snapshot descriptions of the Canadian OTC derivatives market.

Actions will include:

- Design and build an enhanced derivatives data mart that ingests and relates data from multiple reporting entities
- Provide inter-provincial data support and analytics.

#### **Planned Outcomes:**

- Amendments to the Business Conduct Rule for derivatives dealers published
- Expanded database development completed
- Operational procedures for new compliance and oversight processes documented

- New templates for systemic risk analysis operationalised
- Increased use of analytical support for internal reporting, presentations, research, inter-agency projects and policy development
- Improved resilience and preparedness through effective coordination and cooperation with regulatory partners.

### **1.5 Bring Timely and Impactful Enforcement Actions**

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The OSC will promote confidence in Ontario's capital markets by increasing the deterrent impact of OSC enforcement actions and sanctions by actively pursuing timely and impactful enforcement cases to address serious securities laws violations. This work requires greater access to data and more sophisticated surveillance and analysis tools to more effectively evaluate compliance with regulatory requirements and identify misconduct. The OSC is proactively seeking out and engaging entities involved in harmful misconduct (e.g. unregistered trading, illegal distributions) and taking action to disrupt or stop these activities at the earliest stage to reduce investor harm.

Actions will include:

- Focus investigative and litigation resources on cases expected to have a strong regulatory impact and that are aligned with our strategic priorities
- Continue to identify and develop surveillance and analytical tools including working with the CSA to implement the Market Analysis Platform
- The quasi-criminal team will work in cooperation with policing partners and continue to focus on fraudulent behaviour and recidivism
- Take proactive and timely disruption steps to mitigate or stop investor harms
- The Whistleblower group will triage tips to focus action on impactful enforcement proceedings with effective regulatory messages.

#### **Planned Outcomes:**

- Implementation of new tools that increase use of data to support case selection and investigation decisions
- Enhanced profile for the OSC Whistleblower Program increases the number of credible tips
- Increased number of visible, effective disruption actions completed
- Increased visibility of priority case outcomes with strong regulatory messages aligned with OSC strategic priorities
- Improved use of data analytics in market conduct cases to strengthen the detection of harmful conduct

- In conjunction with our CSA partners, successful roll-out of the first phase of the Market Analysis Platform implementing a data repository with analytic tools to enhance enforcement effectiveness, including insider trading and market manipulation investigations.

### **1.6 Enhance Economically Focused Rule-Making**

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As indicated in the Five-Point Plan, the OSC will promote economically-focused rule-making through rigorous quantitative and qualitative analysis which weighs the anticipated economic costs against benefits for stakeholders.

Actions will include:

- Develop a more comprehensive and structured approach to analyzing costs and benefits that includes qualitative and quantitative analysis of anticipated costs and benefits for all OSC rule-making initiatives
- Provide analytical support and advice on impact analyses for regulatory initiatives
- Conduct retrospective reviews of past regulatory changes to assess if intended impacts were achieved.

#### **Planned Outcomes:**

- High quality analyses are delivered within agreed timelines
- Rule-making is supported by impact analysis that confirms that the costs of the proposed changes are proportionate to the benefits sought and aligned with the OSC's mandate
- Post-implementation reviews confirm that no major potential impacts were missed in the initial analysis
- Reviews confirm whether the intended benefits have been achieved and if further policy change should be considered
- Published analysis generates positive feedback from internal and external stakeholders.

### **1.7 Initiate Consultation to Consider the Current Self-Regulatory Organization (SRO) Framework**

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Consider ongoing SRO developments and develop responses as required including a consultation process regarding the evolution of the SRO framework.

Actions will include:

- Consultation paper published for comment
- Clarify and streamline SRO Memoranda of Understanding and recognition orders.

**Planned Outcomes:**

- Updated SRO recognition orders that are consistent with our oversight activities and that maintain appropriate levels of investor protection
- Consideration and public feedback on whether the current SRO framework is appropriate in light of the evolution of the market.

**1.8 Support Transition to the Cooperative Capital Markets Regulatory System (CCMR)**

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The OSC will continue to commit resources to support implementation of the CCMR as a streamlined capital markets regulatory system that will: (a) make our capital markets more efficient and competitive relative to other countries; (b) facilitate more effective monitoring and

responses to systemic risk on a national basis; and (c) provide investors timely and uniform protections across jurisdictions.

Actions will include:

- Re-prioritize, mobilize resources and adopt change management activities once workstreams are activated to prepare for the CCMR launch
- Participate with other CCMR partners to complete the work to develop effective legislation, regulations and efficient regulatory oversight processes.

**Planned Outcomes:**

- OSC is ready to seamlessly transition to the proposed CCMR.

# OUR GOALS

## GOAL 2 – Reduce Regulatory Burden

The OSC formed a Burden Reduction Task Force in November 2018, in coordination with the Ontario government. The Burden Reduction Task Force's mandate was to identify ways to enhance competitiveness for Ontario businesses by saving time and money for issuers, registrants, investors and other capital market participants. Its work is a major component of the Five-Point Plan for creating confidence in Ontario's capital markets.

### OUR KEY PRIORITIES

#### 2.1 Complete Actions Identified in the OSC Burden Reduction Plan

In November 2019, the OSC published the report: *"Reducing Regulatory Burden in Ontario's Capital Market"*. In that report, the OSC set out concerns raised by stakeholders and identified actions to address those concerns, as well as items for further study.

Actions will include:

- Complete the burden reduction items identified in the report by the planned dates

- Engage in further study on the items identified for follow-up
- Issue regular status updates on the progress against the actions identified in the report.

#### Planned Outcomes:

Visible and tangible results of burden reduction efforts will include:

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

# OUR GOALS

## Goal 3 – Facilitate Financial Innovation

The OSC will continue to develop flexible regulatory approaches and improved access to services and support for investors looking to establish or expand their businesses in Ontario. These efforts will build on the progress to date supporting Fintech innovation in Ontario. This includes creating an environment that supports emerging financial technology, ensuring investor protection, while creating flexible and proportionate regulatory approaches.

### OUR KEY PRIORITIES

#### 3.1 Develop and Begin Implementation of Multi-Year Plan for the Office of Economic Growth and Innovation

The OSC has created an Office of Economic Growth and Innovation, which will collaborate with businesses and other regulators to support innovation, through OSC LaunchPad, facilitate capital formation and regulatory burden reduction, promote the implementation of technology to reduce costs and accelerate innovation in financial services, and engage in outreach with stakeholders, innovation hubs and others to support economic growth and innovation initiatives.

Actions will include:

- Identify and recommend improvements to processes, programs and decision-making at the OSC that will contribute to economic growth and innovation and develop performance measures that can be used to show evidence of successful delivery
- Oversee the process for identifying opportunities to reduce regulatory burden including conducting outreach programs with market participants to solicit their insight and input
- Develop and implement innovation programs for the OSC to test innovative ideas
- Monitor innovation and economic growth initiatives and engage actively with innovation hubs and similar groups within domestic and global regulatory organizations.

#### Planned Outcomes:

- The Office of Economic Growth and Innovation is fully operational and delivering on its mandate

- Accelerated innovation in financial services through proliferation of technology, reduced costs and increased competition
- Impacts of regulatory actions are assessed in the context of small or medium-sized market participants
- Increased innovation supports capital formation and economic growth within Ontario.

#### 3.2 Engage with Fintech and Support Innovation in Capital Markets

The OSC will continue to engage with the Fintech community to better understand their needs and help them understand the regulatory requirements that apply to their businesses. In addition, through LaunchPad, the OSC will provide direct support to innovative Fintech businesses in navigating the regulatory requirements and will be flexible as to how the businesses meet their obligations (e.g. give exemptive relief, provide guidance about how to comply within new business models).

Actions will include:

- Evaluate additional tools to assist Fintech firms that want to test novel products and services
- Identify issues and potential regulatory gaps relating to Fintech developments and integrate learnings from working with innovative businesses
- Issue guidance and notices on key issues affecting these businesses
- Work with the OSC Fintech Advisory Committee to ensure we are responsive to unique issues faced by innovative businesses
- Engage with other international regulators that have similar innovation initiatives to better understand international trends and developments
- Enhance online information on OSC LaunchPad ([osclaunchpad.on.ca](https://osclaunchpad.on.ca)) to give the Fintech community with important insights and information into securities law requirements including information for start-ups on whether and how securities regulations may apply to their business
- Work with the CSA Sandbox to issue timely approvals for Ontario Fintech businesses to operate in Canada as registered firms (offering novel products and services) or marketplaces.

**Planned Outcomes:**

- Costs and time to market for innovations are reduced
  - Potential tools are identified, assessed and implemented
  - Learnings from working with innovative businesses are used to modernize regulation for the benefit of Ontario businesses
- Positive feedback from stakeholders regarding guidance issued and support provided to Fintech businesses
  - OSC LaunchPad website updated to reflect new Fintech-related notices, news releases or guidance.

# OUR GOALS

## GOAL 4 – Strengthen Our Organizational Foundation

The OSC regulates and supports an ever-changing and highly competitive financial sector. To meet these challenges the OSC requires a strong organizational foundation of people, systems and data management and analytics.

The OSC continues to enhance its workforce by seeking staff with strong data-gathering and analytical capabilities who can proactively identify emerging issues, especially when those issues do not fit established patterns. The OSC, like many other businesses, faces significant challenges to attract and retain staff with these skills as it operates in a competitive market where demand for talent is high. The OSC also needs robust systems to manage high volumes of data and support advanced data analysis techniques to uncover patterns and detect non-compliance. Successfully addressing these challenges will position the OSC to provide efficient and effective regulation that delivers better outcomes.

### OUR KEY PRIORITIES

#### 4.1 Continue Redevelopment of CSA National Systems

Redevelopment of the CSA national systems (now called SEDAR+) is a critical foundation for the OSC to become a more data analytic-focused and evidence-based regulator.

Actions will include:

- Support the CSA initiative to implement SEDAR+, a modern, accessible, integrated, searchable, secure, and robust database and system to deliver capabilities that support existing regulatory requirements and can be easily modified to support the future needs of market participants and regulators
- Amend the CSA Systems Rule and CSA Systems Fee Rule
- Complete work on OSC local systems and related processes, workflows and policies to ensure they are aligned with SEDAR+ when it is launched.

#### Planned Outcomes:

- Launch of SEDAR+ meets user needs and is aligned with OSC local systems

- Improved operational functions and more efficient service delivery to market participants
- CSA Systems Fee Rule is completed within applicable timelines.

#### 4.2 Modernize OSC Technology Platform

The OSC has planned several strategic initiatives to modernize its technology platforms and safeguard information to support new approaches to its regulatory work and improve efficiency in delivering regulatory outcomes.

##### 4.2.1 Data Management and Digital Transformation Program

The OSC will continue to pursue its multi-year Data Management Program (DMP) to support new business systems and new approaches to regulatory work, and to improve efficiency in delivering regulatory outcomes.

Actions will include:

- Continued development of OSC business workflow applications that are integrated with SEDAR+
- Improved data reporting and analytics
- Continuation of OSC data governance activities with additional data elements added
- Enhanced derivatives database developed with improved reporting and analytics.

##### 4.2.2 Systems Modernization and IT Resilience

Significant IT modernization investments for infrastructure services and enterprise software are planned.

Actions will include:

- OSC website redevelopment
- Introduction of additional data management and analytical tools
- Ongoing platform currency upgrades and improvements to various internal operational systems
- Implementation of additional tools and technology to allow staff to work more effectively and efficiently from home
- Replacement of legacy systems with new modern technology.

### 4.2.3 Information Security Program

The OSC will continue to implement an Information Security Program that is aligned with the National Institute of Standards and Technology cybersecurity framework.

Actions will include:

- Improve ongoing information security operations and remediation of information security risks
- Continue to improve information security governance
- Implement additional information security tools and technology
- Continue ongoing information security awareness training for all staff.

#### Planned Outcomes:

- Improved information security oversight and reporting
- Successful implementation of the Information Security Program results in secure operations of OSC systems
- Improved cybersecurity defense agility
- Increased awareness of information security risks among staff.

### 4.3 Ensure Competitiveness and Clear Service Standards

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The OSC will continue to strive to achieve a global standard of excellence in securities regulation.

Actions will include:

- Report on metrics that track the competitiveness of Ontario's capital markets relative to other jurisdictions
- Introduce enhanced and expanded service standards that cover a broader range of regulatory processes and services
- Track results against those standards relative to securities regulators in leading jurisdictions.

#### Planned Outcomes:

- Improved understanding of relative competitiveness of Ontario capital markets
- Better service and trend analysis
- Improved transparency for stakeholders.

### 4.4 Improve Efficiency and Regulatory Responsiveness through Internal Innovation

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The OSC recognizes and believes in the value to be gained by reforming internal processes and delivering better services. The OSC will undertake internal reviews of its regulatory processes to identify opportunities to improve accessibility, save time or money and make interactions with businesses easier and more efficient.

Actions will include:

- Provide a framework, shared standards and tools to effectively adapt to complex change and realize business benefits
- Support staff's ability to proactively identify and remove barriers to change
- Assess OSC internal regulatory processes and address key process inefficiencies
- Increase the use of online applications that save time and reduce the occurrence of missing information.

#### Planned Outcomes:

- Interactions with businesses are easier and more efficient
- Enhanced service/innovation culture in the OSC
- The OSC demonstrates the ability and capacity to deliver transformational change on complex projects and initiatives.

