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Chapter 1

Notices

1.1 Notices

1.1.1 Notice of Amendment of Agreement among Certain Provincial Securities Regulatory Authorities in respect of the Ownership and Licensing of the Intellectual Property Comprising the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI), and the National Registration Database (NRD) (CSA National Systems) to Extend Scope to New CSA National Systems

July 2, 2020

Notice of Amendment of Agreement among Certain Provincial Securities Regulatory Authorities in respect of the Ownership and Licensing of the Intellectual Property Comprising the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI), and the National Registration Database (NRD) (CSA National Systems) to Extend Scope to New CSA National Systems

The Ontario Securities Commission, the British Columbia Securities Commission, the Alberta Securities Commission, and the Autorité des marchés financiers have recently amended the agreement outlining how the intellectual property comprising the CSA National Systems will be owned as between the parties and how it will be licensed to third parties for their access and use (the "CSA IP Agreement"). The CSA IP Agreement has been amended to extend its scope to include two new shared national IT systems currently in development by the Canadian Securities Administrators, as well as any new or existing national system which is included by the parties under the scope of the CSA IP Agreement from time to time.

The amendment to the CSA IP Agreement is being published today in the Bulletin in accordance with section 143.10 of the *Securities Act* (Ontario). This amendment was delivered to the Ontario Minister of Finance on June 24, 2020 and is subject to Ministerial approval. The CSA IP Agreement was previously published in the Bulletin on April 18, 2013 (OSC Bulletin Volume 36, Issue 16).

Questions may be referred to:

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[On the letterhead of the Alberta Securities Commission]

May 11, 2020

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- and to –

Ontario Securities Commission
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Attention: Leslie Byberg

- and to -

Autorité des marchés financiers
800, Square Victoria, 4e étage
CP. 246, Place Victoria
Montreal, QC H4Z1G3

Attention: Marie-Claude Soucy

Dear Sirs/Mesdames:

Re: Amendments to the CSA National Systems Intellectual Property Ownership and Licensing Agreement entered as of April 2, 2013 (“**IP Agreement**”)

This letter of amendment sets forth the changes to the IP Agreement that are required in order for the terms and conditions of the IP Agreement to extend to two new CSA national systems, being: (a) the renewed system developed under the National System Renewal Program (“**Renewed System**”); and (b) the Market Analytics Platform (“**MAP**”), as well as any new or existing CSA national system which is included under the scope of the IP Agreement by the Governance Committee from time to time.

In connection with the foregoing, and with effect as of the date of this letter of amendment, the PAs each agree that the IP Agreement is hereby amended as follows (defined terms used in this letter of amendment have the meaning given to those terms in the IP Agreement):

1. Except when the term “**CSA National Systems**” is used in the recitals of this Agreement, the definition of “CSA National Systems” is deemed to further include:

   a. the Renewed System;

   b. MAP; and

   c. any other new or existing CSA shared information technology system that serves securities regulatory purposes and functions which is included under the scope of the IP Agreement by the Governance Committee from time to time, including the Disciplined List, the Cease Trade Orders database, the National Registration Search, and the CSA website.

2. The definition of “**Associated Data**” is deemed to further include data associated with MAP.

3. The definition of “**Transition Date**” is amended by replacing the first reference to “CSA National System” with the words “of SEDAR, SEDI and NRD”.

4. Section 3.1 is amended by deleting the first paragraph of that Section in its entirety and replacing it with the following:

"*Allocation of Rights and Licenses*. Each PA acknowledges, confirms and agrees that following the termination or expiry of the CSA National Systems Operations Agreements, the Intellectual Property Rights in the CSA National Systems will be held as follows:"

5. Section 3.1(c) is amended by deleting the word "The" at the beginning of the first line of that paragraph and replacing it with the words "For SEDAR, SEDI and NRD, the".

6. Section 3.1(d) is amended by replacing the reference to "the MSA Supplier" with the word "suppliers", and replacing the reference to "Supplier" with the words "such suppliers".

7. Section 6.1 is amended by deleting that Section in its entirety and replacing it with the following:

   "*Systems and Data*. Subject to the terms and conditions of this Agreement, and with effect on the Transition Date, the IP DPA hereby grants to each other PA (to the extent each other PA may require such a license from the IP DPA to access and use the subject matter below) a non-exclusive right to access and use:

   (i) the applicable CSA National System;

   (ii) such data associated with the applicable CSA National System (excluding data associated with MAP) that is or was entered by or on behalf of Filers in order to meet the regulatory requirements of any other CSA Member or an SRO ("**CSA Filer Data**");

   (iii) such data, other than CSA Filer Data, associated with the applicable CSA National System (excluding data associated with MAP) that is or was entered by or on behalf of any other CSA Member or an SRO in the performance of its regulatory mandate ("**CSA Regulatory Notes**");

   such access and use being provided through the functionality and interfaces of the applicable CSA National System and being exercised by the PA for the purpose of fulfilling its regulatory mandate. Each PA acknowledges and agrees that CSA Filer Data and CSA Regulatory Notes may not be used, retained or disclosed by the PA for any purpose other than to fulfill its regulatory mandate (except when acting as the IP DPA, in which case the provisions of Article 8 also apply), unless the PA has received the consent of all CSA Members and all affected SROs. Each PA further acknowledges and agrees that access to CSA Filer Data and CSA Regulatory Notes is subject to such access controls and limitations as may be established by the Governance Committee from time to time. With respect to MAP, no data rights are granted under this Agreement. The market data provided by the Investment Industry Regulatory Organization of Canada and made available through MAP is accessed and used by each PA pursuant to applicable laws."

8. Section 6.4 is amended by deleting the words "in respect of each CSA National System" and the word "therefor".

9. Section 7.3, paragraphs (a) and (b) are each amended by deleting the words "(the latter in respect of NRD only)" appearing in those paragraphs.

10. Section 8.1 is amended by deleting the words "each CSA National System" appearing in the first paragraph of that Section and replacing them with the words "SEDAR, SEDI and NRD".

11. Section 8.1(a) is amended by inserting the words "(excluding data associated with MAP)" immediately after the words "Associated Data" appearing in that paragraph.

12. Section 8.1(b) is amended by deleting the first sentence of that paragraph in its entirety and replacing it with the following:

   "*SROs*. To SROs, a non-exclusive license to access and use a CSA National System and corresponding Associated Data, provided that any required consents have been obtained from any applicable third party licensors and/or data providers, as the case may be."

13. Schedule A is amended to include the following trademarks and domain names:

Trademark	Registration No.	Associated CSA National System
SEDAR	TMA947,976	SEDAR
SEDAR+	TBD	Renewed System
SEDAR PLUS	TBD	Renewed System

Domain Name	Associated CSA National System
SEDARPLUS.COM	Renewed System
SEDARPLUS.ORG	Renewed System
SEDARPLUS.CA	Renewed System
SEDARPLUS.NET	Renewed System

If you are in agreement with the terms of this letter of amendment, please sign in the space provided below and return a copy by email to the attention of Minami Ganaha, Senior Legal IT Counsel, Ontario Securities Commission, as soon as reasonably possible.

Yours truly,

"David C. Linder"

David C. Linder
Executive Director

DCL/dt

Accepted and agreed this 16th day of May, 2020

British Columbia Securities Commission

"Peter J. Brady"
By: ______________________
Title: Executive Director

Accepted and agreed this 11th day of May, 2020

Ontario Securities Commission

"Leslie Byberg"
By: ______________________
Title: Executive Director

Accepted and agreed this 25th day of May, 2020

Autorité des marchés financiers

"Marie-Claude Soucy"
By: ______________________
Title: Vice-President, Administrative Services

1.1.2 CSA Staff Notice 31-358 Guidance on Registration Requirements for Chief Compliance Officers and Request for Comments

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 31-358

Guidance on Registration Requirements for Chief Compliance Officers and Request for Comments

July 2, 2020

Introduction

As part of our ongoing commitment to reduce regulatory burden, staff of the Canadian Securities Administrators (**CSA**) (**staff** or **we**) are providing this notice (the **Notice**) to set out guidance regarding the registration requirements for chief compliance officers (**CCOs**) under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) for certain CCO models.

Executive Summary

In this Notice, staff provide guidance on the following CCO models:

1) an individual applying to be the CCO for more than one firm (the **shared CCO model**);

2) a firm applying to have multiple CCOs, each responsible for one or more business lines and/or different registration categories within the firm (the **multiple CCO model**); and

3) an individual applying to be the CCO of a non-traditional or specialized firm, such as a fintech firm, where industry-specific experience may be considered as relevant experience for the purposes of assessing the individual's proficiency (the **specialized CCO model**).

Registrants are invited to provide comments on how each of these models addresses their needs and how they may use these models in their operations. Any such comments, as well as anything firms tell us about their experience with adopting the above models, will assist us in assessing whether additional policy initiatives should be considered in the future.

Substance and Purpose

Our aim is to allow registrants to implement their CCO responsibilities in a manner that better aligns with their operational needs and business models. In particular, we expect that:

- the use of a shared CCO in appropriate circumstances may benefit smaller firms, because it may be easier or more cost effective to maintain an effective compliance system;

- larger firms may benefit from implementing a multiple CCO model, where they have distinct business lines or registration categories; and

- firms with less traditional or more specialized businesses will benefit from guidance concerning the assessment of a CCO's proficiency for individuals with industry-specific experiences that may be relevant for that firm.

All applications for registration or exemptive relief will be reviewed by staff on a case-by-case basis. We invite registrants to reach out to CSA registration staff if they:

- would like to discuss how any of these models might be relevant to them,

- wish to combine two or more of the models above with respect to one firm, or

- identify other related models, as similar considerations may apply.

The CSA consulted with staff of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**) (together referred to as the self-regulatory organizations or the **SROs**) to develop this Notice. For members of the SROs, CSA and SRO staff will consult with one another on issues relevant to the member and the member's application to achieve a coordinated approach.

CCO Responsibilities and Requirements

Every registered firm is responsible for having a system of controls and supervision that enables it to comply with securities law and manage the risks associated with its business. In order to maintain an effective compliance system, a firm must designate as the CCO an individual who meets the proficiency, experience and other requirements set out in NI 31-103, and is an officer, partner or sole proprietor of the registered firm(s).

This Notice should be read in conjunction with section 5.2 of the Companion Policy to NI 31-103 (**31-103CP**), which provides guidance regarding both the shared CCO model and multiple CCO model. Staff are open to considering applications for both models. This Notice provides information on the factors we will consider when reviewing any such application.

Shared CCO Model

Under this model, an individual can act as the CCO for more than one firm. Currently, some affiliated firms have been approved to use a shared CCO model. We are open to the possibility of unaffiliated firms using a shared CCO model as well.

Many registered firms are large enough to need a full-time CCO in order to operate an effective compliance system. However, for some smaller firms, a shared CCO may suffice. The shared CCO model may also allow firms with only one individual to separate the role and function of the CCO from that of the UDP and sole director.

In reviewing an application by a firm to designate as CCO an individual who holds that position with another firm, staff will consider the following factors:

- **Proficiency**: The shared CCO must be able to demonstrate they have the proficiency to act as CCO for each firm's business. Typically, before an individual could be approved as a CCO in a shared model, the individual would have to have had prior experience as a CCO. Staff will take into account the CCO's effectiveness, as evidenced by, among other things, the outcomes of compliance reviews of firms where the individual was registered as CCO.

- **Conflicts of Interest**: The shared CCO, and the firms sponsoring such applicant, must be able to identify, and appropriately respond to, the existing or potential conflicts of interest resulting from the shared CCO model.

- **Confidentiality**: The shared CCO, and the firms sponsoring such applicant, must be able to demonstrate that they will be able to continue to meet their obligations to protect the confidential information of clients.

- **Capacity**: The shared CCO must be able to demonstrate their capacity to act as a CCO for more than one registered firm. Staff will consider, for example, the individual's commitments at all registered firms as well as other commitments (such as their outside business activities) as part of this analysis.

- **Effective Compliance System**: Firms that make use of a shared CCO must continue to comply with their obligation under section 11.1 of NI 31-103 to maintain an effective compliance system.

Staff may ask a variety of questions of the CCO and/or the sponsoring firms as part of the registration process. Examples of these questions are contained in Appendix A of this Notice. Firms applying to register a shared CCO should consider providing the responses to these questions at the same time they file the application.

In addition, in the same way that staff currently recommend terms and conditions to novel business structures, and depending on the facts of a specific shared CCO model, we may recommend that tailored terms and conditions be applied to the registration of the CCO and/or one or more of the CCO's sponsoring firms.

Where a shared CCO has been approved but subsequently staff have concerns that the compliance system at a firm with a shared CCO is inadequate or that the shared CCO may no longer be suitable for registration, we may recommend actions that impact all of the firms that sponsor the shared CCO.

This model does not contemplate a registered firm outsourcing its CCO's responsibilities to a third-party service provider. An individual acting as CCO of a registered firm must still be an officer,[1] partner or sole proprietor of the registered firm, and a firm may choose to structure its affairs such that the CCO is either an employee or independent contractor of the firm.

A registered firm is prohibited by section 4.1 of NI 31-103 from permitting an individual to act as a dealing, advising or associate advising representative at that firm if the individual acts as a partner, officer or director of another registered firm. Although firms proposing a shared CCO model could seek exemptive relief from this requirement,[2] the firms must explain how they would be able to adequately address the factors set out in this Notice if the proposed shared CCO was also registered as a dealing, advising or associate advising representative for one or both registered firms.

An individual acting as CCO for more than one firm must have the ability to establish and maintain policies and procedures for the firm, and to monitor and assess compliance by the firm and individuals acting on its behalf as required in section 5.2 of NI 31-103. At the firm's discretion, the CCO may also have the ability to take action to resolve compliance issues.

CCOs considering participating in a shared CCO model should do their own due diligence before proceeding with such a model. For instance, they should assess:

- their capacity to act as CCO for more than one firm, both currently and as the firms' businesses grow and expand;
- how each firms' support and governance structure will ensure that the CCO can comply with the requirements in NI 31-103; and
- the legal implications of acting as an officer for each sponsoring firm under securities, corporate and other law.

Multiple CCO Model

Under this model, and with the necessary exemptive relief to permit it, a firm can designate multiple CCOs with each CCO responsible for one or more registration categories and/or business lines within the firm.[3] For example, a firm that is registered as an investment fund manager, portfolio manager and exempt market dealer may apply to have three CCOs, one for each of the firm's three registration categories. Note that 31-103CP provides additional general guidance.

Any firm may apply for exemptive relief in order to operate with a multiple CCO model, and as part of the application, they must be able to demonstrate that this model is appropriate for their compliance system. To obtain the necessary relief, a firm must demonstrate that each CCO has their own separate responsibilities and that no CCO delegates or transfers to another CCO their responsibilities under section 5.2 of NI 31-103. Therefore, it is important that there be sufficiently clear lines between the firm's activities to allow for this model.

Some CSA jurisdictions have previously granted exemptive relief to allow certain firms to have multiple CCOs in similar contexts, such as multiple CCOs for different operating divisions within a large firm. Firms may wish to review such previous decisions to guide their applications for exemptive relief under this model.

In considering whether the necessary relief should be granted, staff may ask a variety of questions, a non-exhaustive list of which is included at Appendix B of this Notice.

Specialized CCO Model

Under this model, where an individual applies to be the CCO of a non-traditional or specialized firm, staff may consider the individual's business experience when assessing proficiency and experience requirements.[4]

The experience demonstrated by the individual being considered for the CCO position should be relevant for both the category of registration and the business of the firm sponsoring the individual. Other business experience may be considered relevant for the purposes of assessing whether the individual meets the experience requirements set out for a CCO in NI 31-103 when a firm applying for registration demonstrates that it is engaged in a non-traditional or specialized business.

---

[1] Note that we may request evidence from the firm that the officer has been duly appointed.

[2] The exemptive relief application would be a separate application which would be reviewed in conjunction with the application to register the shared CCO.

[3] Section 11.3 of NI 31-103 requires the firm to designate "an individual" to act as the firm's CCO. Therefore, a firm needs to apply for exemptive relief from this section in order to designate more than one individual as a CCO.

[4] Part 3 of NI 31-103 sets out the minimum amount of specific experience CCOs of all categories of registered firms must have in order to be considered proficient to take on this role.

Relevant business experience may include the following:

- experience developing products or services where the firm exclusively operates an online platform for innovative products or services;
- experience from a related investment field, such as experience with underwriting or credit adjudication while working at a financial institution or investment bank, where the firm operates an online lending business.

As experience and business models can vary greatly among firms and individuals, CSA staff will assess other business experience based on the particular circumstances of the proposed CCO and the firm.

For certain categories of registration, there is a requirement that the individual being considered for the CCO position must demonstrate that they provided professional services to and/or worked at a registered firm as set out in the proficiency requirements in Part 3 of NI 31-103. If the applicant does not have that work experience, they will need to apply for exemptive relief from these experience requirements. Any firm that believes it requires exemptive relief for its CCO or is unsure is encouraged to discuss its specific situation with CSA registration staff.

An individual may be considered proficient to be the CCO under the specialized CCO model but may not be considered proficient to be the CCO of a registered firm with a different business model. In these cases, CSA staff may recommend terms and conditions on the CCO's registration to this effect.

Next Steps

Staff believe this Notice will enhance competitiveness for registrants and better serve investors by making it easier for registrants to fulfill their CCO responsibilities in a manner that aligns with their operational needs and business models while continuing to meet their obligations under NI 31-103.

Registrants should reach out to the CSA registration staff with any questions they may have about CCO models and how they may apply to their business models.

We welcome comments as we work with registrants to operationalize the three models addressed in this Notice. Staff are interested in receiving feedback on registrants' use of the three models.

We ask that all comments be provided by e-mail to 31-358@acvm-csa.ca on or before September 30, 2020.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Questions

Please refer your questions and comments on this Notice to the following:

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Appendix A

Sample questions for shared CCO applications

Proficiency

- Please describe the education, training and experience of the CCO and how it is relevant for each of the registered firms' specific businesses.

Conflicts of Interest

- Do any conflicts of interest result from this model? If so, how do the firms and the CCO propose to respond to them?

- Please describe how the sponsoring firms have taken the necessary steps to ensure the success of the model, such as having an agreement in place to address conflicts of interest that may arise.

Confidentiality

- Please confirm that there are adequate controls in place to protect confidential personal information of clients that the CCO may receive at each firm. What are these controls and how are they adequate?