# BUDGET

## Financial Outlook

The OSC's 2020-2021 budgeted deficiency of revenues over expenses of \$4.8 million is primarily due to an increase in costs for dedicated resources to deliver on the Ontario Government's Five Point Plan and continued multi-year capital spending towards facilities rehabilitation and the Data Management Program.

Budgeted revenue of \$130.3 million is \$4.1 million below the 2019-2020 actuals but is an increase of \$3.5 million over the prior year budget. The budgetary decrease against the 2019-2020 actuals is attributed to lower chargeable filing volumes as a result of the regulatory burden initiatives and lower anticipated participation fees.

Operating expenses are budgeted to increase by \$9.7 million against the 2019-2020 actuals as a result of:

- Supporting the delivery of the Ontario Government's Five-Point Plan

- Investing in applications and infrastructure technology to move to the cloud in a software as a service model instead of the typical capital purchase model
- Cost of additional floor space.

Capital spending on projects is expected to increase by \$6.1 million from the 2019-2020 actuals as a result of investments in the Data Management Program and the facilities rehabilitation project.

The OSC is committed to maintaining fiscal responsibility, remaining flexible during the upcoming fiscal year by taking appropriate action on spending as new information emerges on the impacts from COVID-19. As a result, while the OSC makes progress on certain key priorities, other investments, including various capital programmes, are expected to be deferred to preserve financial liquidity during these uncertain times.

\$000's	2019-2020 Budget	2019-2020 Actual	2020-2021 Proposed Budget	Proposed Budget to 2019-2020 Budget		Proposed Budget to 2019-2020 Actual	
				\$	%	\$	%
				<i>Favourable/(Unfavourable)</i>			
<b>Revenue</b>	<b>\$126,839</b>	<b>\$134,396</b>	<b>\$130,312</b>	<b>\$3,473</b>	<b>3%</b>	<b>(\$4,084)</b>	<b>(3%)</b>
<b>Operating Expenses</b>	<b>\$129,443</b>	<b>\$126,271</b>	<b>\$136,004</b>	<b>(\$6,561)</b>	<b>(5%)</b>	<b>(\$9,733)</b>	<b>(8%)</b>
Finance Costs (IFRS 16)	1,729	1,793	1,820	(91)	(5%)	(27)	(2%)
Recoveries (insurance proceeds, enforcement costs, investor education costs)	(2,587)	(4,977)	(2,681)	94	4%	(2,296)	(46%)
<b>Expenses (net of recoveries and finance costs)</b>	<b>\$128,585</b>	<b>\$123,087</b>	<b>\$135,143</b>	<b>(\$6,558)</b>	<b>(5%)</b>	<b>(\$12,056)</b>	<b>(10%)</b>
<b>Operating Surplus/(Deficit)</b>	<b>(\$1,746)</b>	<b>\$11,309</b>	<b>(\$4,831)</b>	<b>(\$3,085)</b>	<b>(177%)</b>	<b>(\$16,140)</b>	
<b>Capital Additions</b>	<b>\$7,244</b>	<b>\$3,839</b>	<b>\$9,915</b>	<b>(\$2,671)</b>	<b>(37%)</b>	<b>(\$6,076)</b>	<b>(158%)</b>

**1.1.2 Notice of Memorandum of Understanding – Memorandum of Understanding Respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems**

**NOTICE OF MEMORANDUM OF UNDERSTANDING**

**MEMORANDUM OF UNDERSTANDING RESPECTING THE OVERSIGHT OF EXCHANGES AND QUOTATION AND TRADE REPORTING SYSTEMS**

The Commission is publishing an amended memorandum of understanding (MOU) between certain members of the Canadian Securities Administrators (CSA) respecting the oversight of exchanges and quotation and trade reporting systems.

The MOU, which first took effect in Ontario in November 2002, is being amended principally to add the Financial and Consumer Services Commission of New Brunswick (FCNB) as a party to the MOU.

The amended MOU is subject to the approval of the Minister of Finance for Ontario. The MOU was delivered to the Minister on June 23, 2020. Subject to the Minister's approval, the amended MOU will take effect on September 1, 2020.

The Commission is also publishing a revised List of Exchanges, Lead Regulators and Exempting Regulators in relation to the Memorandum of Understanding respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems (List of Exchanges). The List of Exchanges identifies the exchanges and their associated Lead and Exempting Regulators for purposes of the MOU. The revised List of Exchanges reflects the exchanges and their associated Lead and Exempting Regulators as of September 1, 2020.

**Memorandum of Understanding  
respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems**

among:  
**Alberta Securities Commission (ASC)**  
**Autorité des marchés financiers (AMF)**  
**British Columbia Securities Commission (BCSC)**  
**Financial and Consumer Affairs Authority of Saskatchewan (FCAA)**  
**Financial and Consumer Services Commission of New Brunswick (FCNB)**  
**Manitoba Securities Commission (MSC)**  
**Ontario Securities Commission (OSC)**

**(each a Party, collectively the Parties)**

The Parties agree as follows:

**1. Underlying Principles**

(a) Lead Regulator Model

- (i) Each recognized exchange (Exchange) and recognized quotation and trade reporting system (QTRS) subject to this Memorandum of Understanding (MOU) has a lead regulator (Lead Regulator) responsible for its oversight and one or more exempting regulators (Exempting Regulator).
- (ii) The Exempting Regulator of an Exchange or QTRS exempts it from recognition as an Exchange or QTRS on the basis that:
  - (A) the Exchange or QTRS is and will continue to be recognized by the Lead Regulator as an Exchange or QTRS;
  - (B) the Lead Regulator is responsible for conducting the regulatory oversight of the Exchange or QTRS; and
  - (C) the Lead Regulator will inform the Exempting Regulator of its oversight activities and the Exempting Regulator will have the opportunity to raise issues concerning the oversight of the Exchange or QTRS with the Lead Regulator in accordance with this MOU.
- (iii) The Lead Regulator is responsible for conducting an oversight program (the Oversight Program) of the Exchange or QTRS that will include the purpose and matters described in section 3.
- (iv) The Parties will act in good faith to resolve issues raised by any Exempting Regulator in connection with the Oversight Program carried out by the Lead Regulator.

(b) Scope

The terms of this MOU are applied by the Parties in respect of the oversight of an Exchange or QTRS identified on a list entitled “List of Exchanges, Lead Regulators and Exempting Regulators in relation to the Memorandum of Understanding respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems” (“List of Exchanges”), published concurrently with this MOU by each Party. The List of Exchanges does not form part of this MOU. It may be amended from time to time and will be published by each Party after any such amendment.

(c) Previous Memorandum of Understanding

This MOU supersedes any prior Memorandum of Understanding about the Oversight of Exchanges and Quotation and Trade Reporting Systems among the ASC, Commission des valeurs mobilières du Québec, now the AMF, BCSC, MSC and OSC.

**2. Definition**

“Lead Regulator” means the Party that is designated on the List of Exchanges from time to time as being the Lead Regulator responsible for the oversight of a particular Exchange or QTRS by consensus of the Parties that have either recognized or exempted from recognition this Exchange or QTRS or are in the process of doing so.

### 3. Oversight Program

- (a) The purpose of the Oversight Program<sup>1</sup> is to ensure that each Exchange and QTRS meets appropriate standards for market operation and regulation based on the type of activities carried out by the Exchange or QTRS. Where applicable, those standards will include:
- (i) fair representation in corporate governance and rule-making;
  - (ii) effective management of conflicts of interests;
  - (iii) adequate ownership/control structure;
  - (iv) financial viability;
  - (v) sufficient resources to carry out market and regulatory functions;
  - (vi) fair access for market participants and issuers;
  - (vii) orderly markets through appropriate review of traded products, trading rules and financial requirements for market participants;
  - (viii) transparency through timely access to accurate information on orders and trades;
  - (ix) market integrity through the adoption of rules that are not contrary to the public interest, prohibit unfair trading practices, prevent market manipulation and customer and market abuses and promote just and equitable principles of trades;
  - (x) monitoring of the conduct of the market participants and enforcement of the rules and requirements governing such conduct;
  - (xi) proper identification and management of risks;
  - (xii) effective clearing and settlement arrangements and systems;
  - (xiii) information sharing and regulatory cooperation;
  - (xiv) appropriate listed or quoted company regulation;
  - (xv) adequate financial products and instruments development process;
  - (xvi) specific trading and position limits;
  - (xvii) appropriate inventory and stock delivery management procedures; and
  - (xviii) appropriate coordination regarding the market surveillance of the underlying securities.
- (b) The Lead Regulator will establish and conduct the Oversight Program. At a minimum, the Oversight Program will include the following:
- (i) Review of information filed by the Exchange or QTRS on critical financial and operational matters, risk management and significant changes to operations, including information filed under National Instrument 21-101 - Marketplace Operation, related to:
    - (A) corporate governance;
    - (B) rules;
    - (C) systems and operations;
    - (D) access;

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<sup>1</sup> The matters outlined in the Oversight Program are intended to set out the minimum level of oversight exercised in respect of an Exchange or QTRS. The Lead Regulator may conduct additional review procedures.

- (E) listing criteria and/ or financial instrument development;
  - (F) fees;
  - (G) financial viability; and
  - (H) regulation.
- (ii) Review and approval, where applicable, of changes to Exchange or QTRS by-laws, rules, policies, and other similar instruments (Rules) under the procedures established by the Lead Regulator from time to time.
- (iii) Periodic oversight review of Exchange or QTRS functions, including to the extent applicable:
- (A) corporate finance policies: policies relating to minimum listing or quoting requirements, continuing listing or quoting requirements or tier maintenance requirements, sponsorship and continuous disclosure;
  - (B) trading halts, suspensions and de-listing procedures;
  - (C) co-ordination with the markets of the underlying securities;
  - (D) monitoring of trading and position limits;
  - (E) surveillance and enforcement: procedures for detection of non-compliance and resolution of outstanding issues;
  - (F) access: requirements for access to the facilities of the Exchange or QTRS and fair application of those requirements;
  - (G) information transparency: procedures for the dissemination of market information;
  - (H) corporate governance: corporate governance procedures, including policy and rule making process;
  - (I) risk management; and
  - (J) systems and technology.
- (c) The Lead Regulator will retain sole discretion regarding the manner in which the Oversight Program is carried out, including determining the order and timing of its oversight review of the functions under section 3(b)(iii). However, the Lead Regulator will perform the oversight reviews of these functions at least once every three years. Once it has obtained the necessary internal approval and when the final report of the oversight review performed under section 3(b)(iii) is sent to the Exchange or QTRS, the Lead Regulator will also provide a copy of the final report and any responses of the Exchange or QTRS to the report to each Exempting Regulator.
- (d) If issuers or parties that are directly affected by a decision of the Exchange or QTRS in the jurisdiction of an Exempting Regulator appeal that decision to the Lead Regulator or request a hearing and review of that decision by the Lead Regulator, the Lead Regulator will provide videoconferencing facilities or other electronic equipment as necessary and appropriate to permit and facilitate the participation of the parties in the proceedings in the jurisdiction of the Exempting Regulator. The Lead Regulator will also provide simultaneous translation facilities or other facilities necessary and appropriate to permit the participation of the parties in the proceedings in French or English, at their request.
- (e) The Lead Regulator will inform each Exempting Regulator in writing of any material changes in how it performs its obligations under this MOU.

#### **4. Involvement of an Exempting Regulator**

- (a) The Lead Regulator acknowledges that an Exempting Regulator may require that the Exchange or QTRS provide to that Exempting Regulator:
- (i) copies of information filed by the Exchange or QTRS pursuant to section 3(b)(i) at the same time that the Exchange or QTRS files the information with the Lead Regulator; and

- (ii) copies of all Rules that the Exchange or QTRS files with the Lead Regulator under the Lead Regulator's procedures referred to in section 3(b)(ii) at the same time that the Exchange or QTRS files the Rules with the Lead Regulator;
  - (iii) copies of all final Rules once approved by the Lead Regulator under the Lead Regulator's procedures referred to in section 3(b)(ii); and
  - (iv) in the specific context of an investigation by an Exempting Regulator and upon a specific request from that Exempting Regulator, information in writing about the marketplace participants, the shareholders or the market operations of the Exchange or QTRS.
- (b) If an Exempting Regulator advises the Lead Regulator that it has specific concerns regarding the operations of the Exchange or QTRS in the jurisdiction of the Exempting Regulator and requests that the Lead Regulator perform an oversight review of the Exchange or QTRS in that jurisdiction, the Lead Regulator may determine to conduct an oversight review of:
- (i) the office of the Exchange or QTRS in the jurisdiction of the Exempting Regulator; or
  - (ii) a function performed by an Exchange or QTRS office in that jurisdiction.

The Exempting Regulator may, as part of its request, ask that the Lead Regulator include staff of the Exempting Regulator in the Lead Regulator's oversight review. The Lead Regulator may, as a condition of performing the oversight review, request the assistance of staff of the Exempting Regulator in which case the Exempting Regulator will use its best efforts to provide this assistance.

- (c) If the Lead Regulator advises the Exempting Regulator that it cannot or will not conduct the oversight review referred to in section 4(b), the Exempting Regulator may conduct the oversight review without the participation of the Lead Regulator. In that case, the Exempting Regulator will provide copies of the results of the oversight review to the Lead Regulator at the same time it sends the results to the Exchange or QTRS.

## **5. Information Sharing**

- (a) The Lead Regulator will, upon written request from an Exempting Regulator, provide or request the Exchange or QTRS to provide to the Exempting Regulator any information about the marketplace participants, the shareholders and the market operations of the Exchange or QTRS. This would include shareholder and participating organization lists, product and trading information and disciplinary decisions.
- (b) In addition, to the extent practicable and as appropriate in the particular circumstances, the Lead Regulator will inform the Exempting Regulators in advance of any material events, or material decisions taken either by the Lead Regulator or the Exchange or QTRS, that may have a significant impact on the operations or activities of the Exchange or QTRS.

## **6. Oversight Committee**

- (a) An oversight committee will continue to have the mandate to act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of marketplaces by the Parties (Oversight Committee).
- (b) The Oversight Committee will include staff representatives from each of the Parties who have responsibility and/or expertise in the areas of marketplace oversight and market regulation.
- (c) The Oversight Committee will meet at least once annually in person and will conduct conference calls at least quarterly.
- (d) At least quarterly, the Parties will provide to the Oversight Committee a summary report on their oversight activities conducted during the period that will include a summary description of any material changes made to their oversight program, including the procedures for the review and approval of Exchange or QTRS Rules.
- (e) At least annually, the Oversight Committee will provide to the Canadian Securities Administrators a written report of the oversight activities of the committee members during the previous period.

## **7. Issues Forum**

- (a) The Parties acknowledge that:

- (i) more than one Exchange or QTRS may file the same Rules to different Lead Regulators for review and approval at the same time;
  - (ii) one Exchange or QTRS may file a Rule to its Lead Regulator for review and approval that is the same as an existing Rule adopted by a different Exchange or QTRS with a different Lead Regulator; or
  - (iii) an Exempting Regulator may have material concerns regarding a Rule that the Exchange or QTRS has filed for review and approval with the Lead Regulator under the Lead Regulator's procedures referred to in section 3(b)(ii).
- (b) In the event the circumstances set out in section 7(a) arise, the Lead Regulators will act in good faith to resolve the issues or concerns raised by any of the parties involved in a dispute or disagreement in order to either achieve consistent results among the Lead Regulators or to address the concerns of the Exempting Regulator.
- (c) The Parties to this MOU will establish a committee of the Chairs or other senior executives of the parties involved (the "Issues Forum") that will attempt to reach a consensus between the parties on any issue in dispute or disagreement under section 7(a). The Issues Forum will make recommendations to the various parties. Staff of any of the parties involved in a dispute or disagreement may submit the issue in dispute or the matter causing the disagreement to the Issues Forum.
- (d) The Issues Forum will include the Chair or another senior executive of each Party involved in a dispute or disagreement under 7(a). For purposes of this section and if there are joint Lead Regulators of an Exchange or QTRS, the joint Lead Regulators of the Exchange or QTRS will be considered to be separate parties.

#### **8. Waiver and Termination**

- (a) The provisions of this MOU may be waived by mutual agreement of the Parties.
- (b) If the Lead Regulator or an Exempting Regulator of an Exchange or QTRS believes that another Party is not satisfactorily performing its obligations under this MOU, it may give written notice to the other Party stating that belief and providing particulars in reasonable detail of the alleged failure to perform. If the Party receiving the notice has not satisfied the notifying Party within two months of the delivery of the notice either that its performance is satisfactory or that it has taken or will take acceptable steps to rectify its performance, the notifying Party may by written notice to the other Party terminate this MOU as it relates to that Exchange or QTRS on a date not less than six months following delivery of the notice of termination. In that case, the notifying Party will send to the Exchange or QTRS a copy of its notice of termination at the same time it sends the notice to all the other Parties.
- (c) In the event any significant change to the ownership, structure or operations of an Exchange or QTRS affects the oversight of the Exchange or QTRS, a Lead Regulator or any Exempting Regulator may give written notice to the other Parties stating its concerns. If a resolution cannot be reached within two months of the delivery of the notice, the notifying Party may by written notice to the other Parties terminate this MOU as it relates to the Exchange or QTRS on a date not less than six months following delivery of the notice of termination. In that case, the notifying Party will send to the Exchange or QTRS a copy of its notice of termination at the same time it sends the notice to all the other Parties.
- (d) For purposes of this section and if applicable, the joint Lead Regulators of the Exchange or QTRS will be considered one party.

#### **9. Amendments to and Withdrawal from this MOU**

- (a) This MOU may be amended from time to time as mutually agreed upon by the Parties. Any amendments must be in writing and approved by the duly authorized representatives of each Party. Any amendment of this MOU is subject to Ministerial approval in Ontario and to Governmental approval in Québec according to the law. For clarity, the List of Exchanges does not form part of this MOU.
- (b) The Parties acknowledge that the securities regulators of any other jurisdiction where an Exchange or QTRS is recognized or exempted from recognition may become a Party to this MOU.
- (c) Each Party can, at any time, withdraw from this MOU on at least 90 days written notice to all other Parties.

#### **10. Effective Date**

This MOU comes into effect on September 1, 2020.

**List of Exchanges, Lead Regulators and Exempting Regulators  
in relation to the  
Memorandum of Understanding respecting the Oversight of Exchanges and  
Quotation and Trade Reporting Systems  
As of September 1, 2020**

<b>Exchange – QTRS</b>	<b>Lead Regulator(s)</b>	<b>Exempting Regulator(s)</b>
<b>Alpha Exchange Inc.</b>	<ul style="list-style-type: none"> <li>• Ontario Securities Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Alberta Securities Commission</li> <li>• Autorité des marchés financiers</li> <li>• British Columbia Securities Commission</li> <li>• Manitoba Securities Commission</li> <li>• Financial and Consumer Affairs Authority of Saskatchewan</li> </ul>
<b>Bourse de Montréal Inc.</b>	<ul style="list-style-type: none"> <li>• Autorité des marchés financiers</li> </ul>	<ul style="list-style-type: none"> <li>• Ontario Securities Commission</li> </ul>
<b>CNSX Markets Inc.</b>	<ul style="list-style-type: none"> <li>• British Columbia Securities Commission</li> <li>• Ontario Securities Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Alberta Securities Commission</li> <li>• Autorité des marchés financiers</li> <li>• Manitoba Securities Commission</li> </ul>
<b>ICE NGX Canada Inc.</b>	<ul style="list-style-type: none"> <li>• Alberta Securities Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Autorité des marchés financiers</li> <li>• Manitoba Securities Commission</li> <li>• Financial and Consumer Affairs Authority of Saskatchewan</li> <li>• Ontario Securities Commission</li> </ul>
<b>Nasdaq CXC Limited</b>	<ul style="list-style-type: none"> <li>• Ontario Securities Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Alberta Securities Commission</li> <li>• Autorité des marchés financiers</li> <li>• British Columbia Securities Commission</li> <li>• Manitoba Securities Commission</li> <li>• Financial and Consumer Affairs Authority of Saskatchewan</li> <li>• Financial and Consumer Services Commission of New Brunswick</li> </ul>
<b>Neo Exchange Inc.</b>	<ul style="list-style-type: none"> <li>• Ontario Securities Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Alberta Securities Commission</li> <li>• Autorité des marchés financiers</li> <li>• British Columbia Securities Commission</li> <li>• Financial and Consumer Affairs Authority of Saskatchewan</li> <li>• Financial and Consumer Services Commission of New Brunswick</li> <li>• Manitoba Securities Commission</li> </ul>
<b>TSX Inc.</b>	<ul style="list-style-type: none"> <li>• Ontario Securities Commission</li> </ul>	<ul style="list-style-type: none"> <li>• Alberta Securities Commission</li> <li>• Autorité des marchés financiers</li> <li>• British Columbia Securities Commission</li> </ul>

**Notices**

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<b>TSX Venture Exchange Inc.</b>	<ul style="list-style-type: none"><li>• Alberta Securities Commission</li><li>• British Columbia Securities Commission</li></ul>	<ul style="list-style-type: none"><li>• Autorité des marchés financiers</li><li>• Manitoba Securities Commission</li><li>• Ontario Securities Commission</li></ul>
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**1.4 Notices from the Office of the Secretary**

**1.4.1 Majd Kitmitto et al.**

**FOR IMMEDIATE RELEASE  
June 17, 2020**

**MAJD KITMITTO,  
STEVEN VANNATTA,  
CHRISTOPHER CANDUSSO,  
CLAUDIO CANDUSSO,  
DONALD ALEXANDER (SANDY) GOSS,  
JOHN FIELDING,  
and  
FRANK FAKHRY,  
File No. 2018-70**

**TORONTO** – Take notice that an attendance by teleconference in the above named matter is scheduled for June 18, 2020 at 12:00 p.m.

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For Media Inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For General Inquiries:

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

**1.4.2 Aurelio Marrone**

**FOR IMMEDIATE RELEASE  
June 19, 2020**

**AURELIO MARRONE,  
File No. 2020-16**

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

A copy of the Order dated June 19, 2020 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For Media Inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For General Inquiries:

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

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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 ICE Bonds Securities Corporation

June 19, 2020

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA,  
ALBERTA,  
SASKATCHEWAN,  
MANITOBA,  
ONTARIO,  
QUEBEC,  
NEW BRUNSWICK  
AND  
NOVA SCOTIA  
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF  
ICE BONDS SECURITIES CORPORATION  
(the Filer)

### DECISION

#### Background

The securities regulatory authority or regulator in each of the Jurisdictions (**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 pursuant to subsection 15.1(1) of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) in the Jurisdictions other than Ontario and subsection 15.1(2) of NI 21-101 in Ontario from NI 21-101 in whole, pursuant to subsection 12.1(1) of National Instrument 23-101 *Trading Rules* (**NI 23-101**) in the Jurisdictions other than Ontario and subsection 12.1(2) of NI 23-101 in Ontario from NI 23-101 in whole and pursuant to subsection 10(1) of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) in the Jurisdictions other than Ontario and subsection 10(2) of NI 23-103 in Ontario from NI 23-103 in whole (the **Exemptive Relief Sought**). Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a coordinated review application):

- (a) the Alberta Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

#### Interpretation

Terms defined in National Instrument 14-101 *Definitions* and Multilateral Instrument 11-102 *Passport System* 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 private corporation incorporated under the laws of Delaware whose registered office is at 3411 Silverside Road, Tatnall Building, Suite 104, Wilmington, Delaware, United States of America (**US**), and whose head office is located at 55 East 52nd Street, 40th Floor, New York, New York, US.
2. The Filer is an indirect wholly owned subsidiary of Intercontinental Exchange, Inc. (**ICE**, NYSE ticker: ICE). ICE is a Fortune 500 company that operates a global network of futures, equity and equity options exchanges, as well as global clearing and data services across financial and commodity markets. ICE currently operates 12 exchanges and 6 clearing houses, and offers trade execution, central clearing, and data services. As part of its global network, ICE owns and operates entities registered with and regulated by the US Securities and Exchange Commission (**SEC**), including ICE Clear Credit, a registered clearing agency and the New York Stock Exchange. ICE is also the owner of multiple broker-dealers, which are members of the Financial Industry Regulatory Authority (**FINRA**), including the Filer and TMC Bonds L.L.C.
3. The Filer offers fixed income products and is an alternative trading system (**ATS**) and a broker-dealer registered with the SEC pursuant to section 15 of the *Securities Exchange Act of 1934*, as amended, (**Exchange Act**) and is registered as an introducing broker pursuant to the *Commodity Exchange Act* (**CEA**). The Filer is also a member of FINRA, the Municipal Securities Rulemaking Board (**MSRB**) and the National Futures Association. The Filer operates two ATSs that are registered with the SEC.
4. The Filer is subject to a comprehensive regulatory regime in the US. The Filer operates as an ATS and a broker-dealer registered with the SEC and an introducing broker pursuant to the CEA. The Filer is regulated by the SEC and FINRA as a broker-dealer and an ATS and as an introducing broker by the Commodity Futures Trading Commission and the National Futures Association. The SEC and FINRA fulfil their regulatory responsibilities within the framework established by the Exchange Act and FINRA member rules.
5. ATS #1 operates under the name of ICE Credit Trade (**ICT ATS**), which is also a doing business name of the Filer. The ICT ATS is primarily a fixed income session-based auction market located and operated primarily in the US. The ICT ATS offers fixed income trading on a riskless principal basis in fixed income securities denominated in either US dollars or other foreign currencies, and settles on a fully-disclosed basis through its clearing broker.
6. ATS #2 operates under the name of ICE BondPoint (**ICE BondPoint ATS**), which is also a doing business name of the Filer. In connection with the Filer's fixed income securities related business that occurs on the ICE BondPoint ATS, the Filer may act in either (i) a riskless principal capacity, whereby the Filer is the counterparty to both the buyer and seller of a respective transaction, or (ii) in an agency capacity, whereby the Filer introduces the transaction counterparties to one another after the execution of a transaction on the ICE BondPoint ATS. When acting in an agency capacity, the counterparties to the transaction will clear and settle such transaction directly with one another, as opposed to the Filer acting as the counterparty intermediary (i.e. riskless principal). When acting in a riskless principal capacity, transactions effected on the ICE BondPoint ATS settle on a fully-disclosed basis through the Filer's clearing broker.
7. The Filer does not have any offices or maintain other physical installations in Alberta, British Columbia, Manitoba, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia or any other Canadian province or territory.
8. The Filer is a FINRA Trade Reporting and Compliance Engine (**TRACE**) and MSRB Real-Time Transaction Reporting (**RTRS**) reporting firm and as such, with the exception of transactions in municipal securities arranged on an agency basis on the ICT ATS or the ICE BondPoint ATS (each, an **ATS Platform**, and collectively the **ATS Platforms**) (which are not required to be reported by the Filer), the Filer will report all other securities transactions executed on the ATS Platforms by subscribers located in the Jurisdictions (**Canadian Subscribers**) to TRACE and RTRS either within the required 15 minute time frame or at month end as required under FINRA Rule 6732. These transactions are reported to TRACE and MSRB on an anonymized basis, identifying only that it was a "customer" that traded with the Filer. The Filer's market participant identifier is CSCA and VABD.
9. The Filer proposes to offer Canadian Subscribers direct access to the ATS Platforms to facilitate trades in any debt security that is a foreign security or a debt security that is denominated in a currency other than the Canadian dollar as such terms are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), including:
  - (a) debt securities issued by the US government (including agencies or instrumentalities thereof);
  - (b) debt securities issued by a foreign government;

## Decisions, Orders and Rulings

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- (c) debt securities issued by corporate or other non-governmental issuers (US and foreign) or
- (d) asset-backed securities (including mortgage backed securities), denominated in either US or foreign currencies

(collectively, **Non-Canadian Fixed Income Securities**).