Capacity

- Does the CCO have adequate time to work for multiple registered firms simultaneously?

- Please describe how each firm has determined that it does not require a dedicated CCO to have an effective compliance system. Have the firms and shared CCO considered such factors as the firm's scale, complexity and compliance history? How will they monitor this going forward?

- How will the shared CCO prioritize their time if a situation arises that requires that they devote more time than anticipated to one or both firms?

Effective Compliance System

- How will strong communication and relationships be established between the CCO and the registered firms, such that the CCO is empowered to establish and maintain policies and procedures for assessing compliance, to monitor and assess compliance, to report non-compliance to the UDP and to meet with the firms' board of directors (or equivalent) at any time they deem necessary? Is the CCO's compensation model at each firm aligned with this?

- How will the CCO have sufficient access to the registered firms' books, records and information to assess and, if necessary, improve the firm's compliance policies and procedures?

- How will the CCO customize policy and procedure manuals, checklists and/or forms to implement compliance at the registered firms to reflect each firm's business model, practices, strategies and compliance risks?

Appendix B

Sample questions for multiple CCO applications

- Please provide a description of the business lines that require their own CCO and how their operations are independent from one another.

- Please explain how each division operates functionally as a stand-alone entity, with its own compliance group and/or autonomy.

- Please explain how each CCO will have direct access to the UDP and the board of directors.

- Please describe how each of the CCOs meets the proficiency requirement to act in the role.

- Please describe how each CCO will meet their obligation to provide an annual report to the firm's board of directors as required by subsection 5.2(d) of NI 31-103.

- Will the multiple CCOs have regular meetings with one another to discuss overall governance of the firm, key initiatives and regulatory matters that may impact each line of business?

1.2 Notices of Hearing

1.2.1 Evolution Mentor Capital Inc. and Pasqualino (Patrick) Michael Mazza – s. 127(8)

FILE NO.: 2020-19

IN THE MATTER OF
EVOLUTION MENTOR CAPITAL INC.
AND
PASQUALINO (PATRICK) MICHAEL MAZZA

NOTICE OF HEARING
Subsection 127(8) *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Application for Extension of Temporary Order

HEARING DATE AND TIME: June 30, 2020 at 10:00 a.m.

LOCATION: By teleconference

PURPOSE

The purpose of this proceeding is to consider whether the Commission should grant the Application filed by Staff of the Commission to extend the temporary order issued by the Commission on June 17, 2020.

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 26th day of June, 2020.

"Grace Knakowski"
Secretary to the Commission

For more information

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

1.4 Notices from the Office of the Secretary

1.4.1 Evolution Mentor Capital Inc. and Pasqualino (Patrick) Michael Mazza

FOR IMMEDIATE RELEASE
June 26, 2020

EVOLUTION MENTOR CAPITAL INC.
and
PASQUALINO (PATRICK) MICHAEL MAZZA,
File No. 2020-19

TORONTO – The Office of the Secretary issued a Notice of Hearing on June 26, 2020 setting the matter down to be heard on June 30, 2020 at 10:00 a.m. to consider whether the Commission should grant the Application filed by Staff of the Commission to extend the temporary order issued by the Commission on June 17, 2020.

A copy of the Notice of Hearing dated June 26, 2020, Application dated June 24, 2020 and Temporary Order dated June 17, 2020 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Chou Associates Management Inc. and The Chou Associates Fund

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to permit a public investment fund to continue to hold securities of a related issuer purchased without IRC approval or consultation.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, ss. 111(2)(c)(ii), 111(4), 117(1)1, 117(1)4, 121(2).

June 24, 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
CHOU ASSOCIATES MANAGEMENT INC.
(the Filer)**

AND

**IN THE MATTER OF
THE CHOU ASSOCIATES FUND
(the Fund)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on behalf of the Fund, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**):

1. exempting the Fund from the requirements in the Legislation which prohibit the Fund from knowingly making an investment or holding an investment in an issuer in which a substantial security holder of the Fund has a significant interest (the **Related Issuer Relief**);

2. exempting the Filer from the requirements in the Legislation which require a management company to file a report within 30 days after the month end of every purchase or sale of securities between the mutual fund and any related person or company (the **Purchase and Sale Reporting Requirement**); and

3. exempting the Filer from the management reporting requirements in the Legislation which require a management company to file a report within 30 days after the month end in which an investment fund is a joint participant with one or more related persons or companies (the **Management Reporting Requirement**)

(paragraphs 2 and 3 are together, the **Conflict of Interest Reporting Relief**, and the Related Issuer Relief and the Conflict of Interest Reporting Relief are together, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

Defined terms contained in National Instrument 31-103 *Registration Requirements* (**NI 31-103**) and National Instrument 81-102 *Investment Funds*, (**NI 81-102**) have the same meaning in this decision unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer in respect of the Filer and the Fund.

The Filer

1. The Filer is a corporation validly existing under the laws of the Province of Ontario. The Filer's head office is located in Toronto, Ontario.

2. The Filer is registered as an investment fund manager, portfolio manager and exempt market dealer in Ontario.

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

The Fund

4. The Fund is an open-ended mutual fund established under the laws of the Province of Ontario. The Fund is a reporting issuer in each of the provinces of Canada and is subject to National Instrument 81-102 *Investment Funds*.

5. The Filer has appointed an independent review committee (**IRC**) under National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) for the Fund.

6. The investment objective of the Fund is to provide long-term growth of capital by investing primarily in equity securities of U.S. and foreign businesses considered by the Filer, in its capacity as investment fund manager of the Fund, to be undervalued.

7. The Fund is currently qualified for distribution under a simplified prospectus dated September 14, 2019 for which it received a receipt.

8. Other than as described in representation 12, neither the Filer nor the Fund is in default of the securities legislation of Canada.

The Related Issuer Relief

9. As of the fourth quarter of 2009, Financial Holdings Ltd. (**Fairfax**) first became a substantial securityholder of the Fund pursuant to section 110(2)(b) of the Legislation. As of December 31, 2019, Fairfax's status as a substantial securityholder of the Fund was maintained as it held approximately 20.8% of the units of the Fund.

10. On December 4, 2015, the Fund acquired a 2nd lien term loan (the **EXCO Loan**) issued by EXCO Resources, Inc. (**EXCO**). In January of 2016, the Fund acquired a bond issued by EXCO (the **EXCO Bond**). On December 4, 2015, Fairfax held approximately 9.1% of equity securities of EXCO (the **EXCO equity securities**).

11. On or about May 2017, Fairfax, without the knowledge of the Filer, increased its investment in EXCO above 10% for the first time to approximately 45.8% of the EXCO equity securities and as a result, pursuant to section 110(2)(a) of the Legislation, Fairfax acquired a significant interest in EXCO. The Fund did not purchase any further securities of EXCO in the form of loans, bonds or equity securities at the time Fairfax increased its position in EXCO in May 2017.

12. On January 15, 2018, EXCO filed for protection under US bankruptcy laws and on June 28, 2019, EXCO emerged from bankruptcy. As part of the bankruptcy proceedings, the Fund received common shares of EXCO (**EXCO Shares**) in exchange for its prior interest in EXCO in the form the of the EXCO Loan and the EXCO Bond. The Filer, on behalf of the Fund, voted positively in favour of the option to receive common shares in exchange for the EXCO loan and EXCO bond as part of EXCO's bankruptcy proceedings. This favourable vote meets the definition of 'purchase' as contemplated by s. 2.13(2)3 of the Companion Policy to NI 81-102 and the definition of 'investment' as contemplated by s. 110(1) of the Legislation. At the time of such purchase, Fairfax was a substantial securityholder of the Fund within the meaning of s. 110(2)(b) of the Legislation and also had a significant interest in EXCO within the meaning of s. 110(2)(a) of the Legislation. This purchase or investment was made without consultation with, or the approval of, the Fund's IRC, contrary to s. 6.2(1)(a)(i) of NI 81-107. Further, as this purchase was not on an exchange, the purchase and continued holding of the EXCO shares did not comply with s. 6.2(1)(a)(ii) of NI 81-107. The EXCO Shares are not traded on a recognized securities exchange and accordingly, are considered to be private shares.

13. The Fund does not wish to purchase any more EXCO Shares but wishes to continue holding the existing EXCO Shares in its portfolio. To do this, the Fund is seeking the Related Issuer Relief to enable it to continue to hold the EXCO Shares in its portfolio.

14. The Filer has obtained the approval of the Fund's IRC to allow the Fund to continue to hold EXCO Shares in its portfolio.

15. The EXCO shares are currently being valued at the lower of: (1) the Fund's current fair market value of the securities at US$9.5144 per share based on the restructuring estimates; and (2) the latest mean price of the third-party valuation report by Duff & Phelps LLC.

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

The Conflict of Interest Reporting Relief

17. The Filer, as portfolio manager of the Fund, caused the Fund to purchase EXCO Shares at a

time when Fairfax, a substantial securityholder of the Fund, also had a significant interest in EXCO.

18. The Filer, as portfolio manager of the Fund, caused the Fund to participate as a joint participant with one or more other funds also managed by the Filer, in the purchase of EXCO Shares where Fairfax, a substantial securityholder of the Fund, had a significant interest in EXCO.

19. In the absence of the Conflict of Interest Reporting Relief, each of the Purchase and Sale Reporting Requirement and the Management Reporting Requirement would require the Filer to file, within 30 days of the end of the month in which each transaction occurs, a report of (i) every transaction of purchase or sale between the Fund and any related person or company and (ii) every transaction in which, by arrangement, a Fund, with one or more funds or related persons or companies, acts as a joint participant. The report in each case, would have to disclose the issuer of the securities purchased or sold, the class or designation of the securities, the amount or number of securities, the consideration, the name of the related person or company receiving a fee, the name of the person or company that paid the fee to the related person or company and the amount of the fee received by the related person or company.

20. Pursuant to NI 81-106, the Fund prepares and files interim and annual management reports of fund performance (**MRFPs**) that disclose any transactions involving a related party, including the identity of that related party, the relationship to the Fund, the purpose of the transaction, the measurement basis used to determine the recorded amount, and any ongoing commitments to the related party.

21. It is costly and time consuming for the Filer to also provide the reports required by the Purchase and Sale Reporting Requirement and the Management Reporting Requirement, which are substantially similar to the information required by NI 81-106 to be disclosed in the MRFPs, on a monthly and segregated basis for the Fund.

Decision

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

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

(ii) the IRC of the Fund has approved the Fund's purchase and continued holding of the EXCO Shares in accordance with subsection 5.2(2) of NI 81-107;

(iii) the Fund does not purchase any further EXCO Shares;

(iv) the Filer, as the investment fund manager of the Fund, complies with section 5.1 of NI 81-107 and the Filer and the IRC comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the Fund's continued holding of the EXCO Shares or any future sale of the EXCO Shares from the Fund's portfolio; and

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

"Raymond Kindiak"
Commissioner
Ontario Securities Commission

"Garnet W. Fenn"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Katanga Mining Limited

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 22, 2020

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

AND

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

AND

**IN THE MATTER OF
KATANGA MINING LIMITED
(the "Filer")**

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and

5. the Filer is not in default of securities legislation in any jurisdiction.

Order

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

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

"Marie-France Bourret"
Manager, Corporate Finance
Ontario Securities Commission

2.2.2 Evolution Mentor Capital Inc. and Pasqualino (Patrick) Michael Mazza – ss. 127(1), 127(5)

IN THE MATTER OF
EVOLUTION MENTOR CAPITAL INC.
AND
PASQUALINO (PATRICK) MICHAEL MAZZA

TEMPORARY ORDER
(Subsections 127(1) & 127(5))

WHEREAS:

1. it appears to the Ontario Securities Commission (the "Commission") that:

   (a) Evolution Mentor Capital Inc. ("EMCI") and Pasqualino (Patrick) Michael Mazza ("Mazza") (collectively "the Respondents") may have traded securities without registration and without an exemption to the registration requirement contrary to section 25 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act");

   (b) the Respondents may have traded securities without a prospectus having been filed and receipted by the Director contrary to section 53 of the Act; and

   (c) the Respondents may have engaged in a course of conduct relating to securities that they know, or reasonably ought to know, perpetrates a fraud on any person or company contrary to subsection 126.1(1)(b) of the Act;

2. the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

3. the Commission is of the opinion that it is in the public interest to make this order; and

4. by Authorization Order made on April 17, 2020, pursuant to subsection 3.5(3) of the Act, the Commission authorized each of D. Grant Vingoe, Timothy Moseley, Mary Anne De Monte-Whelan, Garnet W. Fenn, Lawrence P. Haber, Craig Hayman, Raymond Kindiak, Frances Kordyback, M. Cecilia Williams, and Heather Zordel acting alone, is authorized to exercise the powers of the Commission to make orders under section 127 of the Act;

IT IS ORDERED pursuant to section 127 of the Act that:

1. pursuant to clause 2 of subsection 127(1) of the Act, all trading in any securities by the Respondents shall cease;

2. pursuant to clause 3 of subsection 127(1) of the Act, that the exemptions contained in Ontario securities law do not apply to the Respondents; and

3. pursuant to subsection 127(6) of the Act, this order shall take effect immediately and shall expire on the 15th day after its making unless extended by order of the Commission.

Dated at Toronto this "17th" day of June, 2020.

"D. Grant Vingoe"
Acting Chair

2.2.3 Loomis, Sayles & Company, L.P. – ss. 78(1), 80 of the CFA

Headnote

Foreign adviser exempted from the adviser registration requirement in section 22(1)(b) of the Commodity Futures Act (Ontario) in order to act as: (1) an adviser in respect of commodity futures contracts and commodity futures options for certain institutional investors in Ontario – Clients meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts and options are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada; and (2) a sub-adviser in respect of commodity futures contracts and commodity futures options for principal advisers registered under the Commodity Futures Act (Ontario).

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to: (1) international advisers in respect of securities set out in section 8.26 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations; and (2) sub-advisers with a head office or principal place of business in a foreign jurisdiction in respect of securities set out in section 8.26.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Exemption is subject to a five-year "sunset clause" condition.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 22(1)(b), 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, ss. 1.1, 8.26, 8.26.1.
Ontario Securities Commission Rule 13-502 Fees.

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

AND

IN THE MATTER OF
LOOMIS, SAYLES & COMPANY, L.P.

ORDER
(Subsection 78(1) and section 80 of the CFA)

UPON the application (the **Application**) of Loomis, Sayles & Company, L.P. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order (the **Order**):

(a) pursuant to subsection 78(1) of the CFA, revoking the exemption order granted by the Commission to the Applicant on July 28, 2015 (the **Existing Order**); and

(b) pursuant to section 80 of the CFA, that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant's behalf (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions (the **Requested Relief**).

AND UPON considering the Application and the recommendation of staff of the Commission.

AND WHEREAS for the purposes of this Order:

"Advisory Services" has the meaning ascribed to that term in paragraph 12 of this Order;

"CFA Adviser Registration Requirement" means the provisions of section 22 of the CFA that prohibit a person or company from acting as an adviser with respect to trading in Contracts unless the person or company is registered in the appropriate category of registration under the CFA;

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

“Contract” has the meaning ascribed to that term in subsection 1(1) of the CFA;

“Foreign Contract” means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

“Initial Principal Adviser” means Industrial Alliance Investment Management Inc.;

“International Adviser Exemption” means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

“International Sub-Adviser Exemption” means the exemption set out in section 8.26.1 of NI 31-103 from the OSA Adviser Registration Requirement;

“NFA” means the National Futures Association of the United States;

“NI 31-103” means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, as amended from time to time;

“OSA” means the *Securities Act*, R.S.O. 1990, c. S.5, as amended from time to time;

“OSA Adviser Registration Requirement” means the provisions of section 25 of the OSA that prohibit a person or company from engaging in the business of, or holding himself, herself or itself out as engaging in the business of advising others with respect to investing in, buying or selling securities, unless the person or company is registered in the appropriate category of registration under the OSA;

“Permitted Client” means a client in Ontario that is a “permitted client”, as that term is defined in section 1.1 of NI 31-103, except that for the purposes of this Order, such definition shall exclude a person or company registered as an adviser or dealer under the securities or derivatives legislation, including commodity futures legislation, of a jurisdiction of Canada;

“Principal Adviser” means the Initial Principal Adviser and any other adviser registered under the CFA for which the Applicant provides Sub-Advisory Services;

“SEC” means the Securities and Exchange Commission of the United States;

“specified affiliate” has the meaning ascribed to that term in Form 33-506F6 *Firm Registration* to Ontario Securities Commission Rule 33-506 *(Commodity Futures Act) Registration Information*; and

“Sub-Advisory Services” has the meaning ascribed to that term in paragraph 13 of this Order;

“United States” or **“U.S.”** means the United States of America.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited partnership organized under the laws of the State of Delaware, United States. The Applicant’s principal place of business is located in Boston, Massachusetts, United States.

2. The Applicant is registered in the United States with the SEC as an investment adviser. The Applicant is registered as a commodity pool operator and commodity trading adviser with the CFTC, and is a member of the NFA. As such, the Applicant is permitted to carry on Advisory Services and Sub-Advisory Services in the United States.

3. The Applicant is registered as an adviser in the category of portfolio manager in the provinces of Ontario, Alberta, Manitoba, Nova Scotia and Québec. The Applicant is also availing itself of the International Adviser Exemption in British Columbia.

4. The Applicant is not registered in any capacity under the CFA.

5. The Applicant currently relies on the Existing Order that is set to expire on July 28, 2020 in respect of the Advisory Services. The Applicant has complied with, and is currently in compliance with, all the terms and conditions of the Existing Order, except with respect to the condition that the Applicant notify the Commission of any regulatory action with respect to a specified affiliate of the Applicant within 10 days of the commencement of each such action. The Applicant has since filed the required notices and has revised its process to ensure that any such filings can and will be made promptly.

6. The Applicant provides its advisory services in a broad array of fixed income, equity, global, alternative, multi-asset and other investment strategies, including government securities of the U.S. and other countries, debt securities, preferred securities and equity securities of U.S. and non-U.S. companies as well as other securities. The Applicant trades fixed income futures, commodity futures, options on equity securities, options on commodity futures and credit default swaps, all on a limited basis for a variety of strategies.

7. In Ontario, certain Permitted Clients have engaged the Applicant to access specialized portfolio management services, including advice as to trading in Foreign Contracts. In addition to this, the Applicant wishes to provide the Sub-Advisory Services.

8. The Applicant is registered in a category of registration, or operates under an exemption from registration, under the applicable securities legislation or commodity futures legislation of the United States, that permits it to carry on the activities in the United States that registration as an adviser and sub-adviser under the CFA would permit it to carry on in Ontario.

9. The Initial Principal Adviser is a corporation formed under the laws of the Province of Québec with its head office located in the Province of Québec.

10. The Initial Principal Adviser is registered:

   (a) under the securities legislation in each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan as an adviser in the category of portfolio manager;

   (b) under the securities legislation in Québec as an investment fund manager;

   (c) under the derivatives regulation in Québec as a derivatives portfolio manager; and

   (d) under the CFA in Ontario as a commodity trading manager and commodity trading counsel.

11. The Applicant is not in default of securities legislation, commodity futures legislation or derivatives legislation in any jurisdiction of Canada. The Applicant is in compliance in all material respects with securities laws, commodity futures laws and derivatives laws of the United States.

12. The Applicant seeks to continue to act as a discretionary investment manager on behalf of institutional investors in Ontario that are Permitted Clients that seek to engage the Applicant as a discretionary investment manager for purposes of implementing certain investment strategies employing primarily Foreign Contracts (the **Advisory Services**).

13. Each Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager and seeks to retain the Applicant to act as a sub-adviser for the purposes of providing, on a discretionary basis, certain specialized investment strategies employing Contracts in which the Applicant has experience and expertise (the **Sub-Advisory Services**) to the Principal Adviser's Sub-Advisory Clients (defined below).

14. Each Principal Adviser is, or will be, the investment fund manager of, or provides, or will provide, discretionary portfolio management services in Ontario to: (i) investment funds, the securities of which will be qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) investment funds, the securities of which will be sold on a private placement basis in Ontario and certain other Canadian jurisdictions pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus Exemptions* (the **Pooled Funds**, and together with the Investment Funds, the **Funds**); and (iii) managed accounts of clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**) (each of the Investment Funds, Pooled Funds and Managed Accounts are each referred to individually as a **Sub-Advisory Client** and collectively as the **Sub-Advisory Clients**).

15. Discretionary portfolio management services provided, or to be provided, by a Principal Adviser to its Sub-Advisory Clients include, or will include, acting as an adviser with respect to both securities and Contracts where such investments are part of the investment program of such Sub-Advisory Clients. A Principal Adviser acts, or will act, as a commodity trading manager in respect of such Sub-Advisory Clients.

16. The Advisory Services and Sub-Advisory Services will include the use of investment strategies employing Contracts, and, in respect of the Advisory Services, the Applicant will not advise Permitted Clients in Ontario on Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts.

17. In connection with a Principal Adviser acting as an adviser to Sub-Advisory Clients in respect of the purchase or sale of Contracts, such Principal Adviser, pursuant to a written agreement made between the Principal Adviser and the Applicant, may retain the Applicant to provide the Sub-Advisory Services in respect of all or a portion of the assets of the investment portfolio of the respective Sub-Advisory Client, provided that such investments are consistent with the investment objectives and strategies of the applicable Sub-Advisory Client.

18. The Applicant and its Representatives will only provide the Sub-Advisory Services as long as each Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

19. The relationship among each Principal Adviser, the Applicant and any Sub-Advisory Client will be consistent with the requirements of section 8.26.1 of NI 31-103. As would be required under section 8.26.1 of NI 31-103:

    (a) the obligations and duties of the Applicant are set out in a written agreement with each Principal Adviser;

    (b) each Principal Adviser has entered into, or will enter into, a written agreement with each Sub-Advisory Client, agreeing to be responsible for any loss that arises out of the failure of the Applicant:

        (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 Sub-Advisory 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**).

20. The written agreement between each Principal Adviser and the Applicant sets out the obligations and duties of each party in connection with the Sub-Advisory Services and will permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Applicant in respect of the Sub-Advisory Services.

21. The Applicant shall take reasonable steps to ensure that each Principal Adviser delivers to the Sub-Advisory Clients all required reports and statements under applicable securities, commodity futures and derivatives legislation as they relate to the Sub-Advisory Services.

22. The prospectus or other offering document (in either case, the **Offering Document**) of each Sub-Advisory Client that is a Fund and for which a Principal Adviser engages the Applicant to provide Sub-Advisory Services includes, or will include, the following (the **Required Disclosure**):

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Applicant to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Applicant (or any of its Representatives) because the Applicant is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

23. Prior to purchasing any securities of one or more of the Sub-Advisory Clients that are Funds directly from a Principal Adviser, all investors in these Funds who are Ontario residents will receive the Required Disclosure in writing (which may be in the form of an Offering Document).

24. Each client that is a Managed Account Client for which a Principal Adviser engages the Applicant to provide Sub-Advisory Services will receive the Required Disclosure in writing prior to the purchasing of any Contracts for such Sub-Advisory Client.

25. Were the advisory services limited to securities, the Applicant could rely (i) on its registration in Ontario as an adviser in the category of portfolio manager or the International Adviser Exemption, as the case may be, to provide the Advisory Services and (ii) on the International Sub-Adviser Exemption to provide the Sub-Advisory Services.

26. 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.

27. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption or the International Sub-Adviser Exemption. By providing the Advisory Services and the Sub-Advisory Services, the Applicant and its Representatives are or will be engaging in, or holding himself, herself or itself out as engaging in, the business of advising others in respect of Contracts and, absent the Requested Relief, would be required to register as an adviser under the CFA in the category of commodity trading manager.

28. To the best of the Applicant's knowledge, the Applicant confirms that there are currently no regulatory actions of the type contemplated by the Notice of Regulatory Action attached as Appendix "B", as modified by condition (d)(v) hereof, except as otherwise disclosed to the Commission, in respect of the Applicant or any predecessors or specified affiliates of the Applicant.

29. The need for the Requested Relief was triggered by:

    (a) the anticipated expiry of the five-year period set out in the sunset clause of the Existing Order, which currently permits the Applicant to provide the Advisory Services; and

    (b) the Applicant's wish to provide the Sub-Advisory Services.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make this Order;

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

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

(a) the Applicant's head office or principal place of business remains in the United States;

(b) the Applicant is registered in a category of registration, or operates under an exemption from registration, under the applicable securities or commodity futures legislation of the United States that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;

(c) the Applicant continues to engage in the business of an adviser (as defined in the CFA) in the United States;

(d) in respect of the Advisory Services:

    (i) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

    (ii) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodity futures legislation or derivatives legislation of a jurisdiction of Canada) was derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

    (iii) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

        1. the Applicant is not registered in Ontario to provide the advice described in condition (d)(i) of this Order;

        2. the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

        3. all or substantially all of the Applicant's assets may be situated outside of Canada;

        4. there may be difficulty enforcing legal rights against the Applicant because of the above; and

        5. the name and address of the Applicant's agent for service of process in Ontario;

    (iv) if the Applicant is not registered under the OSA and does not rely on the International Adviser Exemption, the Applicant has submitted to the Commission a completed *i* in the form attached as Appendix "A";

    (v) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or, to the best of the Applicant's knowledge after reasonable inquiry, any predecessors or

specified affiliates of the Applicant by completing and filing Appendix "B" within 10 days of the commencement of each such action, provided that the Applicant may also satisfy this condition by filing with the Commission,

1. within 10 days of the date of this Order, a notice making reference to and incorporating by reference the disclosure made by the Applicant pursuant to federal securities laws of the United States that is identified on the Investment Adviser Public Disclosure website; and

2. promptly, a notification of any Form ADV amendment or filing with the SEC that relates to legal or regulatory actions;

(vi) if the Applicant is not subject to the requirement to pay a participation fee in Ontario because it is not registered under the OSA and does not rely on the International Adviser Exemption, by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of Ontario Securities Commission Rule 13-502 *Fees* as if the Applicant relied on the International Adviser Exemption; and

(vii) by December 1 of each year, the Applicant notifies the Commission of its continued reliance on the exemption from registration granted pursuant to this Order; and

(e) in respect of acting as a sub-adviser to a Principal Adviser:

(i) upon the request of staff of the Commission, the Applicant agrees to provide information with respect to any Principal Adviser for which the Applicant is acting as a sub-adviser;

(ii) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(iii) the obligations and duties of the Applicant are set out in a written agreement with the Principal Adviser;

(iv) the Applicant shall not act as a sub-adviser to a Principal Adviser unless the Principal Adviser has contractually agreed with the applicable Sub-Advisory Client to be responsible for any loss that arises out of any failure of the Applicant to meet the Assumed Obligations;

(v) the Applicant will ensure, or has ensured, that the Offering Document of each Sub-Advisory Client that is a Fund and for which the Principal Adviser engages the Applicant to provide Sub-Advisory Services will or does include the Required Disclosure;

(vi) prior to purchasing any securities of one or more of the Sub-Advisory Clients that are Funds directly from the Principal Adviser, all investors in these Funds who are Ontario residents will receive, or has received, the Required Disclosure in writing (which may be in the form of an Offering Document); and

(vii) the Applicant will ensure that each Sub-Advisory Client that is a Managed Account for which a Principal Adviser engages the Applicant to provide the Sub-Advisory Services will receive, or has received, the Required Disclosure in writing prior to purchasing any Contracts for such Sub-Advisory Client; 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 the Applicant to act as a sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services or to provide Advisory Services to Permitted Clients; and

(c) five years after the date of this Order.

Dated at Toronto, Ontario, this 26th day of June, 2020.

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

"Cecilia Williams"
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE *COMMODITY FUTURES ACT* (ONTARIO)

1. Name of person or company ("**International Firm**"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "**Relief Order**"):

   [ ] Section 8.18 [*international dealer*]

   [ ] Section 8.26 [*international adviser*]

   [ ] Other [specify]:

7. Name of agent for service of process (the "**Agent for Service**"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "**Proceeding**") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service; and.

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: ____________________

____
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of ____________________ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: ____________________

____
(Signature of the Agent for Service or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX B

NOTICE OF REGULATORY ACTION[1]

1. Has the firm, or any predecessors or specified affiliates of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	**No**
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] Terms defined for the purposes of Form 33-506F6 *Firm Registration* to Ontario Securities Commission Rule 33-506 *(Commodity Futures Act) Registration Information* have the same meaning if used in this Appendix except that any reference to “firm” means the person or company relying on relief from the requirement to register as an adviser or dealer under the *Commodity Futures Act* (Ontario).

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

2.2.4 The Stars Group Inc. – s. 1(6) of the OBCA

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

Statutes Cited

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

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

AND

IN THE MATTER OF
THE STARS GROUP INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an "offering corporation" as defined in subsection 1(1) the OBCA;

2. The Applicant has no intention to seek public financing by way of an offering of securities; and

3. On May 21, 2020 the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*. The representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

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

DATED at Toronto on this 5th day of June 2020.

"Craig Hayman"
Commissioner
Ontario Securities Commission

"Lawrence Haber"
Commissioner
Ontario Securities Commission

2.2.5 Harvest Operations Corp.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – issuer deemed to be no longer a reporting issuer under securities legislation – issuer is wholly-owned subsidiary of foreign parent, with widely held debt securities outstanding – terms of debt or related agreements do not require issuer to be a reporting issuer – debt is guaranteed, and guarantor's disclosure is available – issuer's circumstances consistent with modified procedure.

Applicable Legislative Provisions

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

June 26, 2020

Citation: *Re Harvest Operations Corp.*, 2020 ABASC 102

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

AND

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

AND

IN THE MATTER OF
HARVEST OPERATIONS CORP.
(the Filer)

ORDER

Background

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

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

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba and Québec; 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

Terms defined in National Instrument 14-101 *Definitions*, National Instrument 45-106 *Prospectus Exemptions* and MI 11-102 have the same meaning if used in this order, unless otherwise defined.

Representations

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

1. The Filer is a corporation amalgamated under the *Business Corporations Act* (Alberta).

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

3. The Filer is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec and is not in default of securities legislation in any jurisdiction.

4. The Filer is a wholly-owned subsidiary of Korea National Oil Corporation (**KNOC**), the state-owned national oil and gas company of the Republic of Korea.

5. The outstanding securities of the Filer currently consist of its common shares (**Common Shares**), which are the only voting securities and equity securities of the Filer, all of which are held by KNOC; and three series of debt securities that are fully and unconditionally guaranteed by KNOC (collectively, the **Guaranteed Notes**) with an aggregate principal amount of US$1,078,270,000, as follows:

   (a) US$195,770,000 aggregate principal amount of 2.33% senior notes due 2021, which were issued in 2016;

   (b) US$485,000,000 aggregate principal amount of 3.00% senior notes due 2022, which were issued in 2017;

   (c) US$397,500,000 aggregate principal amount of 4.20% senior notes due 2023, which were issued in 2018.

6. The Guaranteed Notes are unsecured senior obligations of the Filer and are not convertible or exchangeable into any other class of security.

7. The terms of the Guaranteed Notes and the fiscal agency agreements pursuant to which they were issued do not require that the Filer maintain its status as a reporting issuer in any jurisdiction or otherwise restrict the Filer's ability to obtain the Order Sought.

8. The Guaranteed Notes were issued on a private placement basis to accredited investors in various foreign jurisdictions, including in the United States in reliance on Rule 144A under the 1933 Act (**Rule 144A**). None were distributed to purchasers in Canada.

9. In order to meet one of the conditions of Rule 144A, each of the Filer and KNOC, as guarantor, has covenanted under the Guaranteed Notes that, for so long as a Guaranteed Note is a "restricted security" within the meaning of Rule 144 under the 1933 Act, it will furnish to the holder of the Guaranteed Note and any prospective purchaser designated by the holder, upon request, the information set out in Rule 144A(d)(4), unless at the time of the request the Filer or Guarantor, as the case may be, is subject to reporting under section 13 or section 15(d) of the 1934 Act (or is exempt from reporting pursuant to Rule 12d3-2(b) under the 1934 Act). In light of KNOC's guarantee of the Guaranteed Notes, such information would be comprised of a brief statement of the nature of KNOC's business and the products it offers, KNOC's most recent balance sheet and statements of profit and loss and retained earnings, and similar financial statements for such part of the two preceding fiscal years.

10. The Guaranteed Notes are listed on the wholesale bond market of Singapore Exchange Securities Trading Limited (**SGX**), which is a market for non-retail investors. Under current SGX rules, wholesale bonds trade in a minimum board lot size of S$200,000 (or the equivalent in foreign currencies).

11. The Filer is subject to disclosure requirements under SGX rules and complementary provisions of Singapore securities laws, including timely disclosure of information that may have a material effect on the price or value of its debt securities or an investor's decision whether to trade in such debt securities, and is in compliance with all such applicable requirements. The SGX is licensed as an "approved exchange" by the Monetary Authority of Singapore, and compliance with the disclosure requirements of the SGX by an issuer of securities listed on the SGX is mandated under the *Securities and Futures Act* (Singapore).

12. In accordance with its domestic law, KNOC publishes consolidated financial statements that include the accounts of the Filer.

13. The Guaranteed Notes are represented by global certificates issued to The Depository Trust Company (**DTC**), which are registered in the name of its nominee and held for the accounts of intermediaries who are participants in the DTC depository system.

14. In accordance with industry practice and custom, the Filer engaged Broadridge Investor Communication Solutions (**Broadridge**) to provide reports as to the country of residence of the beneficial holders of the Guaranteed Notes, and the principal amounts held by those holders. The reports are based on the CUSIP (Committee on Uniform Securities

Identification Procedures) numbers assigned to such notes, and are as of a record date of May 5, 2020. The Filer understands that Broadridge compiles such reports by making inquiries of Canadian and United States intermediaries that are Broadridge clients, and that the vast majority of Canadian and United States intermediaries are Broadridge clients. The Filer further understands that the country of residence information as to the beneficial holders is based on securityholder addresses of record identified in the information provided to Broadridge.

15. The responses provided by the intermediaries to Broadridge cover approximately 56% of the outstanding principal amount of the Guaranteed Notes, and for such portion the responses indicate 143 beneficial holders, holding US$608,957,000 aggregate principal amount of Guaranteed Notes. Of these beneficial holders, the only Canadian residents were four holders in Ontario, holding US$6,200,000 aggregate principal amount.

16. No securities of the Filer are traded in Canada on a marketplace (as that term is 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.

17. In the past 12 months, the Filer has not taken any steps that indicate there is a market for its securities in Canada, including conducting a prospectus offering in Canada, establishing or maintaining a listing on an exchange in Canada, or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported.

18. The Filer has no current intention to seek public financing by way of an offering of its securities in Canada.

19. The Filer has provided a written undertaking to each of the Decision Makers to deliver to its Canadian resident holders of Guaranteed Notes all disclosure materials that it is required under Singapore securities laws or SGX rules to deliver to holders resident in Singapore.

20. The Filer issued on June 9, 2020 a news release announcing that it applied for an order to cease to be a reporting issuer in all Canadian jurisdictions in which it is a reporting issuer, and that if the order is granted the Filer will no longer be a reporting issuer in any jurisdiction of Canada. The Filer has not received any communications from its securityholders in response to this news release.

Order

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

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

“Timothy Robson”
Manager, Legal
Corporate Finance
Alberta Securities Commission

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.2 Director's Decisions

3.2.1 Ramzee Tams – s. 31

**IN THE MATTER OF
STAFF'S RECOMMENDATION FOR
THE REFUSAL OF REACTIVATION OF
REGISTRATION OF
RAMZEE TAMS**

OPPORTUNITY TO BE HEARD BY THE DIRECTOR

**SECTION 31 OF THE SECURITIES ACT,
R.S.O. 1990, c. S.5,
AS AMENDED
(the Act)**

Table of Authorities

Re Thomas, (1972) OSCB 118
Re Doe (2010), 33 OSCB 1371
Re Sawh (2016), 39 OSCB 2477

Date of decision: June 29, 2020

Date of hearing: March 13, 2020

Decision

1. Ramzee Tams has applied for a reactivation of registration as a dealing representative with the mutual fund dealer, Scotia Securities Inc. (**Scotia**). In a letter dated January 22, 2020, Mr. Tams was informed that staff (**Staff**) of the Ontario Securities Commission (the **OSC**) had recommended to the Director that his application be refused. The basis for this recommendation is Staff's view that Mr. Tams lacks the integrity required for registration and that his registration would be objectionable.