10. Non-Canadian Fixed Income Securities includes certain securities that may not be registered pursuant to subsection 12(b) of the Exchange Act and may not be listed on one or more national securities exchanges which are registered pursuant to section 6 of the Exchange Act.
11. The ATS Platforms will only trade the Non-Canadian Fixed Income Securities that are permitted to be traded in the United States under applicable securities laws and regulations.
12. The Filer is currently relying on the “international dealer exemption” under section 8.18 of NI 31-103 in each of the Jurisdictions.
13. The Filer ensures that all applicants to become Canadian Subscribers must satisfy the Filer’s eligibility criteria, including, among other things, that each Canadian Subscriber is a “permitted client” as that term is defined in NI 31-103.
14. An ATS Platform will receive an order from a Canadian Subscriber for execution. All orders and executions will be governed by the respective ATS Platform’s operating procedures.
15. The Filer is not in default of securities legislation in any Jurisdiction.

### 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 Exemptive Relief Sought is granted provided that the Filer complies with the terms and conditions attached hereto as Schedule A.

“Lynn Tsutsumi”  
Director, Market Regulation  
Alberta Securities Commission

**SCHEDULE A**

**TERMS AND CONDITIONS**

**Regulation and Oversight of the Marketplace**

1. The Filer will continue to be subject to the regulatory oversight of the regulator in its home jurisdiction;
2. The Filer will either be registered in an appropriate category or rely on an exemption from registration under Canadian securities laws;
3. The Filer will promptly notify the Decision Makers if its status in its home jurisdiction has been revoked, suspended, or amended, or the basis on which its status has significantly changed;

**Access**

4. The Filer will not provide direct access to a Canadian Subscriber unless the Canadian Subscriber is a “permitted client” as that term is defined in NI 31-103;
5. The Filer will require Canadian Subscribers to provide prompt notification to the Filer if they no longer qualify as “permitted clients”;
6. The Filer must make available to Canadian Subscribers appropriate training for each person who has access to trade on the ATS Platforms;

**Trading by Canadian Subscribers**

7. The Filer will only permit Canadian Subscribers to trade the fixed income securities listed in representation number 9 of this Decision;
8. Trades on the ATS Platforms by Canadian Subscribers will be cleared and settled through a clearing agency that is regulated as a clearing agency in the clearing agency’s home jurisdiction;
9. The Filer will only permit Canadian Subscribers to trade those securities which are permitted to be traded in the United States under applicable securities laws and regulations;
10. With the exception of transactions in municipal securities arranged on an agency basis on the ATS Platforms (which are not required to be reported by the Filer), the Filer will report all other securities transactions executed on the ATS Platforms by Canadian Subscribers to TRACE and RTRS in a timely manner. These transactions are reported to TRACE and MSRB on an anonymized basis, identifying only that it was a “customer” that traded with the Filer. The Filer’s market participant identifier is CSCA and VABD;

**Reporting**

11. The Filer will promptly notify staff of the Decision Makers of any of the following:
  - (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:
    - (i) changes to its regulatory oversight;
    - (ii) the access model, including eligibility criteria, for Canadian Subscribers;
    - (iii) systems and technology; and
    - (iv) its clearing and settlement arrangements;
  - (b) any change in its regulations or the laws, rules, and regulations in the home jurisdiction that materially affect the operation of the ATS Platforms;
  - (c) any known investigations (other than routine regulatory examinations, audits or inquiries) of, or disciplinary action against, the Filer by the regulator in the home jurisdiction or any other regulatory authority to which it is subject;

- (d) any matter known to the Filer that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption; and
  - (e) any default, insolvency, or bankruptcy of any subscriber known to the Filer or its representatives that may have a material, adverse impact upon the ATS Platforms, the Filer or any Canadian Subscriber;
12. The Filer will maintain the following updated information and submit such information in a manner and form acceptable to staff of the Decision Makers on a semi-annual basis (within 30 days of the end of each six-month period), and at any time promptly upon the request of staff of the Decision Makers:
- (a) a current list of all Canadian Subscribers on a per provincial basis, specifically identifying for each Canadian Subscriber the basis upon which it represented to the Filer that it could be provided with direct access;
  - (b) a list of all Canadian applicants for status as a Canadian Subscriber on a per provincial basis who were denied such status or access or who had such status or access revoked during the period;
    - (i) for those Canadian Subscribers who had their status revoked, an explanation as to why their status was revoked;
  - (c) for each product:
    - (i) the total trading volume and value originating from Canadian Subscribers, presented on a per provincial Canadian Subscriber basis and
    - (ii) the proportion of worldwide trading volume and value on the ATS Platforms conducted by Canadian Subscribers, presented in the aggregate per province for such Canadian Subscribers; and
  - (d) a list of any system outages that occurred for any system impacting Canadian Subscribers' trading activity on the ATS Platforms which were reported to the regulator in the home jurisdiction, if any;

**Disclosure**

13. The Filer will provide to its Canadian Subscribers disclosure that states that:
- (a) rights and remedies against it may only be governed by the laws of the home jurisdiction, rather than the laws of Canada, and may be required to be pursued in the home jurisdiction rather than in Canada;
  - (b) the rules applicable to trading on the ATS Platforms may be governed by the laws of the home jurisdiction, rather than the laws of Canada; and
  - (c) the Filer is regulated by the regulator in the home jurisdiction, rather than the Decision Makers;

**Submission to Jurisdiction and Agent for Service**

14. With respect to a proceeding brought by the Decision Makers, staff of the Decision Makers or another applicable securities regulatory authority in Canada arising out of, related to, concerning or in any other manner connected with such regulatory authority's regulation and oversight of the activities of the Filer in Canada, the Filer will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Canada, and (ii) an administrative proceeding in Canada;
15. The Filer will file with the Decision Makers a valid and binding appointment of Osler, Hoskin and Harcourt LLP, or any subsequent agent, as the agent for service in Canada upon which the Decision Makers or other applicable regulatory authority in Canada may serve a notice, pleading, subpoena, summons, or other process in any action, investigation, or administrative, criminal, quasi-criminal, penal, or other proceeding arising out of or relating to or concerning the regulation and oversight of the ATS Platforms or the Filer's activities in Canada; and

**Information Sharing**

16. The Filer shall, subject to applicable laws, provide information within the care and control of the Filer as may be requested from time to time, and otherwise cooperate wherever reasonable with the Decision Makers, staff of the Decision Makers, recognized self-regulatory organizations, investor protection funds and other appropriate Canadian legal and regulatory bodies.

## 2.1.2 Brookfield Renewable Partners L.P. and Brookfield Renewable Corporation

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – partnership creates corporation to provide investors with alternative way to hold its units – corporation issues exchangeable shares whose terms are structured so that each exchangeable share is functionally and economically equivalent to a partnership unit – each exchangeable share provides an equivalent economic return as a partnership unit – both the partnership and the corporation are reporting issuers – related party transactions between the partnership and the corporation are exempt from the related party transaction requirements, subject to conditions – partnership may include corporation's exchangeable shares when calculating market capitalization for the purposes of using the 25% market capitalization exemption for certain related party transactions, subject to conditions.

### Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, Part 5, ss. 5.5(a), 5.7(1)(a), 9.1.

June 22, 2020

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

AND

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

AND

IN THE MATTER OF  
BROOKFIELD RENEWABLE PARTNERS L.P.,  
AND  
BROOKFIELD RENEWABLE CORPORATION

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from Brookfield Renewable Partners L.P. (**BEP**) and Brookfield Renewable Corporation (**BEPC**, and together with BEP, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that:

- (a) BEP be exempt from the requirements of Part 5 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**), and such requirements, the **Related Party Transaction Requirements**) in connection with any related party transaction of BEP with BEPC or any of BEPC's subsidiary entities (the **BEP Related Party Relief**);
- (b) BEPC be exempt from the Related Party Transaction Requirements in connection with any related party transaction of BEPC with BEP or any of BEP's subsidiary entities (the **BEPC Related Party Relief**); and
- (c) BEP be exempt from the requirements of sections 5.4 and 5.6 of MI 61-101 (the **Valuation and Minority Approval Requirements**) in connection with any related party transaction of BEP entered into indirectly through BRELP (as defined below) or any subsidiary entity of BRELP, if that transaction would qualify for the transaction size exemptions set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101 if the class A exchangeable subordinate voting shares of BEPC (the **Exchangeable Shares**) were included in the calculation of BEP's market capitalization (the **Transaction Size Relief**, collectively with the BEP Related Party Relief and the BEPC Related Party Relief, 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 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 in Alberta, Manitoba, New Brunswick, Quebec, and Saskatchewan.

### **Interpretation**

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and MI 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 Filers:

#### Relevant Entities

##### *BEP*

1. BEP is an exempted limited partnership established, registered and in good standing under the laws of Bermuda. BEP's registered and head office is located at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.
2. BEP is a reporting issuer in all of the provinces and territories of Canada and is an SEC issuer within the meaning of section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*. BEP is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.
3. The authorized capital of BEP consists of: (a) non-voting limited partnership units (the **BEP Units**); (b) Class A preferred limited partnership units, issuable in series; and (c) general partnership interests.
4. The BEP Units are listed on the New York Stock Exchange (**NYSE**) and the Toronto Stock Exchange (**TSX**) under the symbols "BEP" and "BEP.UN", respectively.
5. BEP's only substantial asset is its limited partnership interest in Brookfield Renewable Energy L.P. (**BRELP**), a Bermuda exempted limited partnership that was established on June 27, 2011 and is in good standing under the laws of Bermuda.
6. Brookfield Renewable Partners Limited, a wholly-owned subsidiary of Brookfield Asset Management Inc. (**Brookfield**), holds the general partner interest in BEP.

##### *Brookfield*

7. Brookfield is a corporation existing and in good standing under the *Business Corporations Act* (Ontario). Brookfield's registered and head office is located at Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.
8. Brookfield is a reporting issuer in all of the provinces and territories of Canada and is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.
9. The Class A Limited Voting Shares of Brookfield are listed on the NYSE and the TSX under the symbols "BAM" and "BAM.A", respectively.
10. Brookfield holds an approximate 57% economic interest in BEP on a fully-exchanged basis through its indirect ownership of redeemable partnership units of BRELP (the **Redeemable Partnership Units**).
11. Brookfield indirectly holds all of the voting interests in BEP through its ownership of the general partner unit of BEP.
12. BEP, BRELP and certain of their subsidiaries have retained Brookfield and its related entities to provide management, administrative and advisory services under a master services agreement.

##### *BEPC*

13. BEPC is a corporation existing and in good standing under the *Business Corporations Act* (British Columbia). BEPC was incorporated on September 9, 2019. BEPC's registered office is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. BEPC's head office is located at 250 Vesey Street, 15th Floor, New York, New York, 10281, United States of America.

## Decisions, Orders and Rulings

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14. The authorized share capital of BEPC currently consists of an unlimited number of common shares (the **BEPC Common Shares**).
15. The sole issued and outstanding BEPC Common Share is held by Brookfield BRP Holdings (Canada) Inc., a wholly-owned subsidiary of BEP.
16. BEPC's principal investments are expected to initially consist of indirect interests in hydroelectric power, wind, solar, storage and ancillary assets in the United States and Brazil, and hydroelectric power assets in Colombia.
17. BEPC is not a reporting issuer in any jurisdiction and is not in default of any applicable requirement of securities legislation.