2. Mr. Tams subsequently requested an opportunity to be heard (**OTBH**) pursuant to section 31 of the Act. The OTBH was held on March 13, 2020. Mark Skuce, Senior Legal Counsel, OSC, made submissions on behalf of Staff, and Mr. Tams made submissions on his own behalf.

3. For the reasons outlined below, my decision is to refuse the registration of Mr. Tams.

Background

4. Mr. Tams was first registered as a mutual fund dealing representative with Scotia in September 2016.

5. On July 22, 2017, Mr. Tams was charged with one count of operating a motor vehicle with more than 80 milligrams of alcohol in his blood, contrary to section 253(1)(b) of the *Criminal Code* (Canada) (the **Charge**). Mr. Tams was ultimately acquitted of the Charge on August 27, 2018, following a successful application by his defence lawyer to exclude evidence against him. The Charge was outstanding for approximately 13 months.

6. At the time of the Charge, Mr. Tams was registered as a mutual fund dealing representative with Scotia.

7. Subsection 4.1(1) of National Instrument 33-109 *Registration Information* (**NI 33-109**) required Mr. Tams, as a registered individual, to notify the OSC of a change to any information previously submitted in Item 14 – *Criminal Disclosure* of his Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (**Form F4**) within ten days of the change, which he did not do (the first instance).

8. Item 14.1 of the Form F4 asks the applicant the following question:

   Are there any outstanding or stayed charges against you alleging a criminal offence that was committed?

9. In April 2018, Mr. Tams left his position at Scotia and joined TD Investment Services Inc. (**TD**) a month later. The Charge was still outstanding at this time.

10. On May 31, 2018, Mr. Tams applied to reinstate his registration as a mutual fund dealing representative with TD by submitting a Form 33-109F7 *Reinstatement of Registered Individuals and Permitted Individuals* (**Form F7**). In his Form F7, Mr. Tams certified that there were no changes to the information previously submitted in Item 14 – Criminal Disclosure of his Form F4.

11. Once again, Mr. Tams incorrectly answered "No" to Item 14.1 of his Form F4 (the second instance). Furthermore, the TD Code of Conduct and Ethics specifically states that "Employees must inform their manager or Human Resources as soon as possible when charged with a criminal offence."

12. As part of its review of Mr. Tams' application for registration with TD, Staff conducted a routine criminal background check and discovered the Charge. On June 1, 2018, Staff sent a letter to Mr. Tams informing him of his obligation to disclose outstanding criminal charges. This letter also makes it clear that failure to provide details of all outstanding and stayed charges, upon filing an application for registration, is an offence under section 122 of the Act. Mr. Tams never responded to this letter nor did he update his Form F4 to disclose the Charge. Mr. Tams' application for reinstatement with TD was withdrawn on July 3, 2018.

13. In August 2018, Mr. Tams rejoined Scotia and in August 2019 he applied for a registration as a dealing representative.

14. In October 2019, staff conducted a voluntary interview with Mr. Tams regarding this application. At the beginning of the interview, Mr. Tams was provided with the standard warning that it is an offence under Ontario securities legislation to make false or misleading statements to Staff and was also reminded that his answers must be truthful and complete.

15. Mr. Tams did not comply with his obligation under s. 4.1 of NI 33-109 to disclose the Charge within 10 days of the date he was charged. When Mr. Tams was asked why he did not, at the time, disclose the Charge to anyone at Scotia, he stated that "It's embarrassing that I was wrongfully accused of something like that, so because I was taking it to trial and I was confident that nothing would come of it I did not tell anyone because I didn't feel nobody needed to know."

16. Mr. Tams also told Staff, in the interview, that he disclosed the Charge to his manager, Antonio Esposito, upon rejoining Scotia in August 2018. However, Mr. Esposito told Staff that Mr. Tams had never informed him of any criminal charges.

17. By letter dated January 22, 2020, Staff informed Mr. Tams of its recommendation that his registration be refused. The letter also informed Mr. Tams that Staff was of the view that he lacks the integrity required for registration and that his registration would be objectionable.

18. The specific reasons for this view were that Mr. Tams:

    a. as a registrant with Scotia, failed to disclose an outstanding criminal charge as required by NI 33-109;

    b. as an applicant for registration with TD, failed to disclose his outstanding criminal charge as required by NI 33-109;

    c. as an applicant for registration with TD, failed to respond to Staff's correspondence regarding his outstanding criminal charge; and

    d. in connection with the application now under consideration, made false statements to Staff during a voluntary interview to consider his suitability for registration.

19. Although he was not convicted of the charged offence, Staff is of the view that Mr. Tams engaged in a pattern of conduct designed to withhold information that he was required to disclose to the regulator and his employers. Staff is of the view that this is inconsistent with the integrity expected of a registrant.

20. Mr. Tams submitted materials on March 5, 2020 for purposes of the OTBH. The materials included character letters of reference, various accomplishments and awards, proof of volunteer work and school transcripts. I note that the character letters of reference were intended for the Ontario Court of Justice in relation to the Charge and written by family and friends in July 2018.

21. During the OTBH, Mr. Skuce provided me with the affidavit of Brendan Smith, an articling student at the OSC. Mr. Smith's affidavit included materials in support of Staff's recommendation that Mr. Tams' registration be refused.

22. Mr. Tams spoke on his own behalf and admitted to the non-disclosure with both Scotia and TD. He explained that the reasons for this non-disclosure were in part due to ignorance and in part due to being worried and embarrassed. He stated that he understands the Charge should have been disclosed.

23. During the OTBH, I asked Mr. Tams if he had any letters of reference from his current manager or district vice president. He did not; however, Mr. Tams stated that he believed his managers and direct reports have confidence in him to take care of his clients.

Analysis

24. Subsection 25(1) of the Act requires any person that trades in securities to be registered in accordance with Ontario securities law. A registrant is in a position to perform valuable services to the public, both in the form of direct services to individual investors and as part of the larger system that provides the public benefits of fair and efficient capital markets. A registrant also has a corresponding capacity to cause material harm to individual investors and to the public at large. Therefore, determining whether an applicant should be registered is an important component of the work undertaken by the OSC.

25. Subsection 27(1) of the Act provides that the Director shall register a person unless it appears to the Director that the person is not suitable for registration or that the registration is otherwise objectionable.

26. The OSC has, over time, articulated three fundamental criteria for determining suitability for registration – integrity (which includes honesty and good faith, particularly in dealings with clients, and compliance with Ontario securities law), proficiency, and solvency. These three fundamental criteria have been codified in subsection 27(2) of the Act, which provides that in determining whether a person is suitable for registration, the Director shall consider whether the person has satisfied the requirements prescribed in the regulations relating to proficiency, solvency and integrity, and such other factors as the Director considers relevant. The issue in this proceeding relates to the integrity of Mr. Tams.

27. CSA Staff Notice 33-320 *The Requirement for True and Complete Applications for Registration* (**CSA Staff Notice 33-320**) alerts stakeholders to the serious problem of false or misleading applications for registration. It references an earlier case of the OSC that said:

> The keystone to the registration system is the application form. A desire and an ability to answer the questions in it with candour in many respects can be said to be the first test to which the applicant is put.[1]

28. CSA Staff Notice 33-320 also reminds registrants that, if information in an individual's Form F4 changes after the individual becomes registered, the registrant is required to update that information within the time periods provided in NI 33-109. It provides the example of a registrant that is charged with a criminal offence. In this case, the registrant must update their information within 10 days of the charge, and it is not acceptable to wait to disclose a criminal charge until after they have been found not guilty at trial.

29. Mr. Tams has explained that he did not disclose the Charge because he was embarrassed and believed that he had been wrongfully accused. Regardless of whether this belief was honestly held, the fact remains that he failed to disclose the information to the OSC twice. He even admitted to having spoken to his criminal lawyer about disclosing the Charge to TD. This lack of disclosure is inconsistent with what is expected of an applicant for registration and the duty set out in *Re Doe* (2010), 33 OSCB 1371.

30. While I have decided that Mr. Tams' application should be refused, I do not think that he should be barred from re-applying for registration in the future. Having heard from Mr. Tams at the OTBH, I am of the view that he is a young man who appears to have acted recklessly in his completion of the application forms and is remorseful for his actions.

31. The Director's decision in *Re Sawh* (2016), 39 OSCB 2477 set out the following six factors that must be considered in making a determination on an applicant's suitability for registration after a finding by the Director or the Commission that the applicant was not suitable for registration. Such determination includes evaluating the evidence supporting each of the factors, prior to making a decision on the subsequent application for registration:

    a. the applicant must show by a sufficient course of conduct that he/she can be trusted in performing business duties;

[1] Re Thomas, (1972) OSCB 118 at p. 120

b. the applicant must introduce evidence of other independent, trustworthy persons with whom the applicant has been associated since the prior refusal, suspension or revocation of registration;

c. a sufficient period of time must have elapsed for the purposes of general and specific deterrence;

d. where proficiency is at issue, the applicant must demonstrate how he or she has specifically remediated his or her proficiency;

e. the applicant must demonstrate that the misconduct that led to the prior refusal, suspension or revocation is unlikely to recur in the future by no longer engaging in business with non-compliant business associates; and

f. the applicant must demonstrate remorse and take full responsibility for his or her past conduct.

32. In the event that Mr. Tams applies for registration in the future, he will need to be in a position to demonstrate, through his actions, that he can address each of the factors above and that he is suitable for registration.

33. Mr. Tams registration is refused. If he can demonstrate in the future that he is fit for registration, taking into consideration the factors above, Mr. Tams can re-apply for registration at that time.

"Pat Chaukos"
Director
Office of Economic Growth and Innovation

June 29, 2020

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
THERE IS NOTHING TO REPORT THIS WEEK.		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Tree of Knowledge International Corp.	24 June 2020	

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

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

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Chapter 6

Request for Comments

6.1.1 CSA Consultation Paper 25-402 – Consultation on the Self-Regulatory Organization Framework

Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

CSA Consultation Paper 25-402

Consultation on the Self-Regulatory Organization Framework

June 25, 2020

1. Introduction

On December 12, 2019, the Canadian Securities Administrators (**CSA**) issued a news release (**News Release**)[1] announcing that it would undertake a review of the regulatory framework for the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**).

The idea to review the regulatory framework for self-regulatory organizations (**SROs**) in Canada is not new, and the merits and timing of such a review have been considered many times by the CSA, as well as recently in public forums. The current SRO regulatory framework has been in place for almost twenty years, and in that time, the delivery of financial services and products has continued to evolve. In response to the evolution of the industry and submissions formulated by a group of industry participants, the CSA believes that it is appropriate to revisit the current structure of the SRO regulatory framework and to seek comments from all stakeholders at this time.

While the CSA conducts this review, it is not intended to have a disruptive impact on the SROs' ability to perform their regulatory operations, or on the activity of their dealer members to service the investing public.

Since the issuance of the News Release, the CSA staff met with a wide variety of stakeholder groups to informally discuss the benefits, challenges and issues of the current SRO regulatory framework. The CSA is publishing this consultation paper (**Consultation Paper**) for a 120-day comment period to seek input from all industry representatives and stakeholders, investor advocates, and the public. The CSA is asking for general feedback on how innovation and the evolution of the financial services industry has impacted the current regulatory framework, as well as specific comments on the issues and targeted outcomes set out in the Consultation Paper.

The comment period will end on October 23, 2020.

2. Self-Regulatory Organization Regulatory Framework in Canada and Internationally

An SRO is an entity created for the purpose of regulating the operations and the standards of practice and business conduct of its members and their representatives with a view to promote investor protection and the public interest. In Canada, provincial and territorial securities regulators (**Securities Regulators**), operating together as the CSA, have a long history of utilizing SROs as part of their regulatory framework. The securities industry SROs operate under the authority and supervision of the CSA.

The current SRO regulatory framework in Canada requires investment dealers to be members of IIROC and mutual fund dealers to be members of the MFDA, except in Québec where mutual fund dealers are directly regulated by the Autorité des marchés financiers (**AMF**).[2]

[1] https://www.securities-administrators.ca/aboutcsa.aspx?id=1853

[2] In Québec, mutual fund dealers with operations and clients only within that province are directly supervised by the AMF, but those operating and/or advising clients also in other Canadian jurisdictions must be members of the MFDA. Registered individuals in the category of mutual fund representatives must also be members of the Chambre de la sécurité financière (**CSF**), a statutory SRO under the direct supervision of the AMF with responsibilities of maintaining discipline and overseeing the training and ethics of its members. The MFDA has entered into a Co-operative Agreement with the AMF and the CSF to facilitate information sharing and supervision of MFDA members with operations in that province.

While each SRO performs the primary oversight of investment (IIROC) and mutual fund (MFDA) dealers, as applicable, both IIROC and MFDA members remain subject to regulation by the CSA and must comply with national rules, such as National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), as well as applicable provincial and territorial securities legislation. To avoid duplication of regulation, IIROC and MFDA dealers are exempt from compliance with certain sections of NI 31-103 in cases where the dealers comply with the corresponding requirements under IIROC or MFDA rules.

The Regulatory Landscape

i) The Investment Industry Regulation Organization of Canada

IIROC is the national SRO which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. IIROC is recognized as an SRO by the CSA (**IIROC Recognizing Regulators**)[3] pursuant to applicable legislation. IIROC's head office is in Toronto with regional offices in Montréal, Calgary and Vancouver. Additional information about IIROC's governance structure, enforcement practices and more, including statistical charts, can be found in Appendix A.

Development and history of IIROC

The Investment Dealers Association of Canada

The Investment Dealers Association of Canada (**IDA**) was founded in 1916 as the Bond Dealers Section of the Toronto Board of Trade. The IDA evolved into a national SRO for investment dealers. Over the years, Securities Regulators issued orders under their respective legislation to formally recognize the IDA as an SRO. All investment dealers were required by provincial and territorial securities law to be members of a recognized SRO.

The IDA initially had a dual self-regulatory and trade association mandate. In 2006, the Investment Industry Association of Canada was organized and took on the trade association advocacy and member activities. As a result, the sole function of the IDA was the regulation of its members and their registered employees, which was carried out by monitoring and enforcing compliance with IDA rules.

Market Regulation Services Inc.

Market Regulation Services Inc. (**RS**) was formed in 2002 to provide independent regulation services to Canadian marketplaces and was subsequently recognized as an SRO by some Securities Regulators. The Toronto Stock Exchange and TSX Venture Exchange then chose to outsource to RS, through regulation services agreements, the surveillance, trade desk compliance, investigation and enforcement functions they had historically conducted in-house. The RS mandate was to develop, administer, monitor and enforce marketplace rules applicable to trading practices.

Creation of IIROC

IIROC was created in 2008 through the combination of the IDA and RS into a single organization. At the time, the creation of this new SRO was viewed as a fundamental step to ensuring strong, streamlined, expert self-regulation of Canada's capital markets.

IIROC carries out its regulatory responsibilities by overseeing trading activity on Canadian debt and equity marketplaces, and through setting and enforcing market integrity rules and dealer member rules regarding the proficiency, business and financial conduct of its member firms and their registered representatives. The CSA has also selected IIROC to act as the information processor on trading in Canadian corporate debt securities.[4]

IIROC members also sponsor the Canadian Investor Protection Fund (**CIPF**), an investor protection fund authorized to provide coverage within prescribed limits to eligible clients in case of an IIROC member's insolvency.

IIROC does not perform any trade association functions for its member firms or individual representatives.

[3] IIROC is recognized by the Alberta Securities Commission (ASC), the AMF, the British Columbia Securities Commission (BCSC), the Financial and Consumer Affairs Authority of Saskatchewan (FCAA), the Financial and Consumer Services Commission of New Brunswick (FCNB), the Manitoba Securities Commission (MSC), the Nova Scotia Securities Commission (NSSC), the Office of the Superintendent of Securities Service Newfoundland and Labrador (NL), the Ontario Securities Commission (OSC), the Prince Edward Island Office of the Superintendent of Securities Office (PEI), the Northwest Territories Office of the Superintendent of Securities, the Nunavut Securities Office, and the Office of the Yukon Superintendent of Securities.

[4] Amendments to National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), in force as at August 31, 2020, subject to Ministerial approval, prescribe mandatory post-trade transparency of trades in government debt securities. IIROC's role as information processor will be expanded to include transactions in government debt securities.

ii) The Mutual Fund Dealers Association of Canada

The MFDA is an SRO responsible for the oversight of mutual fund dealers in Canada, except, as already noted, in Québec. The MFDA is recognized as an SRO by the CSA (**MFDA Recognizing Regulators**)[5] pursuant to applicable legislation. The MFDA head office is in Toronto, with regional offices in Calgary and Vancouver. Additional information about the MFDA's governance structure, enforcement practices, statistical charts and more can be found in Appendix B.

Development and history of the MFDA

The MFDA was established in mid-1998 at the initiative of the CSA[6] in response to the rapid growth of mutual funds from $40 billion to $400 billion in Canada in the late 1980s. At the time, there was a concern that the business and regulatory risks associated with dealers that restricted their business largely to the distribution of mutual funds differed significantly from those with market intermediaries (such as investment dealers) that distributed and advised in a wide range of financial products and services (including equities, securities underwriting and providing margin). The CSA determined that the mutual fund industry and investors would benefit from a separate and distinct self-regulatory structure to accommodate for those differences.

MFDA dealer members also contribute to the MFDA Investor Protection Corporation (**MFDA IPC**), an investor protection fund established by the MFDA to provide coverage within prescribed limits to eligible clients in case of a MFDA dealer member's insolvency.

The MFDA does not perform any trade association functions for its member firms or individual representatives.

iii) Oversight of SROs in Canada

IIROC and the MFDA are formally recognized as SROs through their respective recognition orders,[7] which are largely harmonized between each jurisdiction. The recognition orders set out the authority of each SRO to carry out certain regulatory functions including: regulating dealer members, establishing and administering its rules and policies, ensuring compliance by dealer members with SRO rules and performing investigation and enforcement functions. In the case of IIROC, this includes monitoring trading activity, providing services to marketplace members and registration functions.

The recognition orders also set out terms and conditions each SRO must comply with in carrying out their regulatory functions. The terms and conditions of recognition require each SRO to operate on a not-for-profit basis and continue to meet set criteria such as:

- ensuring an effective governance structure
- regulating to serve the public interest in protecting (i) investors and (ii) in the case of IIROC, market integrity
- effectively identifying and managing conflicts of interest
- operating on a cost-recovery basis
- maintaining capacity to effectively (i) perform its regulatory functions and (ii) establish and maintain rules and
- complying with ongoing reporting requirements to the applicable recognizing regulators.