### The Special Distribution

18. BEP believes that certain investors in certain jurisdictions may be dissuaded from investing in BEP because of the tax reporting framework that results from investing in units of a Bermuda exempted limited partnership.
19. BEPC was created, in part, to provide investors that would not otherwise invest in BEP with an opportunity to gain access to BEP's portfolio of renewable power assets, and to provide investors with the flexibility to own, through the ownership of an Exchangeable Share, the economic equivalent of a BEP Unit.
20. BEP will be distributing Exchangeable Shares to holders of BEP Units (the **Special Distribution**). The Special Distribution is, in effect, a stock split of the BEP Units.
21. On April 24, 2020, (i) BEPC filed a preliminary long form prospectus to qualify the distribution of the Exchangeable Shares to be distributed pursuant to the Special Distribution, and (ii) BEP filed a preliminary short form prospectus to qualify the BEP Units issuable or deliverable upon the exchange, redemption or purchase of Exchangeable Shares pursuant to their terms.
22. Upon obtaining a receipt for the final prospectus, BEPC will become a reporting issuer in each of the provinces and territories of Canada.
23. BEPC has applied to have the Exchangeable Shares listed on the NYSE and TSX.
24. BEPC filed a registration statement on Form F-1/Form F-4 with the U.S. Securities and Exchange Commission (the **SEC**), as amended, to register the Exchangeable Shares that will be distributed pursuant to the Special Distribution, and BEP filed a registration statement of Form F-3 with the SEC, as amended, to register the BEP Units issuable or deliverable upon the exchange, redemption or purchase of Exchangeable Shares pursuant to their terms.
25. Prior to the closing of the Special Distribution:
  - (a) BEPC will reclassify its share structure such that, following the reclassification, BEPC's authorized share capital will consist of: (i) an unlimited number of Exchangeable Shares; (ii) an unlimited number of class B multiple voting shares (the **Class B Shares**); (iii) an unlimited number of class C non-voting shares (the **Class C Shares**); (iv) an unlimited number of class A senior preferred shares (issuable in series); and (v) an unlimited number of class B junior preferred shares (issuable in series);
  - (b) the following ownership interests will be transferred, directly or indirectly, by BRELP to BEP Subco Inc., a wholly-owned subsidiary of BEPC, in consideration for Exchangeable Shares and Class C Shares:
    - (i) a 90% interest in BRP Bermuda Holdings I Limited;
    - (ii) a 100% interest in Brookfield Power US Holding America Co.; and
    - (iii) a 100% interest in BEP Bermuda Holdings IV Limited; and
  - (c) all Exchangeable Shares issued in consideration for the transfer referred to in (b) above will be distributed by BRELP on a proportionate basis to holders of equity units of BRELP, and will result in BEP receiving approximately 44.7 million Exchangeable Shares, which BEP will distribute as part of the Special Distribution.
26. The distribution ratio of Exchangeable Shares for each BEP Unit held will be based on the fair market value of the businesses to be transferred by BEP to BEPC, the number of BEP Units outstanding at the time of the Special Distribution (assuming exchange of the Redeemable Partnership Units), and the market capitalization of BEP. It is

expected that holders of BEP Units will receive one (1) Exchangeable Share (less any Exchangeable Shares withheld to satisfy withholding tax obligations) for every four (4) BEP Units held as of the record date of the Special Distribution.

27. Each Exchangeable Share has been structured with the intention of providing an economic return equivalent to a BEP Unit and the rights, privileges, restrictions and conditions attached to each Exchangeable Share (the **Exchangeable Share Provisions**) are such that each Exchangeable Share is as nearly as practicable, functionally and economically, equivalent to a BEP Unit. In particular:
- (a) each Exchangeable Share will be exchangeable at the option of a holder for one (1) BEP Unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of BEPC) (an **Exchange**);
  - (b) the Exchangeable Shares are redeemable by BEPC at any time (including following a notice requiring redemption having been given by BEP) for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events) (a **Redemption**);
  - (c) upon a liquidation, dissolution or winding up of BEPC, holders of Exchangeable Shares will be entitled to receive BEP Units (or its cash equivalent, at BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events) and not any remaining property or assets of BEPC following such payment (a **BEPC Liquidation**);
  - (d) upon a liquidation, dissolution or winding up of BEP, including where substantially concurrent with a BEPC Liquidation, all of the Exchangeable Shares will be automatically redeemed for BEP Units (or its cash equivalent, at BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events) (a **BEP Liquidation**); and
  - (e) subject to applicable law and in accordance with the Exchangeable Share Provisions, each Exchangeable Share will entitle the holder to dividends from BEPC payable at the same time as, and equivalent to, each distribution on a BEP Unit. The Exchangeable Share Provisions also provide that if a distribution is declared on the BEP Units and an equivalent dividend is not declared and paid concurrently on the Exchangeable Shares, then the undeclared or unpaid amount of such dividend accrues and accumulates and is to be paid upon the first to occur of any of the circumstances contemplated by paragraphs (a) to (d) above, if not yet paid. BEP will also enter into an equity commitment agreement among BEPC and Brookfield BRP Holdings (Canada) Inc. pursuant to which it will covenant and agree not to declare or pay any distribution on the BEP Units if on such date BEPC does not have sufficient funds or other assets to enable the declaration and payment of an equivalent dividend on the Exchangeable Shares.
28. Upon being notified by BEPC that BEPC has received a request for an Exchange, BEP has an overriding call right to purchase (or have one of its affiliates purchase) all of the Exchangeable Shares that are the subject of the Exchange notice from the holder of Exchangeable Shares for BEP Units (or its cash equivalent, at BEP's election) on a one-for-one basis (subject to adjustment to reflect certain capital events).
29. Upon being notified by BEPC that it intends to conduct a Redemption, BEP has an overriding call right to purchase (or have one of its affiliates purchase) all but not less than all of the then outstanding Exchangeable Shares for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events).
30. Upon the occurrence of a BEP Liquidation or BEPC Liquidation, BEP will have an overriding liquidation call right to purchase (or have one of its affiliates purchase) all but not less than all of the then outstanding Exchangeable Shares on the day prior to the effective date of such BEP Liquidation or BEPC Liquidation for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events).
31. Prior to the Special Distribution, Brookfield will enter into a rights agreement (the **Rights Agreement**) pursuant to which it will agree that, for the seven-year period beginning on the date of the Special Distribution (and as automatically renewed for successive periods of two years, unless Brookfield provides the rights agent with written notice of termination in accordance with the terms of the Rights Agreement), Brookfield will guarantee BEPC's obligation to deliver BEP Units or its cash equivalent in connection with an Exchange.
32. An investment in Exchangeable Shares will be as nearly as practicable, functionally and economically, equivalent to an investment in BEP Units. BEP expects that:
- (a) investors of Exchangeable Shares will purchase Exchangeable Shares as an alternative way of owning BEP Units rather than a separate and distinct investment; and

- (b) the market price of the Exchangeable Shares will be significantly impacted by (i) the combined business performance of BEPC and BEP as a single economic unit, and (ii) the market price of the BEP Units, in a manner that should result in the market price of the Exchangeable Shares closely tracking the market price of the BEP Units.
33. BEPC is intended to be an entity through which persons who do not wish to hold BEP Units directly, may hold their interests in BEP, and BEP is the entity through which holders of Exchangeable Shares and BEP Units hold their interests in the collective operations of BEP and its subsidiaries, including BEPC and its subsidiaries.

Ownership and Control of BEPC

34. The Related Party Transaction Requirements do not apply to an issuer carrying out a related party transaction if:
- (a) as provided under paragraph 5.1(d) of MI 61-101, the parties to the transaction consist solely of (i) an issuer and one or more of its wholly-owned subsidiary entities, or (ii) wholly-owned subsidiary entities of the same issuer. A person is considered to be a “wholly-owned subsidiary entity” of an issuer if the issuer owns, directly or indirectly, all of the voting and equity securities and securities convertible into voting and equity securities of the person; and/or
- (b) as provided under paragraph 5.1(g) of MI 61-101 (the **Downstream Transaction Carve-Out**), the transaction is a downstream transaction for the issuer. A “downstream transaction” means, for an issuer, a transaction between the issuer and a related party of the issuer if, at the time the transaction is agreed to, (i) the issuer is a control person of the related party, and (ii) to the knowledge of the issuer after reasonable inquiry, no related party of the issuer, other than a wholly-owned subsidiary entity of the issuer, beneficially owns or exercises control or direction over, other than through its interest in the issuer, more than five per cent of any class of voting or equity securities of the related party that is a party to the transaction.
35. Section 1.3 of MI 61-101 provides that, for the purposes of MI 61-101, a transaction of a wholly-owned subsidiary entity of an issuer is deemed to be a transaction of the issuer.
36. Related party transactions among BEP and BEPC will be required for the operation of the Exchangeable Share Provisions and in connection with ordinary course financial support arrangements which may be entered into from time to time.
37. The only voting securities of BEPC are the Exchangeable Shares and the Class B Shares. Holders of Exchangeable Shares are entitled to one (1) vote per Exchangeable Share held and holders of Class B Shares are entitled to cast, in the aggregate, a number of votes equal to three (3) times the number of votes attached to the Exchangeable Shares.
38. Neither the Exchangeable Shares nor the Class B Shares carry a residual right to participate in the assets of BEPC upon liquidation or winding-up of BEPC, and accordingly, are not equity securities under the Legislation. The Class C Shares are the only equity securities of BEPC.
39. All of the Class B Shares and the Class C Shares will be indirectly owned by BEP and none of them will be transferable except to an affiliate of BEP. Accordingly, all of the equity securities of BEPC are held indirectly by BEP.
40. BEPC is not a wholly-owned subsidiary of BEP; BEP will not own, directly or indirectly, all of the voting securities of BEPC because Brookfield and members of the public will hold Exchangeable Shares. However, by virtue of the terms of the Class B Shares, BEP holds a 75% voting interest in BEPC, will control BEPC and the appointment and removal of directors of BEPC; the voting rights attached to the Exchangeable Shares do not allow holders of Exchangeable Shares to affect the control of BEPC. The voting right attached to each Exchangeable Share is expected to assist with index inclusion.
41. BEP is not able to rely on the Downstream Transaction Carve-Out because, upon completion of the Special Distribution, Brookfield will beneficially own or exercise control or direction over, more than five per cent of the Exchangeable Shares, as it will hold, directly or indirectly, approximately 57% of the Exchangeable Shares. Brookfield will accordingly have an approximate 14% voting interest in BEPC.
42. BEPC is a controlled subsidiary of BEP and BEP will consolidate BEPC and its businesses in BEP’s financial statements.
43. By virtue of the Exchangeable Share Provisions, the economic rights of the holders of the Exchangeable Shares will not be affected by transactions between BEP and BEPC. BEP, as the sole holder of equity securities of BEPC, will receive any benefit and/or bear any detriment from related party transactions between BEP and BEPC.

44. Minority approval is required of every class of affected securities, being equity securities of the issuer. For BEPC, minority approval of a related party transaction of BEPC with BEP would be sought from the holders of its Class C Shares, all of which are held by BEP. BEP, as the counterparty to such a related party transaction, does not require the protections of MI 61-101.

Market Capitalization Calculation

45. It is anticipated that BEP will, from time to time, enter into transactions with certain related parties, including Brookfield and its affiliates (other than BEP and its related entities, including BEPC) indirectly through BRELP and its subsidiaries (including BEPC and its subsidiaries).
46. The Valuation and Minority Approval Requirements require, subject to the availability of an exemption, that an issuer obtain: (a) a formal valuation of the transaction in a form satisfying the requirements of MI 61-101 by an independent valuator; and (b) approval of the transaction by disinterested holders of the affected securities of the issuer.
47. A related party transaction that is subject to MI 61-101 may be exempt from the Valuation and Minority Approval Requirements if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, exceeds 25% of the issuer's market capitalization (the **Market Cap Exemption**).
48. It is unclear whether BEP would be entitled to rely on the Market Cap Exemption available under the Legislation because the definition of market capitalization in the Legislation does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.
49. The Exchangeable Shares represent part of the equity value of BEP and are functionally and economically equivalent to the BEP Units. As a result of the Exchangeable Share Provisions, holders of Exchangeable Shares have the ability to receive a BEP Unit or its cash equivalent (the form of payment to be determined at the election of BEPC) and will receive identical distributions to the BEP Units, as and when declared by the board of directors of BEPC. Moreover, the economic interests that underlie the Exchangeable Shares are identical to those underlying the BEP Units; namely, the assets and operations held directly or indirectly by BEP.
50. Any costs related to a transaction occurring within the BEPC group would be borne by BEP as the sole holder of the equity securities of BEPC. BEP will consolidate BEP and its businesses in its financial statements and the business of BEP (including BEPC and its subsidiaries) will be the same as it was before the creation of BEPC and the transactions conducted in connection with, and to facilitate, the Special Distribution.
51. If the Exchangeable Shares are not included in the market capitalization of BEP, the equity value of BEP will be understated initially by the value of the Exchangeable Shares, being approximately 20% (assuming a one-for-four distribution ratio). As a result, related party transactions of BEP that are entered into through a subsidiary entity of BEPC may be subject to the Valuation and Minority Approval Requirements in circumstances where the fair market value of the transactions are effectively less than 25% of the fully diluted market capitalization of BEP.
52. BEP has already received relief similar to the Transaction Size Relief in respect of the Redeemable Partnership Units. On December 15, 2011, the Ontario Securities Commission granted Brookfield Renewable Energy Partners L.P. (the prior entity name of BEP), an exemption from the Valuation and Minority Approval Requirements in connection with any related party transaction of BEP entered into indirectly through BRELP and its subsidiaries if that transaction would qualify for the Market Cap Exemption if the Redeemable Partnership Units were included in the calculation of BEP's market capitalization.

**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 respect of the BEP Related Party Relief and BEPC Related Party Relief:
  - (a) all of the equity securities of BEPC are owned, directly or indirectly, by BEP;
  - (b) all of the voting securities of BEPC (other than the Exchangeable Shares) are owned, directly or indirectly, by BEP;

- (c) there are no material changes to the Exchangeable Share Provisions, as described above; and
- (d) BEP consolidates BEPC and its businesses in BEP's financial statements;

2. in respect of the Transaction Size Relief:

- (a) the transaction would qualify for the Market Cap Exemption if the Exchangeable Shares were considered an outstanding class of equity securities of BEP that were convertible into BEP Units;
- (b) there are no material changes to the Exchangeable Share Provisions, as described above; and
- (c) any annual information form or equivalent of BEP that is required to be filed in accordance with applicable securities laws contain the following disclosure, with any immaterial modifications as the context may require:

Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. Brookfield Renewable Partners L.P. ("**BEP**") has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of BEP's market capitalization, if Brookfield's indirect equity interest in BEP and the class A exchangeable subordinate voting shares of Brookfield Renewable Corporation ("**BEPC**") are included in the calculation of BEP's market capitalization. As a result, the 25% threshold above which the minority approval and valuation requirements would apply is increased to include the approximately 42% indirect interest in BEP in the form of redeemable partnership units of Brookfield Renewable Energy L.P. held by Brookfield and the approximately 20% indirect interest in BEP in the form of class A exchangeable subordinate voting shares of BEPC held by Brookfield and the public.

"Jason Koskela"  
Manager, Office of Mergers & Acquisitions  
Ontario Securities Commission

2.2 Orders

2.2.1 Correvio Pharma Corp.

Headnote

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

Applicable Legislative Provisions

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

June 16, 2020

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA  
AND  
ONTARIO  
(the Jurisdictions)**  
  
**AND**  
  
**IN THE MATTER OF  
THE PROCESS FOR CEASE TO BE  
A REPORTING ISSUER APPLICATIONS**  
  
**AND**  
  
**IN THE MATTER OF  
CORREVIO PHARMA CORP.  
(the Filer)**  
  
**ORDER**

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

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

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

Interpretation

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

Representations

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

Order

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

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

“John Hinze”  
Director, Corporate Finance  
British Columbia Securities Commission

**2.2.2 Goldman Sachs Asset Management, L.P. et al.  
– ss. 78(1), 80 of the CFA**

**ORDER  
(Subsection 78(1) and Section 80 of the CFA)**

**Headnote**

Section 80 of the Commodity Futures Act (Ontario) (the CFA) – Relief from the adviser registration requirement of paragraph 22(1)(b) of the CFA granted to a sub-adviser headquartered in a foreign jurisdiction in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 8.26.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations made under the Securities Act (Ontario) – Relief is subject to a sunset clause.

Subsection 78(1) of the Commodity Futures Act (Ontario) – Order also revokes prior order of the Commission dated June 17, 2015, In the Matter of Goldman Sachs Asset Management, L.P. and Goldman Sachs Asset Management International that would otherwise have expired on June 16, 2020.

**Applicable Legislative Provisions**

Commodity Futures Act, R.S.O. 1990, c. C.20, as am.,  
ss. 1(1), 22(1)(b), 78(1), 80.  
Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).  
National Instrument 31-103 Registration Requirements,  
Exemptions and Ongoing Registrant Obligations,  
s. 8.26.1.  
Ontario Securities Commission Rule 35-502 Non-Resident  
Advisers, s. 7.11.

**Applicable Orders**

*In the Matter of Goldman Sachs Asset Management, L.P.  
and Goldman Sachs Asset Management International,  
(2015), 38 OSCB 5987*

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

**AND**

**IN THE MATTER OF  
GOLDMAN SACHS ASSET MANAGEMENT, L.P.**

**AND**

**GOLDMAN SACHS ASSET MANAGEMENT  
INTERNATIONAL**

**AND**

**GOLDMAN SACHS ASSET MANAGEMENT  
(SINGAPORE) PTE. LTD.**

**UPON** the application (the **Application**) of Goldman Sachs Asset Management, L.P. (the **Principal Adviser**), Goldman Sachs Asset Management International (**GSAMI**) and Goldman Sachs Asset Management (Singapore) Pte. Ltd. (**GSAM Singapore** and together with GSAMI, the **Sub-Advisers** and each a **Sub-Adviser**) to the Ontario Securities Commission (the **Commission**) for an order:

- (a) pursuant to subsection 78(1) of the CFA revoking the exemption order granted by the Commission to the Principal Adviser and GSAMI on June 17, 2015 (the **Previous Order**); and
- (b) pursuant to section 80 of the CFA, that each Sub-Adviser and any individuals engaging in or holding themselves out as engaging in the business of advising others when acting on behalf of the applicable Sub-Adviser in respect of the Sub-Advisory Services (as defined below) (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirements in paragraph 22(1)(b) of the CFA when acting as a sub-adviser for the Principal Adviser in respect of the Clients (as defined below) regarding commodity futures contracts and commodity futures options (the **Contracts**) traded on commodity futures exchanges and cleared through clearing corporations.

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

**AND UPON** the Sub-Advisers and the Principal Adviser having represented to the Commission that:

*The Principal Adviser*

1. The Principal Adviser is a limited partnership governed by the laws of the State of Delaware with its head office in New York, New York. The general partner of the Principal Adviser is The Goldman Sachs Group, Inc. (**The GS Group**) and the limited partner of the Principal Adviser is Goldman Sachs Global Holdings L.L.C.
2. The Principal Adviser is an indirectly wholly-owned subsidiary of The GS Group, a public company listed on the New York Stock Exchange.
3. The Principal Adviser is registered with the United States Securities and Exchange Commission as an investment adviser and with the Commodity Futures Trading Commission as a commodity trading advisor and a commodity pool operator.

4. The Principal Adviser is registered with the Commission under the *Securities Act* (Ontario) (the **OSA**) as an adviser in the category of portfolio manager and, under the CFA as an adviser in the category of commodity trading manager.
5. The Principal Adviser is also registered as an adviser in the category of portfolio manager in British Columbia, Alberta, Saskatchewan and Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island and as a portfolio manager and derivatives portfolio manager in Québec under the relevant securities legislation of the respective jurisdiction.
6. The Principal Adviser is not in default of securities, commodity futures or derivatives legislation in any jurisdiction in Canada.

#### *The Sub-Advisers*

7. GSAMI is organized under the laws of England and Wales. The head office of the GSAMI is located in London, England.
  8. GSAM Singapore is organized under the laws of Singapore. The head office of GSAM Singapore is located in Singapore.
  9. Each Sub-Adviser is an indirectly wholly-owned subsidiary of The GS Group and is an affiliate of the Principal Adviser.
  10. GSAMI is authorised and regulated to carry on regulated activity in the United Kingdom by the Financial Conduct Authority (Reference number: 147212), where it has the status of Authorized firm. In the United Kingdom, GSAMI is authorized and permitted to conduct the Sub-Advisory Services, including the following activities: (i) advising on investments (except on pensions transfers and pension opt outs); (ii) advising on P2P agreements; (iii) agreeing to carry on a regulated activity; (iv) arranging deals in investments; (v) arranging safeguarding and administration of assets; (vi) dealing in investments as an agent; (vii) establishing, operating or winding up an unregulated collective investment scheme; (viii) making arrangements with a view to transactions in investments; and (ix) managing investments, in each case, as further described at <https://register.fca.org.uk/>.
  11. GSAM Singapore is authorized and regulated to carry on regulated activity in Singapore by the Monetary Authority of Singapore, where it has the status of Capital Markets Services Licensee and Exempt Financial Adviser. In Singapore, GSAM Singapore is authorized and permitted to conduct the Sub-Advisory Services, including the following activities: (i) fund management; (ii) dealing in capital markets products that are units in a collective investment scheme; and (iii) advising on investment products.
12. Each Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodities futures or other applicable legislation of the jurisdiction where its head office is located that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, it is authorized and permitted to carry on the Sub-Advisory Services in the jurisdiction where its head office is located.
  13. Each Sub-Adviser engages in the business of an adviser in respect of Contracts in the jurisdiction where its head office is located.
  14. GSAMI is not registered in any capacity under the CFA. In Ontario, Alberta, British Columbia and Québec, GSAMI acts in reliance on exemptions from the requirement to register as an adviser under the OSA and the provincial securities legislation in Alberta, British Columbia and Quebec available to international advisers and international sub-advisers pursuant to section 8.26 and section 8.26.1, respectively, of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*.
  15. GSAM Singapore is not registered in any capacity under the CFA or the OSA, nor is it registered in any capacity under the securities legislation of any other jurisdiction in Canada.
  16. Neither Sub-Adviser is in default of securities, commodity futures or derivatives legislation in any jurisdiction in Canada. Each Sub-Adviser is in compliance in all material respects with the securities laws, commodity futures laws and derivatives laws in the jurisdiction where its head office is located.

#### *The Clients*

17. The Principal Adviser provides investment advice and/or discretionary portfolio management services in Ontario to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus Exemptions* (the **Pooled Funds**); (iii) clients who have entered into investment management agreements with the Principal Adviser to establish managed accounts (the **Managed Account Clients**); and (iv) other

Investment Funds, Pooled Funds and Managed Account Clients that may be established or retained in the future and in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Account Clients and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

18. Certain of the Clients may, as part of their investment program, invest in Contracts. The Principal Adviser acts as a commodity trading manager in respect of such clients.

*The Sub-Advisory Services*

19. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser, pursuant to a written agreement made between the Principal Adviser and the applicable Sub-Adviser, has retained (or will retain) the applicable Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of securities and Contracts in which the applicable Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of all of the assets of the investment portfolios of the Clients, including discretionary authority to buy or sell Contracts for the Clients (the **Sub-Advisory Services**), provided that such investments are consistent with the investment objectives and strategies of the applicable Client.
20. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as a partner or an officer of a registered adviser and is acting on behalf of such registered adviser.
21. By providing the Sub-Advisory Services, each Sub-Adviser will be engaging in, or holding itself out as engaging in, the business of advising others with respect to Contracts, and, in the absence of being granted the requested relief, would be required to register as an adviser under the CFA.
22. There is presently no rule or other regulation under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in subsection 25(3) of the OSA which is provided under section 8.26.1 of NI 31-103.
23. The relationship among the Principal Adviser, either Sub-Adviser and any Client is consistent with the requirements of section 8.26.1 of NI 31-103.

24. A Sub-Adviser will only provide the Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.
25. As would be required under subsection 8.26.1(1) of NI 31-103:
- (a) the obligations and duties of each Sub-Adviser are, or will be, set out in a written agreement with the Principal Adviser; and
  - (b) the Principal Adviser has entered into, or will enter into, a written agreement with each Client, agreeing to be responsible for any loss that arises out of the failure of the applicable Sub-Adviser:
    - (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client, or
    - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**).
26. The written agreement between the Principal Adviser and the applicable Sub-Adviser sets out, or will set out, the obligations and duties of each party in connection with the Sub-Advisory Services and permits, or will permit, the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the applicable Sub-Adviser in respect of the Sub-Advisory Services.
27. The Principal Adviser delivers, and will continue to deliver, to the Clients all required reports and statements under applicable securities, commodity futures and derivatives legislation.
28. The prospectus or other offering document (in either case, the **Offering Document**), if any, for each Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages one or both Sub-Advisers to provide the Sub-Advisory Services includes, or will include, as the case may be, the following disclosure (the **Required Disclosure**):
- (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of either Sub-Adviser to meet the Assumed Obligations; and
  - (b) a statement that there may be difficulty in enforcing any legal rights against the

Sub-Advisers (or any of their Representatives) because the Sub-Advisers are resident outside of Canada and all or substantially all of their assets are situated outside of Canada.

29. The Required Disclosure is provided in writing prior to the purchasing of any Contracts for each Client that is a Managed Account Client for which the Principal Adviser engages one or both Sub-Advisers to provide the Sub-Advisory Services.

*Previous Order*

30. On June 17, 2015, the Previous Order granted GSAMI and its Representatives an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of Sub-Advisory Services provided to the Principal Adviser. GSAMI currently provides the Sub-Advisory Services pursuant to the Previous Order. The Previous Order was granted for a period of five years.

31. The Principal Adviser and GSAMI have complied with, and are currently in compliance with, all of the terms and conditions of the Previous Order.

**AND UPON** being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested;

**IT IS ORDERED**, pursuant to subsection 78(1) of the CFA, that the Previous Order is revoked;

**AND IT IS ORDERED**, pursuant to section 80 of the CFA, that each Sub-Adviser and its Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services provided that at the time that such activities are engaged in:

- (a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;
- (b) the Sub-Adviser's head office or principal place of business is in a jurisdiction outside of Canada;
- (c) the Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodity futures or other applicable legislation of the jurisdiction outside of Canada in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario;

(d) the Sub-Adviser engages in the business of an adviser in respect of Contracts in the jurisdiction outside of Canada in which its head office or principal place of business is located;

(e) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(f) the Principal Adviser has entered into a written agreement with each Client, agreeing to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(g) the Offering Document of each Client that is an Investment Fund or Pooled Fund for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the Required Disclosure; and

(h) the Required Disclosure is provided in writing prior to the purchasing of any Contracts for each Client that is a Managed Account Client for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services.

**AND IT IS FURTHER ORDERED** that this Order will terminate on the earliest of

- (a) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;
- (b) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the ability of either Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services; and
- (c) five years after the date of this Order.