The CSA's oversight is coordinated through separate memoranda of understanding (**MoUs**) for IIROC and the MFDA.[8] The objective of each MoU is to coordinate the CSA's oversight of the SRO's performance of its self-regulatory activities and services, and to ensure it is acting in accordance with its public interest mandate, specifically by complying with the terms and conditions of recognition.

Each MoU provides for a separate oversight committee comprised of staff from the IIROC and MFDA Recognizing Regulators. For purposes of efficiency and to reduce burden on the SROs, a principal regulator is assigned to lead and coordinate the CSA's oversight of each SRO. Each MoU sets out a coordinated oversight program which includes: annual risk assessments, oversight reviews, review and approval of rule proposals, review of various periodic reports and information filed by the SROs, and discussion of ongoing issues with the SROs, among other oversight activities.

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5 The MFDA is recognized by the ASC, BCSC, FCAA, FCNB, MSC, NSSC, OSC, and PEI.

6 The CSA initiated discussions with the IDA and the Investment Funds Institute of Canada. The result of these efforts was the establishment of the MFDA as an SRO for mutual fund dealers.

7 https://www.iiroc.ca/about/governance/Pages/default.aspx#recognitionorders; https://mfda.ca/about/sro-recognition

8 https://www.iiroc.ca/about/governance/Documents/MemorandumOfUnderstanding_en.pdf; https://www.bcsc.bc.ca/Securities_Law/Policies/PolicyBCN/PDF/MFDA_Memorandum_of_Understanding_JRRP__October_10_2013/

iv) Other Registration Categories Regulated Directly by the CSA

CSA members are responsible for the direct regulation and oversight of registrants in the category of exempt market dealer (**EMD**), portfolio manager (**PM**), scholarship plan dealer (**SPD**)[9] and investment fund manager (**IFM**). For a complete description of these categories, please refer to Part 7 of the Companion Policy to NI 31-103.[10] Appendix C also contains statistical information on various registration categories.

The CSA carries out oversight of directly regulated registrants on a harmonized basis through the application of consistent requirements set out under securities laws. Regulated firms must have effective compliance systems, meet certain business conduct requirements, and are subject to financial reporting, working capital, insurance and bonding requirements. The registration requirements and ongoing requirements of registration for both firms and individuals are set out in NI 31-103.[11]

The CSA accomplishes its oversight by activities such as conducting on-site and desk reviews of firms, monitoring capital requirements, participating in "sweep reviews" of targeted issues, and providing guidance through staff notices and outreach. Compliance practices are aligned across Canada to the extent possible by using common examination programs and harmonizing compliance initiatives related to monitoring the activities of regulated firms.

If an individual or firm is not complying with applicable securities laws and the matter is not satisfactorily resolved, a number of actions are possible including the imposition of terms and conditions on a registration, or where appropriate, enforcement actions.

EMDs and their registered dealing representatives may act as a dealer or underwriter for any securities that are distributed to investors in reliance on a prospectus exemption, including securities of a reporting issuer.[12] EMDs are not permitted to act as a dealer or underwriter in a distribution that is being made under a prospectus. Purchasers of securities of issuers that are not reporting issuers may not have the benefit of ongoing information about the security that they are buying or the company selling it, and there may be limited resale opportunities. An EMD is not permitted to participate in the resale of securities that are freely tradeable, if the securities are listed, quoted or traded on a marketplace.

SPDs and their registered dealing representatives may only act as a dealer in respect of a security of a scholarship plan, an educational plan or an educational trust. An SPD typically pools contributions from numerous investors who purchase scholarship plan units through a group registered education savings plan. An IFM affiliated with the SPD typically manages the pooled funds. The units in the pool represent the investor’s share of the plan. SPDs are required to provide scholarship plan investors with a plan summary that provides key information highlighting the benefits and risks of the plan.

PMs and their advising representatives provide advice to clients, and typically manage investment portfolios on a discretionary basis on behalf of their clients and based on each client’s investment profile. PMs manage investment portfolios on behalf of individual clients, investment funds, foundations, pensions and other institutional clients.

IFMs direct the business, operations or affairs of an investment fund. They organize the fund and are responsible for its management and administration. IFMs do not have individual registrants other than an ultimate designated person and a chief compliance officer.

The CSA can also place restrictions on a dealer or adviser category of registration. For example, a restricted dealer may be limited to specific activities or be allowed to carry on a limited trading business. Similarly, a restricted portfolio manager might be limited to advising in respect of a specific sector, such as oil and gas issuers. CSA registrants can also be registered in more than one category of registration depending on their business activities.

v) Selected International Regulatory Models

United States (U.S.) - Financial Industry Regulatory Authority (FINRA)

SROs have formed part of securities regulation in the U.S. since 1939 when the National Association of Securities Dealers (**NASD**) was created in response to the Great Depression through the *Maloney Act of 1938*. In 2007, the NASD merged with the self-regulatory function of the New York Stock Exchange (the NYSE Regulation, Inc.) to become FINRA which regulates the largest number of securities firms and their brokers in the U.S. today.[13] Additional information about FINRA’s governance structure, enforcement practices and more can be found in Appendix D.

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9 In Québec, registered individuals in the SPD category must also be members of the CSF.
10 https://www.bcsc.bc.ca/Securities_Law/Policies/Policy3/PDF/31-103CP__CP___December_4__2017/
11 https://www.bcsc.bc.ca/Securities_Law/Policies/Policy3/PDF/31-103__NI___June_12__2019/
12 https://www.bcsc.bc.ca/Securities_Law/Policies/Policy4/PDF/45-106__NI___October_5__2018/
13 https://www.sec.gov/news/press/2007/2007-151.htm

For FINRA specifically, and its predecessor, the NASD, the rationale in the U.S. for self regulation was to find a balance that was mutually beneficial to the government and securities industry.

Though other models have been considered by the U.S. Securities and Exchange Commission (**SEC**), including repatriation of FINRA's functions, the SEC has generally concluded that an SRO would best serve the U.S. markets. The SEC considered multiple SROs to be less favourable because of the increased risk of regulatory capture, where the SRO struggles to act in the public interest or effectively enforce their rules due to funding concerns or other influence from their members. Additionally, the SEC determined that a multiple SRO structure could contribute to market fragmentation.[14]

There are some registrants in the U.S. that are not required to be members of an SRO.

The U.K. Financial Conduct Authority (FCA)

Unlike the U.S., the United Kingdom (**U.K.**) has moved away from an SRO model by recently establishing two statutory regulators: the FCA, which is the conduct regulator for financial services firms and markets in the U.K., and the Prudential Regulation Authority (**PRA**), which acts as the prudential regulator for large investment firms, among others. Additional information about the FCA's governance structure, enforcement practices and more can be found in Appendix E.

Originally, securities regulation in the U.K. was performed by three separate SROs: the Securities and Futures Authority, the Investment Management Regulatory Organization, and the Personal Investment Authority. This was viewed as overly burdensome by industry and parliament, resulting in duplicative costs and regulatory fragmentation. Consequently, the *Financial Services and Markets Act 2000* dissolved these SROs, with a single statutory regulator, the Financial Services Authority (**FSA**), taking their place from 2001 – 2013.

The FSA was abolished by the *Financial Services Act 2012*[15] in favour of the FCA and the PRA due to failures identified during the Great Recession of 2008 - 2009. Since its establishment in 2013, the FCA has been tasked with monitoring conduct, supervising trading infrastructures, and operating the U.K. listing regime,[16] while the PRA is tasked with enforcing rules related to sufficient capital and the related risk controls.[17]

3. Informal Consultation Process

Stakeholders Consulted

As noted in the introduction, in late 2019 and early 2020, the CSA completed informal consultations with a wide variety of stakeholder groups in order to solicit views regarding the current SRO regulatory framework. In response to the News Release, CSA staff met with a variety of stakeholders, including those who made a request.

The stakeholder groups included SROs, investor protection funds, groups representing various registrant categories, investment industry associations, and investor advocacy groups.

The objective of the informal consultations was to solicit feedback from stakeholders on the benefits, strengths and challenges of the current SRO regulatory framework as well as to identify opportunities for improvement. The feedback from these informal consultations informed the drafting of this Consultation Paper.

Consultation Questions

The following questions were used to facilitate the informal consultations:

1. What are the benefits of the current SRO regulatory framework?

2. What are the challenges of the current SRO regulatory framework?

3. Overall, how efficient and how effective is the current SRO regulatory framework in Canada?

4. Is the status quo viable in the shorter (under 5 years) or longer (5 years +) terms?

5. What are the key developments in the industry (i.e. innovation, technology, advice, products, consolidation, etc.) since the advent of the two SRO structure and the impact these have had on the current SRO regulatory framework?

14 https://www.sec.gov/rules/concept/34-50700.htm
15 http://www.legislation.gov.uk/ukpga/2012/21/contents/enacted
16 https://www.fca.org.uk/about/sector-overview
17 https://www.bankofengland.co.uk/prudential-regulation

6. Is the convergence of registration categories a significant issue? Are there other registration issues that need to be addressed?

7. If there are issues with the current SRO regulatory framework, what options are available to resolve or manage issues?

    a) What are the pros and cons of each?

    b) What could be the unintended consequences and the likelihood that they could be realized?

    c) How could these unintended consequences be mitigated?

8. If not already expressed, what is the ideal solution for the Canadian SRO regulatory framework?

Common Themes

Stakeholders were largely supportive of the informal consultation process. Industry groups and associations, as well as investor advocates all expressed a desire for change to the current regulatory framework given changes that have occurred in the business environment, client needs and expectations, and registrant demographics. Some stakeholders generally prefaced this desire for change with an equal desire for a realistic and achievable plan, potentially considered in several phases.

Although many of the stakeholders commended the SROs' specialized expertise and the benefits of their national scope and reach, they also expressed concerns respecting the current structure. Specifically, stakeholders expressed concern that duplicative costs and a lack of common oversight standards have resulted in multiple compliance teams and differing interpretations of similar rules. Operationally, using different platforms and back-office services have also contributed to higher costs. From an investor standpoint, layers of regulation have contributed to investor confusion as clients are unable to access a broad range of products from one representative or are unsure where to turn to if an issue arises. Lastly, certain stakeholders considered this project an opportunity to enhance the SROs' governance structures to clearly focus on their public interest mandate and strengthen complaint resolution mechanisms.

Though many stakeholders provided suggestions to resolve the challenges with the current regulatory framework, there was no consensus or overall theme noted for solutions, largely due to differing perspectives of the stakeholders.

4. Benefits and Strengths Identified during the Informal Consultations

During the informal consultations, stakeholders identified various benefits and strengths of the current SRO regulatory framework.

National scope of SROs

Numerous stakeholders, including some investment industry associations and investor advocates, agreed that the national structure of an SRO is important in light of the provincial and territorial regulation of the securities industry in Canada. They stated that national SROs[18] provide for a more uniform level of regulation and supervision across the country with one set of rules applicable to all SRO members.[19]

An investments industry association noted that the national structure of the SROs is also important for providing a single point of cooperation with foreign regulatory authorities, such as FINRA, which has a close working relationship with IIROC.

Specialized industry expertise of SROs

Numerous stakeholders commented that SROs' specialized expertise and proximity to the industry enables them to develop appropriate rules, and as needed, propose amendments to those rules in response to changes in the industry. In addition to each SRO having equal numbers of industry and independent board members, both IIROC and the MFDA have industry

[18] As previously noted in section 2 of this Consultation Paper, the current SRO regulatory framework in Canada requires investment dealers to be dealer members of IIROC. Mutual fund dealers are required to be members of the MFDA, except in Québec where registered firms are directly regulated by the AMF. See footnote 2 for details. Furthermore, with respect to the CSA recognition, while IIROC is recognized by all 10 provinces & 3 territories, MFDA is only recognized by AB, BC, MB, NB, NS, ON, PEI, SK.

[19] As previously noted in section 2 of this Consultation Paper, while IIROC and the MFDA respectively perform the primary oversight of investment dealers and mutual fund dealers, both IIROC and MFDA dealer members remain subject to regulation by the CSA and must comply with applicable securities legislation, such as NI 31-103. IIROC/MFDA dealers are only exempt from compliance with certain sections of NI 31-103 in cases where they comply with the corresponding requirements under IIROC or MFDA rules (see Part 9 of NI 31-103 for a complete list of exemptions).

advisory committees[20] that serve as a forum for advising the SROs on regulatory and policy initiatives, industry trends and practices, as well as voicing industry concerns directly to the regulators. Furthermore, it was noted that SRO staff have developed specialized skills and expertise in their roles, assisting them in delivering oversight of the industry.

Benefits of a two SRO framework

Fit for purpose regulation

Some stakeholders noted that a two SRO model might be well-suited to address the unique aspects of IIROC and MFDA membership whose business models and risks are typically quite different. For example, IIROC dealers are able to offer clients the ability to trade securities and other investment products on margin, or engage in institutional or proprietary trading, which generally results in more complex risks than MFDA dealers who service primarily retail clients and facilitate the trading of fully paid mutual funds. In addition, some IIROC dealer members engage in the business of securities underwriting, and some MFDA dealer members are dually licensed as EMDs or insurance brokers. Historically, IIROC and the MFDA have been able to accommodate these differences through customized rule-making and regulation.

Investor access to two SRO protection funds

As noted in section 2 above, there are two separate member-sponsored investor protection funds in Canada that protect investor assets held by dealer member firms within prescribed limits in the event that the firms become insolvent. IIROC dealer members sponsor CIPF[21], and MFDA dealer members contribute to the MFDA IPC.[22] Some stakeholders commented that this structure is beneficial for investors with accounts at both IIROC and MFDA dealer member firms, as such investors may have access to coverage by both protection funds.

Marketplace surveillance

In the current SRO regulatory framework, the debt and equity marketplaces in Canada have outsourced their responsibility for monitoring trading activity to IIROC. As part of its mandate, IIROC conducts market surveillance and trading review analysis for these markets to ensure that trading is carried out in accordance with Universal Market Integrity Rules (**UMIR**) and applicable jurisdictional securities law. Several stakeholders noted that, overall, marketplace surveillance by IIROC works well.

5. Issues Identified During the Informal Consultations

During the informal consultations, stakeholders were asked to provide their perspective on key issues with the current SRO regulatory framework. The issues stakeholders identified generally fell into three broad categories:

Issues At-a-Glance

Structural inefficiencies

1. Duplicative operating costs for dual platform dealers
2. Product-based regulation
3. Regulatory inefficiencies
4. Structural inflexibility

Investor confidence

5. Investor confusion
6. Public confidence in the regulatory framework

Market surveillance

7. Separation of market surveillance from statutory regulators

[20] Currently, IIROC has six advisory committees: National Advisory Committee; Conduct, Compliance and Legal Advisory Section (CCLS); Proficiency Committee; Financial and Operations Advisory Section (FOAS); Fixed Income Advisory Committee; and Market Rules Advisory Committee (MRAC).
The MFDA has the Policy Advisory Committee comprised of officers and senior employees of MFDA dealer members and Chairs of the MFDA Regional Councils.

[21] http://cipf.ca/

[22] http://mfda.ca/mfda-investor-protection-corporation/mfda-ipc-coverage/

6. Issues, Targeted Outcomes and Public Consultation

The issues raised by stakeholders have been summarized in this section, and as noted, grouped under the following three categories: structural inefficiencies, investor confidence, and market surveillance. Additionally, these were further subcategorized into seven distinct issues, as informed by those consultations. For each issue, the CSA has noted a targeted regulatory outcome. As this section contains the results of the informal consultations, the views expressed by stakeholders may not necessarily represent the views of the CSA.

In providing comments, some stakeholders referenced various publicly accessible documents to support their views. A collection of those documents is listed in Appendix F. The views, opinions or conclusions expressed in those documents do not necessarily represent the views of the CSA.

General Consultation Questions:

A. The CSA is seeking general comments from the public on the issues and targeted outcomes identified, as well as any other benefits and strengths not listed in section 4 that should be considered. In addition, please identify if there is any other supporting qualitative or quantitative information that could be used to evidence each issue and/or quantify the impact of the issues noted in the Consultation Paper.

B. Are there other issues with the current regulatory framework that are important for consideration that have not been identified? If so, please describe the nature and scope of those issues, including supporting information if possible.

C. Are any of the CSA targeted outcomes listed more important from your perspective than other outcomes? Please explain.

D. With respect to Appendix F, are there other documents or quantitative information / data that the CSA should consider in evaluating the issues in light of the targeted outcomes noted in this Consultation Paper? If so, please refer to such documents.

Issue 1: Duplicative Operating Costs for Dual Platform Dealers

Dual platform dealers are entities with affiliated firms that are registered with each of IIROC and the MFDA in order to service different segments of the investing public. As at December 31, 2019, there were 169 active IIROC dealer members and 88 active MFDA dealer members, of which 25 were dual platform dealers.

Stakeholders indicated that dual platform dealers experience higher operating costs and difficulty in realizing economies of scale. Higher operating costs affect the ability of the dual platform dealers to minimize costs for investors and enhance innovation in the delivery of products and services.

An SRO, an investor protection fund, and two investment industry associations expressed concerns about duplicative costs for dual platform dealers, and that these costs are ultimately borne by investors. Examples of increased operating costs for dual platform dealers include:

i) Separate compliance functions

Dual platform dealers typically maintain separate compliance and supervisory functions. The need to maintain separate compliance and supervisory staff for each platform is the result of differences in requirements and nuances for each registration category, which make it difficult for dealer supervisory staff to effectively monitor for both SRO requirements. In some instances, compliance staff may be required to register with both SROs in order to perform their roles. As the business in each platform continues to grow, compliance and supervision costs grow without the opportunity to capitalize on economies of scale.

ii) Information technology systems

As dual platform dealers are subject to two different sets of rules, their compliance systems and the underlying internal controls are typically different and necessitate separate information technology (**IT**) back-office systems. Consequently, the associated costs with system upgrades or enhancements are duplicated across both platforms. These upgrades may be required in order to respond to cybersecurity needs or to deliver an enhanced client experience to remain competitive. The prevalence and frequency of these IT changes are expected to increase over time.

iii) Non-regulatory costs

Dual platform dealers, operating as distinct entities may also maintain other separate administrative departments such as financial reporting, legal services, and human resources (**HR**). The impact of these duplicative costs can be significant, impacting their ability to adapt to an increasingly competitive industry.

iv) Multiple fees

Dual platform dealers incur both IIROC and MFDA membership fees and contribute via quarterly assessments to the respective investor protection funds. Stakeholders indicated that these costs are duplicative and may not be indicative of a corresponding increase in regulatory value[23]. Furthermore, stakeholders noted the incremental cost of maintaining financial institution bond coverage for separate dealers is a regulatory burden.