**DATED** at Toronto, Ontario this **16th** day of **June 2020**.

"Cecilia Williams"  
Commissioner  
Ontario Securities Commission

"Garnet Fenn"  
Commissioner  
Ontario Securities Commission

**2.2.3 Balmoral Resources Ltd.**

**Headnote**

Application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

**Applicable Legislative Provisions**

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

**June 15, 2020**

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA  
AND  
ONTARIO  
(the Jurisdictions)  
  
AND  
  
IN THE MATTER OF  
THE PROCESS FOR CEASE TO BE  
A REPORTING ISSUER APPLICATIONS  
  
AND  
  
IN THE MATTER OF  
BALMORAL RESOURCES LTD.  
(the Filer)  
  
ORDER**

**Background**

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

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

**Interpretation**

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

**Representations**

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

**Order**

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

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

“John Hinze”  
Director, Corporate Finance  
British Columbia Securities Commission

2.2.4 Aurelio Marrone – ss. 127, 127.1

**IN THE MATTER OF  
AURELIO MARRONE**

**File No. 2020-16**

Lawrence P. Haber, Commissioner and Chair of the Panel

**June 19, 2020**

**ORDER  
(Sections 127 and 127.1 of the  
Securities Act, RSO 1990, c S.5)**

**WHEREAS** on June 19, 2020, the Ontario Securities Commission held a hearing by teleconference with respect to the first attendance in this proceeding;

**ON HEARING** the submissions of the representatives for Staff of the Commission (**Staff**) and for Aurelio Marrone (**Marrone**);

**IT IS ORDERED THAT:**

1. Marrone shall serve and file a motion, if any, regarding Staff's disclosure of non-privileged relevant documents and things in the possession or control of Staff or seeking disclosure of additional documents, by no later than September 4, 2020;
2. Staff shall file and serve a witness list, and serve a summary of each witness's anticipated evidence on Marrone, and indicate any intention to call an expert witness, including the expert's name and the issues on which the expert will give evidence, by no later than September 14, 2020; and
3. a further attendance in this proceeding is scheduled for October 1, 2020 at 9:00 a.m., or on such other date and time as may be agreed to by the parties and set by the Office of the Secretary.

"Lawrence P. Haber"

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## Chapter 4

# Cease Trading Orders

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

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Harborside Inc.	8 June 2020	22 June 2020	22 June 2020	

### Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Algold Resources Ltd.	June 22, 2020	
Alturas Minerals Corp.	June 22, 2020	
Alternate Health Corp.	June 22, 2020	
CIM International Group Inc.	June 22, 2020	
Camarico Investment Group Ltd.	June 22, 2020	
CMX Gold & Silver Corp.	June 22, 2020	
Ellipsiz Communications Ltd.	June 22, 2020	
iAnthus Capital Holdings, Inc.	June 22, 2020	
iLOOKABOUT Corp.	June 22, 2020	
Interactive Capital Partners Corporation	June 22, 2020	
Ionic Brands Corp.	June 22, 2020	
Kalytera Therapeutics, Inc.	June 22, 2020	
King Global Ventures Inc.	June 22, 2020	
New Zealand Energy Corp.	June 22, 2020	
Pennine Petroleum Corporation	June 22, 2020	
Predictive Health Analytics Inc.	June 22, 2020	
Prime Meridian Resources Corp.	June 22, 2020	
Spot Coffee (Canada) Ltd.	June 22, 2020	
Sunniva Inc.	June 22, 2020	
Torque Esports Corp.	June 22, 2020	

### 4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
3 Sixty Risk Solutions Ltd.	18 June 2020	
Bhang Inc.	16 June 2020	
DelphX Capital Markets Inc.	16 June 2020	

**Cease Trading Orders**

<b>Company Name</b>	<b>Date of Order</b>	<b>Date of Lapse</b>
Imaging Dynamics Company Ltd.	17 June 2020	
Harborside Inc.	16 June 2020	
Nabis Holdings Inc.	18 June 2020	
Reservoir Capital Corp.	18 June 2020	
RYU Apparel Inc.	17 June 2020	
SponsorsOne Inc.	22 June 2020	
SOPerior Fertilizer Corp.	21 May 2020	17 June 2020

**4.2.2 Outstanding Management & Insider Cease Trading Orders**

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

<b>Company Name</b>	<b>Date of Order</b>	<b>Date of Lapse</b>
<b>THERE IS NOTHING TO REPORT THIS WEEK.</b>		

## Chapter 7

# Insider Reporting

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

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

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



## Chapter 11

# IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

Dividend 15 Split Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus (NI 44-102) dated June 18, 2020

NP 11-202 Preliminary Receipt dated June 18, 2020

**Offering Price and Description:**

Offerings: \$300,000,000 Preferred Shares and Class A Shares

Price: \$9.80 per Preferred Shares and \$5.33 per Class A Shares

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

N/A

**Promoter(s):**

N/A

**Project #3073796**

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**Issuer Name:**

North American Financial 15 Split Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus (NI 44-102) dated June 18, 2020

NP 11-202 Preliminary Receipt dated June 18, 2020

**Offering Price and Description:**

Offerings: \$300,000,000 Preferred Shares and Class A Shares

Price: \$9.42 Preferred Shares and \$3.96 Class A Shares

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

N/A

**Promoter(s):**

N/A

**Project #3073792**

**Issuer Name:**

Big Banc Split Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 16, 2020

NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

3,500,000 Preferred Shares and 3,500,000 Class A Shares  
\$10.00 per Preferred Share and \$10.00 per Class A Share

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

National Bank Financial Inc.  
CIBC World Markets Inc.  
BMO Nesbitt Burns Inc.  
Canaccord Genuity Corp.  
RBC Dominion Securities Inc.  
Richardson GMP Limited  
Scotia Capital Inc.  
TD Securities Inc.

Industrial Alliance Securities Inc.

Echelon Wealth Partners Inc.

Raymond James Ltd.

Desjardins Securities Inc.

Hampton Securities Limited

Haywood Securities Inc.

Mackie Research Capital Corporation

Manulife Securities Incorporated

PI Financial Corp.

**Promoter(s):**

N/A

**Project #3060616**

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**Issuer Name:**

The Bitcoin Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 19, 2020

NP 11-202 Receipt dated June 22, 2020

**Offering Price and Description:**

-

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

Canaccord Genuity Corp.  
Echelon Wealth Partners Inc.  
Leede Jones Gable Inc.  
Mackie Research Capital Corporation  
PI Financial Corp.

**Promoter(s):**

N/A

**Project #3068804**

**Issuer Name:**

Horizons ReSolve Adaptive Asset Allocation ETF  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated Jun 19, 2020  
NP 11-202 Preliminary Receipt dated Jun 19, 2020

**Offering Price and Description:**

ETF Shares

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

N/A

**Promoter(s):**

N/A

**Project #**3074269

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**Issuer Name:**

Maxam Arbitrage Fund  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Simplified Prospectus dated May 29, 2020  
NP 11-202 Preliminary Receipt dated Jun 19, 2020

**Offering Price and Description:**

Class F Units, Class Af Founders Units, Class Ff Founders  
Units, Class I Units and Class A Units

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

N/A

**Promoter(s):**

N/A

**Project #**3066205

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**Issuer Name:**

CIBC Flexible Yield ETF (CAD-Hedged)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated June  
16, 2020  
NP 11-202 Final Receipt dated Jun 17, 2020

**Offering Price and Description:**

Common Units

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

N/A

**Promoter(s):**

N/A

**Project #**2987381

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**Issuer Name:**

Lazard Defensive Global Dividend Fund (formerly, Lazard  
Global Managed Volatility Fund)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated May  
29, 2020

NP 11-202 Final Receipt dated Jun 16, 2020

**Offering Price and Description:**

Series A securities, Series AH securities, Series F  
securities, Series FH securities, Series I  
Securities and Series IH securities

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

N/A

**Promoter(s):**

N/A

**Project #**2914040

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**Issuer Name:**

Renaissance High-Yield Bond Fund  
Renaissance Flexible Yield Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 to Final Simplified Prospectus dated June  
16, 2020

NP 11-202 Final Receipt dated Jun 22, 2020

**Offering Price and Description:**

Class A units, Class F units, Class FH units, Class H units

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

N/A

**Promoter(s):**

N/A

**Project #**2930764

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**Issuer Name:**

Vanguard Global Liquidity Factor ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated June  
19, 2020

NP 11-202 Final Receipt dated Jun 22, 2020

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #**2999877

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**Issuer Name:**

Desjardins Canadian Preferred Share Index ETF  
Principal Regulator - Quebec

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated June 16, 2020

NP 11-202 Final Receipt dated Jun 19, 2020

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3014837**

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**Issuer Name:**

Ninepoint Enhanced Equity Class  
Ninepoint Enhanced U.S. Equity Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to Final Simplified Prospectus dated May 27, 2020

NP 11-202 Final Receipt dated Jun 18, 2020

**Offering Price and Description:**

Series A Shares, Series AH Shares, Series D Shares, Series F Shares, Series FH Shares, Series FT Shares, Series I Shares, Series T Shares, Series PF Shares and Series QF Shares

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

N/A

**Promoter(s):**

N/A

**Project #3033523**

NON-INVESTMENT FUNDS

**Issuer Name:**

Chemtrade Logistics Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 19, 2020  
NP 11-202 Preliminary Receipt dated June 19, 2020

**Offering Price and Description:**

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

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

-

**Promoter(s):**

-

**Project #3074175**

**Issuer Name:**

GHP Noetic Science-Psychedelic Pharma Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated June 18, 2020  
NP 11-202 Preliminary Receipt dated June 18, 2020

**Offering Price and Description:**

Minimum Offering: \$500,000.00 or 2,500,000 Common Shares  
Maximum Offering: \$1,000,000.00 or 5,000,000 Common Shares  
Price: \$0.20 per Common Share

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

ECHELON WEALTH PARTNERS INC.

**Promoter(s):**

-

**Project #3073835**

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**Issuer Name:**

Eclipse Gold Mining Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 19, 2020  
NP 11-202 Preliminary Receipt dated June 19, 2020

**Offering Price and Description:**

\$10,425,000.00  
13,900,000 Common Shares  
Price: \$0.75 per Offered Share

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

BEACON SECURITIES LIMITED  
CANACCORD GENUITY CORP  
HAYWOOD SECURITIES INC.

**Promoter(s):**

Michael G. Allen

**Project #3074229**

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**Issuer Name:**

IMV Inc.  
Principal Regulator - Nova Scotia

**Type and Date:**

Preliminary Shelf Prospectus dated June 19, 2020  
NP 11-202 Preliminary Receipt dated June 19, 2020

**Offering Price and Description:**

US\$125,000,000.00  
Preferred Shares  
Common Shares  
Subscription Receipts  
Warrants

Units

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

-

**Promoter(s):**

-

**Project #3074148**

---

**Issuer Name:**

Fusion Pharmaceuticals Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amendment dated June 22, 2020 to Preliminary Long Form Prospectus dated June 5, 2020  
NP 11-202 Preliminary Receipt dated June 22, 2020

**Offering Price and Description:**

US\$\*  
8,350,000 Common Shares

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

MORGAN STANLEY CANADA LIMITED  
JEFFERIES SECURITIES, INC.

**Promoter(s):**

-

**Project #3069595**

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**Issuer Name:**

Kinross Gold Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 16, 2020  
NP 11-202 Preliminary Receipt dated June 17, 2020

**Offering Price and Description:**

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

Share Purchase Contracts

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

-

**Promoter(s):**

-

**Project #3073036**

**Issuer Name:**

NeonMind Biosciences Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated June 16, 2020  
NP 11-202 Preliminary Receipt dated June 17, 2020

**Offering Price and Description:**

Up to \$417,000,000.00  
Maximum 40,000,000 Units  
Minimum 20,000,000 Units  
Price: \$0.10 per Unit

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

Mackie Reseach Capital Corporation

**Promoter(s):**

Penny White

**Project #3073218**

**Issuer Name:**

PharmaCielo Ltd. (formerly, AAJ Capital 1 Corp.)  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 16, 2020  
NP 11-202 Preliminary Receipt dated June 16, 2020

**Offering Price and Description:**

\$4,000,000.00 - 5,555,600 Common Shares  
Per Offered Share \$0.72

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

CORMARK SECURITIES INC.  
STIFEL NICOLAUS CANADA INC.  
ECHELON WEALTH PARTNERS INC.

**Promoter(s):**

-

**Project #3072218**

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**Issuer Name:**

Northview Canadian High Yield Residential Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment dated June 18, 2020 to Preliminary Long Form  
Prospectus dated April 27, 2020  
NP 11-202 Preliminary Receipt dated June 19, 2020

**Offering Price and Description:**

Maximum: \$430,000,000.00 of Class A Units and/or Class  
F Units

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

CIBC WORLD MARKETS INC.

**Promoter(s):**

STARLIGHT GROUP PROPERTY HOLDINGS INC.

**Project #3049970**

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**Issuer Name:**

Planet 13 Holdings Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 19, 2020  
NP 11-202 Preliminary Receipt dated June 19, 2020

**Offering Price and Description:**

\$10,019,000.00  
4,660,000 Units  
Price: \$2.15 per Unit

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

BEACON SECURITIES LIMITED  
CANACCORD GENUITY CORP.

**Promoter(s):**

ROBERT GROESBECK  
LARRY SCHEFFLER

**Project #3072134**

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**Issuer Name:**

Paramount Gold Nevada Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 22, 2020  
NP 11-202 Preliminary Receipt dated June 22, 2020

**Offering Price and Description:**

MINIMUM OFFERING: US\$3,000,000.00 (\* OFFERED  
SHARES)  
MAXIMUM OFFERING: US\$4,000,000.00 (\* OFFERED  
SHARES)  
PRICE: US\$\* PER OFFERED SHARE

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

CANACCORD GENUITY CORP.  
CANTOR FITZGERALD CANADA CORPORATION

**Promoter(s):**

-

**Project #3074667**

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**Issuer Name:**

The Toronto-Dominion Bank  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 18, 2020  
NP 11-202 Preliminary Receipt dated June 19, 2020

**Offering Price and Description:**

\$4,000,000,000.00  
Senior Medium Term Notes

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

TD SECURITIES INC.  
DESJARDINS SECURITIES INC.  
INDUSTRIAL ALLIANCE SECURITIES INC.  
LAURENTIAN BANK SECURITIES INC.  
MANULIFE SECURITIES INCORPORATED  
RICHARDSON GMP LIMITED

**Promoter(s):**

-

**Project #3074238**

**Issuer Name:**

VIVO Cannabis Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 17, 2020  
NP 11-202 Preliminary Receipt dated June 18, 2020

**Offering Price and Description:**

\$100,000,000.00 - Common Shares Debt Securities  
Subscription Receipts Warrants Convertible Securities  
Units

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

-

**Promoter(s):**

-

**Project #3073713**

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**Issuer Name:**

Alcanna Inc. (formerly Liquor Stores N.A. Ltd.)  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 17, 2020  
NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

\$27,600,000.00  
9,200,000 Common Shares  
\$3.00 per Common Share

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

CORMARK SECURITIES INC.  
ALTACORP CAPITAL INC.  
CIBC WORLD MARKETS INC.

**Promoter(s):**

-

**Project #3070015**

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**Issuer Name:**

Aurinia Pharmaceuticals Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated June 17, 2020  
NP 11-202 Receipt dated June 18, 2020

**Offering Price and Description:**

US \$500,000,000.00  
Common Shares  
Warrants

Subscription Receipts  
Debt Securities  
Convertible Securities  
Units

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

-

**Promoter(s):**

-

**Project #3066049**

**Issuer Name:**

Bank of Montreal  
Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated June 22, 2020  
NP 11-202 Receipt dated June 22, 2020

**Offering Price and Description:**

\$10,000,000,000.00  
Debt Securities (subordinated indebtedness)  
Common Shares  
Class A Preferred Shares  
Class B Preferred Shares

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

-

**Promoter(s):**

-

**Project #3064841**

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**Issuer Name:**

Endeavour Mining Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated June 17, 2020  
NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

US\$2,000,000,000.00  
Endeavour Shares  
Preferred Shares  
Debt Securities

Warrants  
Subscription Receipts  
Units

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

-

**Promoter(s):**

-

**Project #3062442**

---

**Issuer Name:**

FSD Pharma Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated June 16, 2020  
NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

C\$100,000,000.00  
Class B Subordinate Voting Shares  
Subscription Receipts  
Warrants  
Debt Securities  
Units

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

-

**Promoter(s):**

-

**Project #3023506**

**Issuer Name:**

Hut 8 Mining Corp. (formerly, Oriana Resources Corporation)

Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated June 22, 2020

NP 11-202 Receipt dated June 22, 2020

**Offering Price and Description:**

\$7,500,125.00 - 5,172,500 Units

Price: \$1.45 per Unit

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

STIFEL NICOLAUS CANADA INC.

CANACCORD GENUITY CORP.

ECHELON WEALTH PARTNERS INC.

GRAVITAS SECURITIES INC.

HAYWOOD SECURITIES INC.

RICHARDSON GMP LIMITED

**Promoter(s):**

-

**Project #3070541**

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**Issuer Name:**

Northland Power Inc.

Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated June 16, 2020

NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

\$1,000,000,000.00

Common Shares

Preferred Shares

Warrants

Debentures (unsecured)

Subscription Receipts

Units

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

-

**Promoter(s):**

-

**Project #3070279**

**Issuer Name:**

Pretium Resources Inc.

Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated June 16, 2020

NP 11-202 Receipt dated June 16, 2020

**Offering Price and Description:**

US\$600,000,000.00

Common Shares

Debt Securities

Warrants

Units

Subscription Receipts

Share Purchase Contracts

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

-

**Promoter(s):**

-

**Project #3069503**

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**Issuer Name:**

Standard Uranium Ltd.

Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated June 16, 2020

NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

Up to \$4,000,000.00

Up to 20,000,000 Units at a price of \$0.20 per Unit

Up to 18,181,818 FT Units at a price of \$0.22 per FT Unit

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

RED CLOUD SECURITIES INC.

**Promoter(s):**

-

**Project #3067187**

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**Issuer Name:**

Troilus Gold Corp.

Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated June 16, 2020

NP 11-202 Receipt dated June 17, 2020

**Offering Price and Description:**

\$22,050,000.00

21,000,000 Units

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

CORMARK SECURITIES INC.

LAURENTIAN BANK SECURITIES INC.

STIFEL NICOLAUS CANADA INC.

HAYWOOD SECURITIES INC.

CANACCORD GENUITY CORP.

RED CLOUD SECURITIES INC.

**Promoter(s):**

-

**Project #3068276**

**Issuer Name:**

Xebec Adsorption Inc.  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated June 18, 2020  
NP 11-202 Receipt dated June 18, 2020

**Offering Price and Description:**

\$25,002,000.00 - 6,945,000 Common Shares  
\$3.60 per Common Share

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

DESJARDINS SECURITIES INC.  
TD SECURITIES INC.  
CANACCORD GENUITY CORP.  
RAYMOND JAMES LTD.  
BEACON SECURITIES LIMITED  
STIFEL NICOLAUS CANADA INC.

**Promoter(s):**

-

**Project #3069270**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Stevloc Management Inc. To: Virtus Capital Management Inc.	Exempt Market Dealer	June 4, 2020
New Registration	Private Pension Partners Investments Inc.	Exempt Market Dealer	June 17, 2020
Voluntary Surrender	Altitude Mutual Fund Limited Partnership	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	June 18, 2020
Voluntary Surrender	TAHO Capital Management, Inc.	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer and Commodity Trading Manager	June 17, 2020
New Registration	East Coast Asset Management SEZC	Portfolio Manager	June 18, 2020
New Registration	Castlefield Associates Inc.	Commodity Trading Manager	June 19, 2020
Voluntary Surrender	KeatsConnolly ULC	Portfolio Manager	June 19, 2020

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## Chapter 13

# SROs, Marketplaces, Clearing Agencies and Trade Repositories

### 13.2 Marketplaces

#### 13.2.1 ICE Bonds Securities Corporation (ICE Bonds), formerly Creditex Securities Corporation – Application for Exemptive Relief – Notice of Commission Order

##### ICE BONDS SECURITIES CORPORATION (ICE BONDS), FORMERLY CREDITEX SECURITIES CORPORATION

##### APPLICATION FOR EXEMPTIVE RELIEF

##### NOTICE OF COMMISSION ORDER

On June 19, 2020, the Alberta Securities Commission (**ASC**) issued an order under section 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), section 12.1 of National Instrument 23-101 *Trading Rules* (**NI 23-101**), and section 10 of National Instrument 23-103 *Electronic Trading and Direct Access to Marketplaces* (**NI 23-103** and, together with NI 21-101 and NI 23-101, the **Marketplace Rules**) exempting ICE Bonds from the application of all provisions of the Marketplace Rules that apply to a person or company carrying on business as an alternative trading system (**ATS**) in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec, and Saskatchewan (**Order**), subject to terms and conditions as set out in the Order.

The Ontario Securities Commission published ICE Bonds' application and draft exemption order for comment on April 8, 2020 on the OSC website at [https://www.osc.gov.on.ca/en/Marketplaces\\_at\\_foreign\\_index.htm](https://www.osc.gov.on.ca/en/Marketplaces_at_foreign_index.htm) and at (2020), 43 OSCB 3781. Two comment letters were received from CanDeal.ca Inc. (**CanDeal**). A copy of the comment letters are posted at [https://www.osc.gov.on.ca/documents/en/Marketplaces/com\\_20200424\\_macintyre.pdf](https://www.osc.gov.on.ca/documents/en/Marketplaces/com_20200424_macintyre.pdf) and at [https://www.osc.gov.on.ca/documents/en/Marketplaces/com\\_20200602\\_macintyre.pdf](https://www.osc.gov.on.ca/documents/en/Marketplaces/com_20200602_macintyre.pdf). We summarize below the main comments and Staff's responses to them. ICE Bonds' response to the comments is included at Appendix A to this Notice. In issuing the Order, no substantive changes were made to the draft order published for comment.

A copy of the Order is published in Chapter 2 of this Bulletin.

Comment	Response
CanDeal comments that CSA Staff Notice 21-328 <i>Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities</i> (the <b>Notice</b> ), outlining the guidance which ICE Bonds relied upon in seeking the exemption from the Marketplace Rules, should have been subject to public consultation.	The CSA notes that the Notice sets out guidance regarding the policy considerations that will be taken into account when the CSA evaluates a request for an exemption from the Marketplace Rules by entities seeking to offer trading in fixed income products to Canadian participants. The Notice provides Staff's interpretation of the Marketplace Rules and is therefore not open to public consultation.
CanDeal comments that the Notice should have addressed the treatment of fixed income products that trade in Canadian dollars.	The CSA is still considering the policy implications of allowing an exemption for the trading of Canadian-dollar, fixed income products. Any such applications for exemptions will be evaluated on a case-by-case basis.
CanDeal comments that ICE Bonds' regulatory regime is not sufficiently like the Canadian regime to be duplicative and warrant granting the exemption.	As a matter of policy, the CSA's mandate is to provide protection to investors from unfair, improper, or fraudulent practices, to foster fair and efficient capital markets and confidence in capital markets, and to contribute to the stability of the financial system and the reduction of systemic risk. Consistent with past practices granting exemptions for foreign derivatives exchanges, swap execution facilities, and multilateral trading facilities, we allow foreign entities to enter the Canadian market under an exemption from the applicable requirements provided we are satisfied that the risks are managed in a manner that is comparable to how they are managed under

	<p>Canadian securities laws. This approach necessitates that the foreign entity is subject to an appropriate and comparable regulatory oversight regime in their home jurisdiction and we have information sharing arrangements in place with the home regulator(s). Furthermore, the Order imposes terms and conditions on the exemption which are aimed at further mitigating these risks.</p>
<p>CanDeal comments that the effect of the exemption sought, if granted, would be to offer a registration exemption to ICE Bonds.</p>	<p>As set out in the Notice, foreign fixed income ATSS may be subject to the registration requirement under applicable Canadian securities laws as a result of engaging in the business of trading. An exemption from the Marketplace Rules does not provide relief from the registration requirement. Foreign fixed income ATSS are encouraged to work with counsel to consider the registration requirement and available exemptions when deciding how to operate in Canada.</p>

## APPENDIX A

## ICE Bonds' Summary of Comments and Responses

Comment	Response
<p>CanDeal comments that because of ICE Bonds' relatively small market share in relation to the securities it trades, it is not subject to the same level of regulation that an ATS would be subject to under NI 21-101.</p>	<p>ICE Bonds is subject to a comprehensive regulatory regime in the United States as an ATS and as a broker-dealer registered with the Securities and Exchange Commission (<b>SEC</b>). For its securities business, ICE Bonds is regulated by the SEC, the Financial Industry Regulatory Association (<b>FINRA</b>) and the Municipal Securities Regulatory Board. For its futures business, ICE Bonds is regulated by the Commodity Futures Trading Commission and the National Futures Association. In complying with the rules and standards of practice of all such regulatory bodies, particularly FINRA rules and the TRACE reporting requirements for transactions in fixed income securities, ICE Bonds is subject to regulation that is substantially similar in outcome to regulation under the Marketplace Rules. In addition, ICE Bonds is also subject to terms and conditions to the Order, including access and systems reporting requirements.</p>
<p>CanDeal comments that quality of governance, including conflicts of interest, is insufficiently detailed in ICE Bonds' application.</p>	<p>We note that the governance requirements applicable to ATSs in the Marketplace Rules are quite limited. That said, ICE Bonds' directors and officers are duly appointed in the manner provided in ICE Bonds' By-laws and are subject to the fiduciary duties and obligations imposed under Delaware law. Additionally, ICE Bonds' directors are FINRA registered principals of the firm. There is no overlap of principals between ICE Bonds and its parent company. Lastly, as set out in Part II, section 2 of the application, ICE Bonds' conflict of interest policies are publically available at the hyperlink provided therein.</p>
<p>CanDeal comments that the method of setting fees for the ATSs is insufficiently detailed in ICE Bonds' application.</p>	<p>ICE Bonds' description of fees is set out in Part II, section 11 of the application. Further, ICE Bonds is subject to FINRA rules, standards and guidance governing fair pricing which require that ICE Bonds implement its fees in a manner that is fair and reasonable. Further, ICE Bonds' standard fee schedule is provided to participants at the time of onboarding and ICE Bonds is required to provide any changes to its fee schedules to the SEC and FINRA quarterly and upon a material change to the operation of its ATSs.</p>

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