Targeted Outcome for Consideration

A regulatory framework that minimizes redundancies that do not provide corresponding regulatory value.

Consultation Questions on Duplicative Operating Costs for Dual Platform Dealers

Question 1.1: What is your view on the issue of duplicative operating costs, and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) Describe instances whereby the current regulatory framework has contributed to duplicative costs for dealer members and increased the cost of services to clients.

b) Describe instances whereby those duplicative costs are necessary and warranted.

c) How have changes in client preferences and dealer business models impacted the operating costs of dealer member firms?

Question 1.2: Is the CSA targeted outcome for issue 1 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

Issue 2: Product-Based Regulation

Stakeholders noted that there are different rules, or different interpretations of similar rules between each SRO, and also between the SROs in general and the CSA with respect to similar products and services. Stakeholders noted that the products and services offered to clients by different registration categories appear to be converging. Stakeholders also noted that these issues have created an unlevel playing field and opportunities for registrants to take advantage of the differences in rules and interpretations between each SRO and between the SROs and the CSA.

i) Converging registration categories

Many stakeholders including the SROs, the investor advocacy groups, an investor protection fund, and several investment industry associations noted that registrants in different registration categories are providing similar products and services to similar clients but are overseen by different entities (i.e. the SROs and the CSA) and subject to different rules. Specifically, two investment industry associations felt that there is a lack of rule harmonization among each of the SROs and with the CSA, and although regulatory initiatives like the client focused reforms are intended to harmonize registration-related rules, the application and interpretation of those rules across the SROs and the CSA may nevertheless be materially different. For example, the same two investment industry associations noted that the SROs apply similar regulatory requirements (e.g. know-your-client (**KYC**) and suitability requirements) differently with respect to the same products. They noted that IIROC's rules are more principles-based while the MFDA tends to be more prescriptive. Also, they asserted that a dealer distributing mutual funds may encounter a different level of compliance oversight depending on whether they are a mutual fund dealer or an investment dealer because the SROs evaluate the risks associated with the distribution of retail mutual funds differently.

[23] This concern is further described in Issue 3: Regulatory Inefficiencies.

Two investment industry associations also noted different approaches across the SROs with respect to other significant issues including how client securities are registered (e.g. in client name vs. nominee name) and the permissibility of directed commissions.[24] In addition, an investment industry association and an SRO expressed concerns that there is investor confusion regarding the different registration categories, and that client preferences for "one-stop financial solutions" have evolved beyond the current registration categories. These concerns are described in more detail in Issue 5: Investor Confusion. Possibly due to the concerns cited above, one investor advocacy group noted that the current SRO regulatory framework has not succeeded in promoting the majority of mutual and eligible investment funds to be distributed by one registration category, and under the oversight of one SRO, as originally intended.

ii) Regulatory arbitrage

Two investment industry associations stated that inconsistent application of rules and approaches to compliance between the SROs, and between the SROs and the CSA, create an unlevel playing field and opportunities for registrants to take advantage of these differences.

For the purposes of this Consultation Paper, an activity where registrants can exploit differences in regulatory frameworks to their advantage, in ways that the Securities Regulators did not intend, is referred to as "regulatory arbitrage".

Stakeholders provided some examples of potential regulatory arbitrage where different registration categories are subject to different rules and different oversight. For example:

- mutual funds can be sold by mutual fund dealers, investment dealers, and exempt market dealers,[25]
- exempt market securities can be sold by exempt market dealers, mutual fund dealers,[26] and investment dealers, and
- discretionary portfolio management services can be provided by both investment dealers and portfolio managers.

The same product or service offered by multiple registration categories creates many opportunities for regulatory arbitrage, which can result in inconsistent treatment for registrants engaging in similar activity, and different experiences for investors trying to access similar products and services.

Targeted Outcome for Consideration

A regulatory framework that minimizes opportunities for regulatory arbitrage, including the consistent development and application of rules.

Consultation Questions on Product-Based Regulation

Question 2.1: What is your view on the issue of product-based regulation, and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) Are there advantages and/or disadvantages associated with distributing similar products (e.g. mutual funds) and services (e.g. discretionary portfolio management) to clients across multiple registration categories?

b) Are there advantages and/or disadvantages associated with representatives being able to access different registration categories to service clients with similar products and services?

c) What role should the types of products distributed and a representative's proficiency have in setting registration categories?

d) How has the current regulatory framework, including registration categories contributed to opportunities for regulatory arbitrage?

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[24] Directed commissions refer to the ability to have commissions paid to personal corporations.
[25] If sold under an exemption to the prospectus requirement.
[26] If the mutual fund dealer is also registered in the category of exempt market dealer.

Question 2.2: Is the CSA targeted outcome for issue 2 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

Issue 3: Regulatory Inefficiencies

Stakeholders noted that there is inefficient access to certain products and services for some registration categories. Stakeholders also noted inefficiencies and duplicative costs for the CSA in overseeing two SROs, and duplicative fixed costs and overhead at the SROs.

i) Product access by registrants

The SROs and an investment industry association stated that mutual fund dealers are not able to easily distribute exchange traded funds (**ETFs**) because they have limited access to the necessary back-office and clearing systems servicing primarily investment dealers. These stakeholders stated that although mutual fund dealers can use cumbersome workarounds to service clients (including referring the investor to another dealer, entering into a service arrangement with an IIROC dealer or advising the client to purchase an investment fund that wraps ETFs), these are typically more costly for the investor and, consequently, inefficient alternatives. One investment industry association noted that the barrier to distributing ETFs had more to do with the cost and complexity of integrating different back-office systems between dealers.

ii) Regulatory costs and other inefficiencies

One SRO noted that the current regulatory framework, with multiple registration categories, makes it difficult for any one regulator (i.e. an SRO, a statutory regulator, or the CSA collectively) to identify or effectively resolve issues that span multiple registration categories. Coupled with similar investment products available outside the securities industry to the same clients (e.g. insurance segregated funds), from a regulatory perspective, it is difficult and costly to determine if patterns exist that would warrant regulatory intervention.

An SRO and an investment industry association noted the regulatory burden and inefficiencies associated with the CSA's oversight of two SROs.[27] They noted potential redundancies associated with two SROs that oversee similar dealer activity. For example, there may be duplicative costs related to non-regulatory functions such as HR, IT, and administration. Another SRO noted that the degree of overlap in issues and initiatives among the CSA and the SROs results in more time and resources required for coordination, rather than for regulatory action, resulting in regulatory inefficiencies.

Targeted Outcome for Consideration

A regulatory framework that provides consistent access, where appropriate, to similar products and services for registrants and investors.

Consultation Questions on Regulatory Inefficiencies

Question 3.1: What is your view on the issue of regulatory inefficiencies and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) Describe which comparable rules, policies or requirements are interpreted differently between IIROC, the MFDA and/or CSA; and the resulting impact on business operations.

b) Describe regulatory barriers to the distribution of similar products (e.g. ETFs) available in multiple registration categories.

c) Describe any regulatory risks that make it difficult for any one regulator to identify or effectively resolve issues that span multiple registration categories.

Question 3.2: Is the CSA targeted outcome for issue 3 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

[27] See section 2 for a summary of the CSA process for overseeing the SROs.

Issue 4: Structural Inflexibility

Stakeholders noted that evolving business models are limited by the current regulatory framework. Stakeholders also noted that structural inflexibility is creating challenges for dealers to accommodate changing investor preferences, as well as limiting investor access to a broader range of products and services from a single registrant. Lastly, stakeholders noted that the current regulatory framework limits opportunities for professional advancement.

i) Business models

Most stakeholders noted that evolving business models are limited by the current regulatory structure. For example, two investment industry associations noted that the current regulatory structure is creating succession planning challenges for mutual fund dealers and their representatives due to the limited product shelf they can offer to clients. Specifically, these stakeholders noted that many mutual fund dealer representatives who are in the earlier stages of their careers want to provide their clients with access to a broader range of products but are only able to do so by transferring to an investment dealer. As a result, more experienced mutual fund dealer representatives are limited in available options for succession planning for their business. In addition, investment dealers are limited in their ability to grow their business by attracting mutual fund dealer representatives due to the additional proficiency requirements.

The SROs noted that the regulatory framework has not evolved to accommodate the changing scope of advice sought by clients. Specifically, one SRO noted that the complexity of the current regulatory framework affects the ability of its members to launch and grow new business models to meet evolving client needs.

An SRO and an investment industry association noted that the inability for representatives of investment dealers to direct their commissions to be paid to personal corporations creates an unlevel playing field and, in some circumstances, discourages some representatives of mutual fund dealers from transferring their registration and client accounts to investment dealers.

Furthermore, one investment industry association stated, in respect of the IIROC proficiency upgrade rule requirement[28] that requires an individual to be qualified within 270 days of approval as a representative on the IIROC platform, that: (i) the requirement is a burdensome barrier, and (ii) the 270 days to upgrade seems like an artificial time period. That stakeholder also noted that these issues were creating barriers to the ability of investment dealers to attract representatives from mutual fund dealers.

An SRO noted that the current regulatory structure prohibits mutual fund dealers from trading for clients on a limited discretionary basis[29] which has prevented mutual fund dealers from creating certain business models.

ii) Investor preferences

An investment industry association noted that many investors are demanding more transparency and control in the wealth management process, and the ability to move seamlessly between different types of services without having to transfer back and forth across business lines and open new accounts. For example, they noted that under the current regulatory framework, investors need to create and manage separate accounts across different lines of business at the same financial institution in order to access both dedicated full-service and order-execution-only services.

In addition, two investment industry associations indicated that there are several barriers to transferring accounts within a dual platform dealer, including:

- the need to re-paper the client account (e.g. by re-collecting KYC information), and
- loss of historical performance data for client securities and accounts transferred from one of the dual platform dealers to its affiliate (as the SROs consider the holdings transferred to be in a new account).

iii) Access to advice

One investor advocacy group and an investment industry association expressed concern about how the current regulatory framework is affecting clients' access to a broader range of products and services. For example, investment dealers are able to provide clients with access to a broader range of products and services than mutual fund dealers; however, a client's access to an investment dealer may depend on the market value of that client's investment account. An investor advocacy group also noted that clients located in smaller geographic centers and rural communities have difficulty accessing a broad range of products and services because the dealers located in those areas are predominantly mutual fund dealers. This means that geography as well as the size of a client's investment account may have a direct impact on access to different products and services.

[28] IIROC Dealer Member Rule 18.7
[29] MFDA Rule 2.3.1(b)

An investment industry association also noted that there is a significant increase in technology costs associated with a firm switching from a mutual fund dealer to an investment dealer, which causes some mutual fund dealers not to switch and has the effect of reducing access to a broader range of products and services for some clients.

iv) Technological advancements

An SRO indicated that with technological advancements and changing investor preferences and expectations (e.g. offering holistic investment advice through robo-advice, online investing services or hybrid human/digital advisory models, etc.), the current regulatory framework has not provided sufficient flexibility for industry to adapt to changing investor needs.

v) Professional advancement

One investment industry association noted that the existing higher IIROC proficiency standard makes the transition from mutual fund dealer to investment dealer representative challenging. That same stakeholder noted that as representatives become more experienced and deal with larger client accounts, the 270 days is too short a time period to actually upgrade proficiency, and therefore artificially limits access to a broader range of services and products (e.g. ETFs) needed to meet clients' changing investment needs and preferences.

Targeted Outcome for Consideration

A flexible regulatory framework that accommodates innovation and adapts to change while protecting investors.

Consultation Questions on Structural Inflexibility

Question 4.1: What is your view on the issue of structural inflexibility, and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) How does the current regulatory framework either limit or facilitate the efficient evolution of business?

b) Describe instances of how the current regulatory framework limits dealer members' ability to utilize technological advancements, and how this has impacted the client experience.

c) Describe factors that limit investors' access to a broad range of products and services.

d) How can the regulatory framework support equal access to advice for all investors, including those in rural or underserved communities?

e) How have changes in client preferences impacted the business models of registrants that are required to comply with the current regulatory structure?

Question 4.2: Is the CSA targeted outcome for issue 4 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

Issue 5: Investor Confusion

Several stakeholders expressed concern that investors are generally confused by the current regulatory structure; specifically, the inability to access similar investment products and services from a single source, the complaint process, investor protection fund coverage, and multiple registration categories and titles.

i) Regulatory overlap

Several stakeholders stated that the current regulatory framework is complex and/or fragmented. They indicated that investors are confused by the number of regulatory organizations and the role or jurisdiction these organizations are responsible for respecting securities regulation in Canada. Investors struggle to distinguish between the roles of an SRO and the Securities Regulators, as well as the services and products provided by IIROC and MFDA dealer members.[30] Furthermore, an investment

[30] Refer to section 2 of this Consultation Paper for a brief history of IIROC and the MFDA, the CSA's oversight of SROs, and other registration categories regulated directly by the CSA.

industry association noted that a separate regime for mutual fund dealers in Québec[31] further adds to the complex nature of the regulatory framework. These overlapping regulatory environments may increase investor confusion and contribute to differing views regarding the SROs' roles and their relationships with the Securities Regulators.

Specifically, two SROs and an investment industry association indicated that investors may not be able to discern between the products and services provided by an IIROC dealer and an MFDA dealer:

- IIROC and the MFDA perform similar types of member regulation, but for different entities and, for the most part, different investment products. IIROC regulates investment dealers and all types of trading (including stocks, bonds and mutual funds), whereas the MFDA regulates mutual fund dealers and trading limited primarily to mutual funds. Investors may not realize that other products or services are only available in another registration category and that their representative may not be able to provide access. Thus, investors may have limited access to products and services unless they are directed to another category of registrant.

- Some firms with affiliated IIROC and MFDA members operate in the same location where clients may purchase securities from IIROC or MFDA representatives. However, the client is not necessarily aware that the same, or other, investment products or services may be available from an affiliate firm, each of which is subject to a separate and distinct regulatory regime.

From the investors' perspective, their IIROC dealer and MFDA dealer provide the same service or product offering, which may not always be the case. As their net worth and investment knowledge grows, many investors naturally progress from investing in mutual funds to ETFs to other products and services that are not offered by an MFDA dealer. To facilitate this growth, the investor may be required to change firms or representatives, resulting in confusion and unnecessary inconvenience.

ii) Complaint resolution

Many stakeholders noted that investors have difficulty understanding and accessing the complaint process to pursue recourse caused by misconduct. Specifically, they raised concerns regarding where to direct complaints, how to file a complaint and from which regulatory body or organization to seek redress. While investors can rely on many avenues of recourse in the current securities regulatory framework, they may not be able to efficiently access them or may choose not to access them. The avenues of recourse available to investors include:

- the internal complaint resolution process of the entity from which they purchased the security (e.g. customer service group and internal ombudsman),

- the independent dispute resolution services of the Ombudsman for Banking Services and Investments (**OBSI**)[32] notwithstanding that such decisions are not legally binding and are subject to compensation limits,

- making a complaint directly with the applicable SRO,

- an arbitration mechanism, or

- litigation.

Additionally, in Québec, the AMF also processes complaints filed by consumers and provides them with access to dispute resolution services.

iii) Investor protection fund coverage

Some stakeholders noted that differences in the availability of investor protection fund coverage among registration categories, and the types of investments and losses that are covered, creates confusion for investors.

[31] As noted in section 2 of this Consultation Paper, mutual fund dealers are required to be members of the MFDA, except in Québec where registered firms are directly regulated by the AMF and registered individuals must also be members of the CSF. See footnote 2 for details.

[32] MFDA and IIROC dealers must become members of the OBSI and offer OBSI's services to investors with certain types of disputes with a firm.

As noted, CIPF and the MFDA IPC are the approved investor protection funds for investors of IIROC and MFDA dealer members, respectively.[33] There are no approved investor protection funds for investors of other registration categories that are regulated directly by the CSA; however, portfolio managers can enter into a service arrangement to custody client assets at IIROC dealer members which may result in CIPF coverage.[34]

Both investor protection funds expressed concern that investors are confused and unsure of the coverage, if any, provided upon the insolvency of an SRO dealer member. They further noted that investors are uncertain as to the types of eligible claims covered by investor protection funds and may mistakenly believe that market losses qualify for coverage.

Specifically, one investor protection fund referred to an example where investors dealing with the insolvency of an SRO dealer member and several affiliates with similar names, some regulated by the CSA, faced confusion regarding coverage due to complexities in the regulatory framework and lack of proper disclosure. Investors were confused about the availability of coverage and ultimately discovered that no coverage was available under any investor protection fund.

While both the SROs require members to inform their clients regarding the protection fund coverage available to them, there is no corresponding obligation for other categories of registrants to inform their clients about the lack of direct coverage prior to opening a new account. Accordingly, it appears that investment decisions regarding coverage may not be made based on complete and accurate information, resulting in investor confusion in the event of a registrant's insolvency.

iv) Multiple registration categories and titles

Two investor advocacy groups stated that there is investor confusion regarding the different rules for different registration categories[35] and the number and variety of business titles used by representatives in various registration categories. This confusion contributes to investors not understanding that investment choice is limited based on a registration category. It also contributes to investors having expectations of registrants that are not aligned with the duties and qualifications of that category of registrant. For example, clients may not view registered firms and the representatives that they deal with as salespeople. Instead, they may see a relationship with a trusted financial advisor designed to deliver the products and services they need. This can result in client suitability issues and unnecessary efforts to find the appropriate distribution channel and service provider for the desired investments.

Targeted Outcome for Consideration

A regulatory framework that is easily understood by investors and provides appropriate investor protection.

Consultation Questions on Investor Confusion

Question 5.1: What is your view on the issue of investor confusion, and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) What key elements in the current regulatory framework (i) mitigate and (ii) contribute to investor confusion?

b) Describe the difficulties clients face in easily navigating complaint resolution processes.

c) Describe instances where the current regulatory framework is unclear to investors about whether or not there is investor protection fund coverage.

Question 5.2: Is the CSA targeted outcome for issue 5 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

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[33] Refer to section 2 and Appendices A and B of this Consultation Paper for further details on investor protection programs.

[34] The IIROC dealer member typically holds an investor's cash and securities in an account over which a portfolio manager has discretionary trading authority and executes and settles the investor's trades in the account based on instructions from the portfolio manager. The investor is thus a client of both the portfolio manager and the dealer member. See the following 2016 CSA staff notice, online: https://www.osc.gov.on.ca/documents/en/Securities-Category3/csa_20161117_31-347_portfolio-managers-service-arrangements.pdf

[35] Refer to section 2 and Appendices A and B of this Consultation Paper for information on IIROC and the MFDA registration, and other registration categories regulated directly by the CSA.

Issue 6: Public Confidence in the Regulatory Framework

Stakeholders noted concerns regarding a possible lack of public confidence in the current SRO regulatory framework. Some stakeholders stated that the SRO governance structure does not adequately support the SROs' public interest mandate due to an industry-focused board of directors and lack of a formal mechanism to incorporate investor feedback. In addition, these stakeholders expressed concern regarding regulatory capture and ineffective SRO compliance and enforcement practices contributing to the erosion of public confidence in the SROs' ability to deliver on their public interest mandate.

i) Public interest mandate

Investor advocacy groups stated that the SRO boards of directors are mainly composed of current and former securities industry participants. They are concerned that independent directors[36] with close ties to industry limit the ability of the SROs to carry out their regulatory responsibilities and public interest mandates, as set out in their recognition orders, due to their potential bias.[37] Two investor advocacy groups expressed concern that independent directors' possible bias in board decision making, or undue influence of specific industry stakeholder interests, may occur due to the following governance structure elements:

- rules and procedures on the composition of the SROs' board of directors, committees and councils,
- cooling off periods (which require a former industry member to have left industry for as little as one year before the candidate can be considered independent for the purposes of each SRO board) and term limits, and
- the definition of an independent director.[38]

Stakeholders indicated that if a public interest mandate is not actualized by an appropriate governance structure that manages conflicts of interest and ensures different stakeholders are fairly represented, there is a risk that a loss of confidence can occur in the SRO's ability to meet its public interest mandate.

ii) Formal investor advocacy mechanisms

Investor advocacy groups raised concerns that the lack of formal SRO mechanisms to facilitate investor consultation impedes the appropriate representation and consideration of investor concerns. Specifically, they noted a shortage of independent voices on SRO committees and councils, and a perception of unwillingness of one SRO to engage in regulatory policy discussions that raise investor concerns. In addition, these investor advocacy groups noted that the SROs' reliance on direct input through quantitative online surveys conducted by independent research firms to gauge the public's views on regulatory initiatives and/or other public interest matters, is no substitute for appropriately funded and resourced SRO investor advisory panels (of which there are currently none) which could be more effective in shaping the development of SRO rules, policies and other similar instruments.[39] Without full engagement between SROs and investor representatives, it may be difficult for an SRO to identify the interests of the public and thereby fulfill its public interest mandate effectively.

iii) Regulatory capture

In this Consultation Paper, "regulatory capture" refers to a regulatory agency that may become dominated by the industries or interests they are charged with regulating. The result is that an agency, charged with acting in the public interest, instead acts in ways that benefit the industry it is supposed to be regulating. Factors that cause regulatory capture include a regulator being subject to excessive levels of influence from industry stakeholders, a regulator not having sufficient tools and resources to obtain accurate information from industry or to deter industry wrongdoing, or regulatory incentives being skewed toward industry stakeholder interests.

An investor advocacy group stated that the inherent conflict between the SROs' obligation to their members and their public interest mandates may not be manageable under their current governance structures and may result in the erosion of public confidence. Specifically, they expressed concern about regulatory capture occurring when SRO actions are inappropriately influenced by industry stakeholder interests. By contrast, two investment industry associations stated that SROs need to be more responsive to industry, with one noting that its inability to directly access an SRO's board of directors runs contrary to the concept of 'self'-regulation.

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[36] IIROC uses the term "independent directors" and the MFDA uses the term "public directors" to refer to independent directors. For the purpose of this Consultation Paper, the term independent directors refers to both "independent directors" and "public directors".

[37] Refer to section 2 of this Consultation Paper for details on IIROC and MFDA recognition.

[38] Refer to section 2 of this Consultation Paper and Appendices A and B for details on IIROC and MFDA governance. Please refer to specific sections on governance and district/regional councils.

[39] Refer to Appendix A and B of this Consultation Paper for how IIROC and the MFDA seek and consider stakeholder input into the development of their rules, policies and other similar instruments.

iv) SRO compliance and enforcement concerns

Investor advocacy groups expressed general concern regarding the lack of transparency and the robustness of the SRO regulatory compliance and enforcement practices. They stated that slow regulatory reforms undermine the improvement of conduct standards, and that the following factors worsen enforcement outcomes:

- modest sanctions that are primarily designed as a deterrence tool (instead of delivering investor restitution),
- governance shortcomings, such as those noted in sub-issue i) above,
- SRO rules regarding complaint handling that lead to relatively low levels of complaints reaching litigation.

Specifically, two investor advocacy groups noted instances where SROs levied sanctions against representatives only, even when dealer member supervision and compliance deficiencies were also apparent. They expressed concern regarding a lack of transparency in notices of disciplinary actions, decisions and settlements regarding findings of potential culpability of dealer members and senior management. They concluded that this approach leaves the perception that SROs are more concerned about protecting member firms rather than the investing public, and accordingly, do not assist in effectively deterring misconduct, thereby not preserving public confidence, consumer protection and market integrity.

Two investment industry associations also raised concerns about one SRO taking a punitive approach to its enforcement proceedings, in contrast to another SRO which they viewed as more focused on remediation. One of these stakeholders noted the presence of inconsistencies among SRO sanctions for the same type of infraction or instance of non-compliance.

v) CSA oversight of SROs

Several stakeholders expressed concern that the current regulatory structure does not result in the SROs being sufficiently accountable to the CSA.[40] The following are examples of concerns raised by stakeholders:

- the CSA does not appoint or have veto over SRO board members or key executive staff, nor does the CSA have a seat on the board,
- the SRO rule exemption process is not designed to ensure SRO accountability to the CSA, and
- the CSA SRO oversight reviews leave a perception that the reviews focus mainly on technical issues.

Two investment industry associations representing registrants directly regulated by the CSA raised concerns that SROs are inherently conflicted, have compliance programs that are suited to larger firms and are not sustainable for small dealers due to the regulatory burden and related costs.

Targeted Outcome for Consideration

A regulatory framework that promotes a clear, transparent public interest mandate with an effective governance structure and robust enforcement and compliance processes.

Consultation Questions on Public Confidence in the Regulatory Framework

Question 6.1: What is your view on the issue of public confidence in the regulatory framework, and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) Describe changes that could improve public confidence in the regulatory framework.

b) Describe instances in the current regulatory framework whereby the public interest mandate is underserved.

c) Describe instances of how investor advocacy could be improved.

[40] Refer to section 2 of this Consultation Paper for details on the oversight of SROs in Canada.

d) Describe instances of regulatory capture in the current regulatory framework.

e) Do you agree, or disagree, with the concerns expressed regarding SRO compliance and enforcement practices? Are there other concerns with these practices?

Question 6.2: Is the CSA targeted outcome for issue 6 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

Issue 7: The Separation of Market Surveillance from Statutory Regulators (CSA)

IIROC was established through the combination of RS and the IDA and continues to carry out the functions of both its predecessors to this day. Accordingly, in addition to carrying out the oversight functions respecting investment dealers, IIROC also carries out the prior RS market surveillance functions, including supervision of member compliance with UMIR. Pursuant to the recognition orders with IIROC Recognizing Regulators, IIROC conducts surveillance of trading activity on Canadian debt and equity marketplaces. Any marketplace that retains IIROC as its regulation services provider to regulate equity trading activity is a marketplace member. All firms operating as alternative trading systems must become dealer members, in addition to being marketplace members.

Marketplace operations are regulated by the applicable Securities Regulators,[41] which require IIROC to provide information necessary for investigations into possible market misconduct.[42] IIROC coordinates surveillance capabilities with other jurisdictions as a member of the Intermarket Surveillance Group.[43] To enhance transparency in fixed income markets, the CSA selected IIROC to be the information processor for trading in Canadian corporate debt securities.[44]

Stakeholders raised concerns about possible information gaps and fragmented market visibility resulting from market surveillance functions being separated from Securities Regulators.

i) Regulatory fragmentation and systemic risk

The MFDA expressed concerns regarding the ability of statutory regulators to effectively monitor systemic risk and inform market structure policy without sufficient expertise and direct access and control over market data.

ii) Member vs market regulation functions

An investor protection fund raised a question about the integration of member and market surveillance in an SRO and the potential for conflicts that could possibly arise between the obligations respecting the disruption to markets and maintaining market integrity versus exposure to the investing public.

iii) Inefficient structure

The MFDA also questioned the appropriateness of the current market surveillance structure and whether the CSA ought to play a larger role. The SRO noted that IIROC and the CSA enforcement processes might be less effective, inefficient, and more costly as a result of the duplication of surveillance and data analysis efforts between IIROC and the CSA.

Targeted Outcome for Consideration

An integrated regulatory framework that fosters timely, efficient access to market data and effective market surveillance, to ensure appropriate policy development, enforcement, and management of systemic risk.

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[41] If recognized, a marketplace must conduct itself in accordance with the requirements outlined in NI 21-101, National Instrument 23-101 *Trading Rules,* and any terms and conditions of recognition/registration or exemption.

[42] The CSA is implementing in 2020 a Market Analytics Platform (MAP) which will serve as a data repository with analytic tools to enhance enforcement effectiveness, including insider trading and market manipulation investigations. The platform is intended to also expedite focused policy research and aid in investigating more sophisticated and complex cases.

[43] The Intermarket Surveillance Group is comprised of over 30 exchanges around the world and its mandate is to promote effective, cooperative market surveillance among international exchanges.

[44] In this role, IIROC publishes information on corporate bond trading on its dedicated Corporate Bond Information website. Amendments to NI 21-101, in force as at August 31, 2020, subject to Ministerial approval, prescribe mandatory post-trade transparency of trades in government debt securities. IIROC's role as information processor will be expanded to include transactions in government debt securities.

Consultation Questions on the Separation of Market Surveillance from Statutory Regulators (CSA)

Question 7.1: What is your view on the separation of market surveillance from statutory regulators, and the stakeholder comments described above? Are there other concerns in respect of this issue that have not been identified? If possible, please provide specific reasons for your position and provide supporting information, including the identification of data sources to quantify the impact or evidence your position.

In addressing the question above, please consider and respond to the following, as applicable:

a) Does the current regulatory structure facilitate timely, efficient and effective delivery of the market surveillance function? If so, how? If not, what are the concerns?

b) Does the continued performance of market surveillance functions by an SRO create regulatory gaps or compromise the ability of statutory regulators to manage systemic risk? Please explain.

Question 7.2: Is the CSA targeted outcome for issue 7 described appropriately? If yes, how can the targeted outcome be best achieved? If no, what outcome(s) do you suggest and how can they be best achieved?

7. Public Consultation Process and Next Steps

Public Consultation Process, Including Deadline for Comments

The CSA invites participants to provide input. You may submit written comments in electronic form (preferred) or in hard copy. **Please submit your comments in writing on or before October 23, 2020.** If you are not sending your comments by email, please send us an electronic file containing submissions provided (in Microsoft Word format).

Please address your comments to each of the following:

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Please send your comments only to the addresses below. Your comments will be forwarded to the other CSA member jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
E-mail: comments@osc.gov.on.ca

Me Philippe Lebel, Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514-864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

Certain CSA jurisdictions require publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the ASC at www.albertasecurities.com, the AMF at www.lautorite.qc.ca and

the OSC at www.osc.gov.on.ca. Please do not include personal information directly in comments to be published and state on whose behalf you are making the submission.

Questions

If you have any comments or questions, please contact any of the CSA staff listed below.

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Manager, Market and SRO Oversight
British Columbia Securities Commission
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dmackay@bcsc.bc.ca

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Co-Chair - CSA Working Group
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Ontario Securities Commission
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Paula Kaner
Manager, Market Oversight
Alberta Securities Commission
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Jean-Simon Lemieux
Analyste expert
Autorité des marchés financiers
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Liz Kutarna
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Nova Scotia Securities Commission
902-424-5393
chris.pottie@novascotia.ca

Next Steps

The issues and CSA targeted outcomes in this Consultation Paper likely affect key stakeholders of the Canadian financial services industry. Upon the completion of the 120-day comment period, the CSA staff will review all public comments submitted. The CSA expects to gather a great amount of information from the consultation process, which will be used to inform our approach going forward. The outcome of the consultation process will result in a paper with a CSA proposed option whereby the CSA would seek further public comment.

Appendix A - About IIROC

Governance

The IIROC Board of Directors consists of 15 members, with one position held by the president and CEO and the remaining positions split evenly among independent and industry directors. The industry directors are further subcategorized with five representing dealer members and two representing marketplace members. Directors are limited to four consecutive terms. Each term is two years in duration.[45]

District Councils

There are ten IIROC District Councils (**District Council**) representing all provinces and territories. Each is comprised of 20 members with renewable terms of up to two years each. Members are nominated by dealer members of the region and appointed by the District Council Nominating Committee and must be an officer or an employee of a dealer member. The District Council is responsible for regional approvals and membership matters, in addition to providing a local perspective to national policy issues. The District Council also identifies appropriate individuals for consideration on Enforcement Hearing Committees. The District Council meetings are held on a monthly basis with special meetings scheduled as necessary.

The Canadian Investor Protection Fund

IIROC rules require dealer members to become members of and to contribute to CIPF, which has been approved by the Securities Regulators to provide limited protection within prescribed limits if property held by an IIROC dealer member on behalf of an eligible client is not returned to the client following the firm's insolvency.[46] Missing property can include: cash, securities, futures contracts, segregated insurance funds. Coverage for an individual client is limited to $1M per account type.[47]

CIPF Statistics as at December 31, 2019

Source of Funding	Amount Available
General Fund	$514M
Excess Insurance	$440M
Lines of Credit	$125M
Total	**$1,079M**

(Source: 2019 CIPF Annual Audited Financial Statements)

Dispute Resolution Process / Enforcement

IIROC assesses complaints made against its dealer member firms and their registered employees, conducts investigations, and imposes disciplinary penalties where there have been breaches of IIROC rules. Minor violations may be dealt with through the issuance of cautionary letters. Other violations are addressed through disciplinary proceedings before IIROC hearings panels who have the authority to impose sanctions. Penalties can include fines, conditions on current approval, suspensions, bans and other remedies deemed appropriate.

Registered firms that are members of IIROC must also ensure that an independent dispute resolution or mediation service is made available at the firm's expense to resolve complaints made by clients about the trading or advising activity of the firm or its representatives. Firms outside Québec must take reasonable steps to ensure that the OBSI is the service made available.

Rulemaking

IIROC policy staff draft rule proposals and amendments. Proposals require Board of Director approvals, publication for comment and CSA approval, following which the final rules notice is published.[48]

[45] https://www.iiroc.ca/about/Pages/Board-of-Directors.aspx
[46] http://cipf.ca/
[47] For a detailed description of all types of coverage, including coverage for corporations, partnerships, trusts and other types of customers, visit: http://cipf.ca/Public/CIPFCoverage/WhatAretheCoverageLimits.aspx
[48] https://www.iiroc.ca/industry/policy/Pages/default.aspx

Registration and Proficiency

Registration as an investment dealer is a prerequisite for membership in IIROC. An investment dealer may act as a dealer or an underwriter in respect of any security. Dealer members may elect to contract their back office, clearing and settlement operations, to another IIROC dealer member, which is known as an introducing/carrying broker arrangement. There are four types of such arrangements where the introducer takes on increasingly more responsibility for capital and compliance when moving from Type 1 to Type 4.

Individual registration categories include: investment dealer dealing representative, ultimate designated person, chief compliance officer, and permitted individuals of the firm. In Manitoba, Ontario and Québec, there are other individual registration categories for individuals trading in futures, options or derivatives. In certain jurisdictions, the registration function is delegated to IIROC while in other jurisdictions, it is retained by the CSA member.

IIROC has categories[49] for individuals where at least one category must be selected; examples include: executive, director, supervisor, and more. There is also an approval category of portfolio management for those registered representatives that have been designated and approved for the purpose of managing the investment portfolio of an investment dealer's clients through discretionary authority granted by clients. For registered representatives and investment representatives at least one product-type speciality must be selected among securities, options, futures contracts and options, mutual funds only, and non-trading.

The National Registration Database (**NRD**), the CSA owned and operated database, is used to manage registration information for individuals, including initial applications for registration and any subsequent updates to this information. Individual applicants must meet the initial proficiency requirements by demonstrating that they have the applicable education, training and experience required for their category of individual registration, as outlined in the IIROC proficiency requirements for registered individuals.[50]

The proficiency requirement for registered representatives is the completion of the Canadian Securities Course, the Conduct and Practices Handbook course and a 90-day training programme during which time the individual has been employed with a dealer member on a full-time basis. These individuals are allowed to sell securities, including mutual funds. Lastly, IIROC has continuing education requirements for its registered individuals.[51]

Summary of Key Information

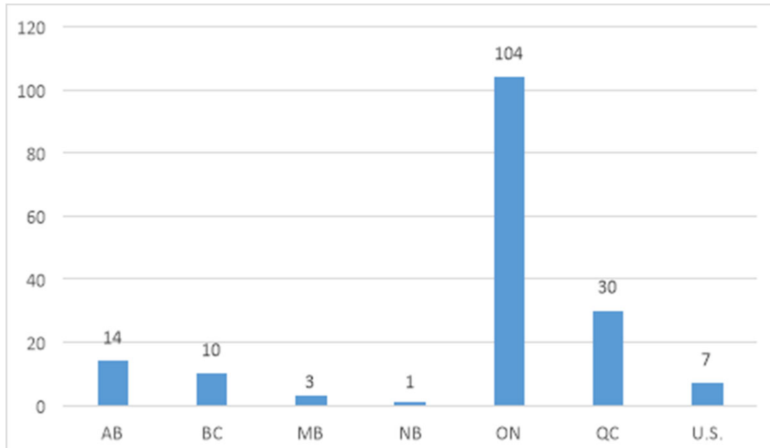
i) IIROC Dealer Member Firm Statistics

As at December 31	2019	2018	2015	2010
Assets Under Management	$3.0T	$2.7T	$2.2T	$1.4T
Approved Persons	28,937	29,685	28,330	27,431
Active Member Firms	169	166	182	211

(Source: IIROC)

[49] Guide to IIROC Categories: https://www.iiroc.ca/industry/registrationmembership/Documents/GuideCategories_en.pdf
[50] IIROC Rule 2900: Proficiency and Education: https://www.iiroc.ca/RuleBook/MemberRules/RulesCollated_en.pdf
[51] Guidance on IIROC's Continuing Education Program: https://www.iiroc.ca/Documents/2019/25c13375-8c35-4b5f-8e2b-4faf00599c12_en.pdf

ii) IIROC Dealer Member Firms by Head Office Location as at December 31, 2019



(Source: IIROC)

Appendix B - About the MFDA

Governance

The MFDA Board of Directors consists of six public directors, six industry directors, and the president and CEO. The Governance Committee of the MFDA Board of Directors nominates directors, and MFDA dealer members vote for their preferred candidate while the board maintains ultimate discretion on who to elect.[52]

Regional Councils

There are four MFDA Regional Councils (**Regional Councils**) representing eight provinces, split into four geographical regions: Atlantic, Central, Prairie, and Pacific. Each is comprised of 4 – 20 appointed and elected members, with elected members serving terms of up to two years. Appointed members are elected for terms of up to three years and consist of both industry representatives and public representatives with an appointment committee used to select both. Industry representatives are required to have prior securities experience but cannot hold a current position or association with a dealer member. Public representatives require a legal background and other set criteria. Responsibilities of the Regional Councils includes consideration of policy matters, both national and regional, ad hoc board requests, and hearing panel participation. The Regional Council meetings are scheduled as necessary and are not held at regular intervals.

MFDA Investor Protection Corporation

MFDA rules require MFDA dealer members to contribute to the MFDA IPC. Coverage for clients of MFDA dealer member firms, outside of Québec, respecting non-returned client assets held by a dealer member in the event of its insolvency is up to $1 million for each of the client's general and separate accounts.

MFDA IPC Statistics as at June 30, 2019

Source of Funding	Amount Available
General Fund	$48M
Excess Insurance	$20M
Lines of Credit	$30M
Total	**$98M**

(Source: 2019 MFDA IPC Annual Audited Financial Statements)

Dispute Resolution Process / Enforcement

The MFDA assesses complaints made against its dealer members and their registered individuals as well as conducts investigations and imposes disciplinary penalties for breaches of the MFDA's by-laws, rules or policies. Violations may be dealt with through administrative resolutions including cautionary or warning letters. Violations may also be addressed through disciplinary proceedings carried out by MFDA enforcement counsel before hearing panels of the MFDA Regional Councils. Hearing panels are responsible for determining whether any misconduct occurred and if so, whether any penalties should be imposed. Penalties may include fines, suspension, termination and other remedial sanctions.

Registered firms that are members of the MFDA must also ensure that an independent dispute resolution or mediation service is made available at the firm's expense to resolve complaints made by clients about the trading or advising activity of the firm or its representatives. Firms outside Québec must take reasonable steps to ensure that the OBSI is the service made available.

Rulemaking

The MFDA rulemaking process includes: discussion papers, Policy Advisory Committee comments, Regulatory Issue Committee comments, Board of Director approvals, CSA reviews, public comment periods, MFDA responses to comments, CSA approvals, MFDA member approvals, and bulletin issues for final rules.[53]

[52] https://mfda.ca/about/board-of-directors/
[53] https://mfda.ca/policy-and-regulation/

Registration and proficiency

When a mutual fund dealer applies to become a member of the MFDA, it must, at the same time, apply to the Securities Regulators in every jurisdiction in which it intends to operate to become registered as a mutual fund dealer. Mutual fund dealers may only act as a dealer in respect of any security of a mutual fund or an investment fund that is a labour sponsored investment fund corporation or labour sponsored venture capital corporation under legislation of a jurisdiction of Canada.

The MFDA has four dealer levels for membership:

> **Level 1**: A dealer that does not hold client cash, securities or other property and introduces all of its accounts to a carrying dealer, which has joint compliance responsibilities;
>
> **Level 2:** A dealer that does not hold client cash, securities or other property. Dealers at this level operate in a client name environment and do not use a trust account to hold client cash;
>
> **Level 3:** A dealer that holds client cash in a trust account but does not hold client securities or other property. Dealers at this level operate in a client name environment and use a trust account to hold client cash; and
>
> **Level 4:** A dealer that acts as a carrying dealer, or any other dealer not covered by Level 1, 2, or 3 (i.e. a dealer that holds client securities or other property in nominee name accounts or in physical storage).

The MFDA also has individual registration for mutual fund dealer dealing representatives, ultimate designated person, chief compliance officer, branch manager, alternate branch manager, and permitted individuals of the firm. Similar to IIROC, the CSA's NRD database is used to manage applications for individual registrants and to access fitness for registration information for MFDA individuals.

Proficiency for mutual fund dealer dealing representatives includes the passing of either the Canadian Investment Funds Course Exam, the Canadian Securities Course Exam or the Investment Funds in Canada Course Exam, or further proficiency of having obtained the CFA Charter.

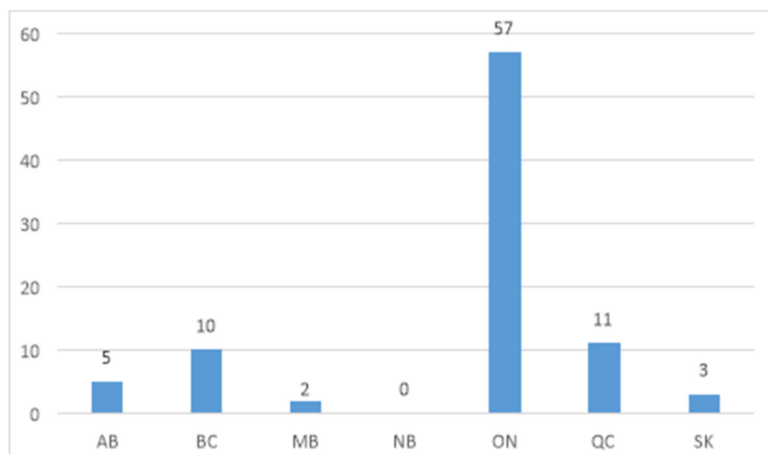
Summary of Key Information

i) MFDA Dealer Member Firm Statistics

As at December 31	2019	2018	2015	2010
Assets Under Administration	$584B	$517B	$605B	$271B
Approved Persons	78,251	80,017	83,000	73,000
Active Member Firms	88	90	103	139

(Source: MFDA)

ii) MFDA Dealer Member Firms by Head Office Location as at December 31, 2019



(Source: MFDA)

Appendix C - Non-SRO Registered Firm and Individuals in Canada

Category	Number of Firms	Number of Individuals
EMD	240 – firms registered as EMDs, only	1,140
PM	330 – includes firms registered as EMDs	1,500
IFM	520 – includes firms also registered as PMs and EMDs	4,140
SPD	6	2,446
Québec MFDs	19 – Mutual fund dealers registered only in Québec	682
Other	42	143

(Source: CSA records, 2020)

Appendix D – About FINRA

FINRA's Mandate, Delegation of Power and Funding

The *Securities Exchange Act of 1934* and its subsequent amendments (including the *Maloney Act*) set the foundation for self-regulation in the U.S. and provides FINRA with its formal recognition and registration with the SEC.[54] FINRA is predominantly funded through member annual fees and fines. They enforce rules for all registered broker-dealer firms and registered brokers in the U.S., perform compliance examinations, provide investor education, and foster market transparency. The scope of their responsibility and authority includes regulation, surveillance, examination, and discipline.

Board of Governance

FINRA is governed by a board of 24 members who are elected for 3-year terms through a Nominating and Governance Committee.[55] One position is held by the FINRA CEO and 13 positions are held by public members. The remaining 10 positions are for industry members and are further subcategorized by firm size.

Dispute Resolution Processes

The FINRA Ombudsman operates independently from FINRA management, reporting directly to the Audit Committee of the Board of Governance. The FINRA Ombudsman manages complaints regarding FINRA operations, enforcement, and other FINRA activities.[56]

The FINRA Investor Complaint Program is used to investigate allegations against brokerage firms and their employees. The Enforcement Department files a complaint with the Office of Hearing Officers when disciplinary action is necessary.[57] The resulting sanctions could include fines, suspensions, or barring from the industry.[58] Arbitration and mediation is used by FINRA for dispute resolution proceedings and may also result in financial restitution to investors.[59]

The Securities Investor Protection Corporation

The Securities Investor Protection Corporation (**SIPC**) provides limited coverage to investors in the event of brokerage insolvency and also includes coverage from unauthorized trading or theft from their securities accounts. The coverage is limited to $500k per customer, including up to $250k for cash. SIPC coverage includes: notes, stocks, bonds, mutual funds, other investment company shares, and other registered securities.[60]

Investor Advocacy

Advisory committees are used to inform and provide feedback for FINRA rule proposals, regulatory initiatives, and industry issues. There are 14 such committees at FINRA, including the Investor Issues Committee which advises FINRA from the investor perspective, including both retail and institutional investors. Rule reviews and regulatory initiatives are reviewed by the Investor Issues Committee prior to presentation to the FINRA Board.[61]

Rulemaking Process

FINRA has been consolidating the NASD Rules and NYSE Rules since the two entities merged in 2007. Conversion spreadsheets are maintained by FINRA for member firms to use as a reference during the transition process. The FINRA Rule Consolidation will harmonize existing rules while giving consideration to the rapidly evolving industry.[62]

Typically, the rulemaking process consists of 10 steps: new rule proposal, internal review, presentation to committees, submission to board, regulatory notice process, filing with SEC, SEC notice of proposal in the Federal Register, response to comments, SEC approval, regulatory notices.[63]

54 https://www.sec.gov/rules/concept/34-50700.htm
55 https://www.finra.org/about/governance/finra-board-governors
56 https://www.finra.org/about/office-ombudsman/ombudsman-frequently-asked-questions
57 https://www.finra.org/rules-guidance/adjudication-decisions
58 https://www.finra.org/investors/have-problem/file-complaint
59 https://www.finra.org/investors/have-problem/legitimate-avenues-recovery-investment-losses
60 https://www.finra.org/investors/have-problem/your-rights-under-sipc-protection
61 https://www.finra.org/about/governance/advisory-committees#iic
62 https://www.finra.org/rules-guidance/rulebook-consolidation
63 https://www.finra.org/rules-guidance/rulemaking-process

Registration and Proficiency

There are four registration categories:

Broker-dealers: includes full services and discount brokerages;

Capital acquisition brokers: advise on capital raising and corporate restructuring, act as placement agents for sale of unregistered securities to institutional investors;

Funding portals: crowdfunding intermediaries; and

Individual registration: branch salespeople, branch managers, department supervisors, partners, officers, and directors. A central registration depository is used to manage the individual registrants, including their employment history, disciplinary history and qualifications. Qualification exams are specific to particular securities activities. Successful completion of these exams allows the registrant to perform permitted activities specific to their competency level. For example, a Series 6 representative can sell only mutual funds, variable annuities, and similar products, while a Series 7 representative can sell a broader selection of products. A continuing education program is also maintained by FINRA.

Appendix E – About the FCA

The FCA's Mandate, Delegation of Power and Funding

Established during 2013 by Parliament of the U.K., the FCA is an independent body that strives to protect consumers while promoting market integrity and effective competition and is funded directly by industry, predominantly through statutory fees paid by authorized firms and recognized investment exchanges.[64] The FCA is responsible for regulating standards of conduct, supervision of trading infrastructures, prudential regulation (for firms not regulated by the PRA) and reviewing and approving the issues of securities for the following sectors: general insurance, investment management, pensions and retirement income, retail banking sector, retail investments, retail lending sector, and wholesale financial markets.[65]

Board of Governance

The FCA is governed by the chair and a board of 10 members, consisting of three executive and seven non-executive members, appointed for three year terms, who are appointed by Her Majesty's Treasury based on recommendations from the Nominations Committee, with the exception of two non-executive members who are jointly appointed by the Secretary of State for Business, Innovation and Skills, and the Treasury.[66]

Dispute Resolution Processes

The FCA has enforcement powers which can include fines, suspensions, warnings, and termination.[67] Complainants may apply for compensation for any losses at the conclusion of a trial,[68] while the Financial Services Compensation Scheme may provide compensation in instances where the firm has been declared 'in default'.[69] Both the FCA and PRA maintain a handbook of rules for their regulated firms to comply with and perform supervision as part of their continuing oversight of firms and individuals. The FCA utilizes a complaint scheme for instances of unprofessionalism, bias, carelessness or unreasonable delay. It does not manage complaints against individual firms, instead those complaints are made to the Financial Ombudsman Service or the courts.[70]

Investor Advocacy

Four independent statutory panels advise the FCA on policy development and the identification of market risks.[71] The Financial Services Consumer Panel, one of the four statutory panels, represents the interests of consumers during policy development.[72] This panel is independent from the FCA and thus permitted to publish their views and opinions on the FCA's activities. Panel members are often nominated by trade associations and have a variety of financial services backgrounds.

Rulemaking Process

The FCA publishes the Quarterly Consultation Paper for minor changes to the FCA Handbook while individual consultation papers are used for proposed changes which are more substantive. The FCA issues a Policy Statement following the consultation period, including the new or revised Handbook Rule. Finalised Guidance, including feedback from the consultation, is published following the Policy Statement.[73]

Authorization, Registration, and Proficiency

The FCA regulates all financial services activities and consumer credit in the U.K.[74] FCA authorization and/or registration is required by any firm or individual offering financial services, investment products or regulated activities such as loans, financing, and consumer credit.[75] Individual training and competence is based on job responsibilities, with the FCA specifying the qualifications necessary to perform a specific activity and firms' monitoring for compliance.[76]

64 https://www.fca.org.uk/publication/corporate/our-mission-2017.pdf#page=7
65 https://www.fca.org.uk/about/sector-overview
66 https://www.fca.org.uk/about/fca-board and https://www.fca.org.uk/publication/corporate/fca-corporate-governance.pdf
67 https://www.fca.org.uk/about/enforcement
68 https://www.fca.org.uk/consumers/rights-victims
69 https://www.fca.org.uk/consumers/claim-compensation-firm-fails
70 https://www.fca.org.uk/consumers/how-complain
71 https://www.fca.org.uk/about/uk-regulators-government-other-bodies/statutory-panels
72 https://www.fs-cp.org.uk/consumer-panel/what-panel
73 https://www.fca.org.uk/what-we-publish
74 https://www.gov.uk/registration-with-the-financial-conduct-authority
75 https://www.fca.org.uk/firms/authorisation/when-required and https://www.fca.org.uk/firms/authorisation/how-to-apply/activities
76 https://www.fca.org.uk/firms/training-competence

The FCA regulates the following: banks, building societies and credit unions, claims management companies, consumer credit firms, electronic money and payment institutions, financial advisors, fintech and innovative businesses, general insurers and insurance intermediaries, investment managers, life insurers and pension providers, mortgage lenders and intermediaries, mutual societies, sole advisors, and wealth managers.

Appendix F – Table of References

In the course of the informal consultation, stakeholders referenced various publicly accessible documents to support their views. Examples of those documents are listed below. The views, opinions or conclusions expressed in these documents do not necessarily represent the views of the CSA.

The documents listed below are cross-referenced to the issue in section 6 in respect of which the document was raised or considered.

In addition, IIROC and the MFDA have published their own separate position papers on the SRO regulatory framework. Those publications are available on their respective websites.

Issue 5 – Investor Confusion

1. OSC Staff Notice 31-715
https://www.osc.gov.on.ca/documents/en/Securities-Category3/20150917-mystery-shopping-for-investment-advice.pdf

2. IIROC Notice 15-0210
https://www.iiroc.ca/Documents/2015/d483c130-adad-4e86-8f0f-735050fe7fdc_en.pdf

3. MFDA Bulletin #0658-C
https://mfda.ca/wp-content/uploads/Bulletin0658-C.pdf

4. IIROC Notice 13-005: Use of Business Titles and Financial Designations
https://www.iiroc.ca/Documents/2013/4e2e7417-7b4b-43d6-a47a-e14a9d7cb7f8_en.pdf

5. FAIR Canada's Submission to CSA on the Proposed Scope of the Review of Self-Regulatory Organizations
https://faircanada.ca/submissions/submission-to-csa-on-the-proposed-scope-of-the-review-of-self-regulatory-organizations/

Issue 6 – Public Confidence in the Regulatory Framework

6. IOSCO Publication: Credible Deterrence in the Enforcement of Securities Regulation
https://www.iosco.org/library/pubdocs/pdf/IOSCOPD490.pdf

7. IIROC Rule 2500B: Client Complaint Handling
https://www.iiroc.ca/Rulebook/MemberRules/Rule02500B_en.pdf

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Chapter 7

Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Sprott Physical Gold Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated June 24, 2020
NP 11-202 Preliminary Receipt dated June 25, 2020
Offering Price and Description:
U.S.$2,000,000,000 Trust Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3076374

Issuer Name:
Horizons Absolute Return Global Currency ETF
Horizons Emerging Markets Equity Index ETF
Horizons Morningstar Hedge Fund Index ETF
Horizons USD Cash Maximizer ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Jun 22, 2020
NP 11-202 Final Receipt dated Jun 23, 2020
Offering Price and Description:
ETF Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #03062907

Issuer Name:
NEI Balanced Private Portfolio
NEI Balanced Yield Portfolio (formerly NEI Global Strategic Yield Fund)
NEI Canadian Bond Fund
NEI Canadian Dividend Fund (formerly NEI Northwest Canadian Dividend Fund)
NEI Canadian Equity Fund (formerly NEI Northwest Canadian Equity Fund)
NEI Canadian Equity Pool
NEI Canadian Equity RS Fund (formerly NEI Ethical Canadian Equity Fund)
NEI Canadian Small Cap Equity Fund (formerly NEI Northwest Specialty Equity Fund)
NEI Canadian Small Cap Equity RS Fund (formerly NEI Ethical Special Equity Fund)
NEI Conservative Yield Portfolio
NEI Emerging Markets Fund (formerly NEI Northwest Emerging Markets Fund)
NEI Environmental Leaders Fund
NEI ESG Canadian Enhanced Index Fund (formerly NEI Jantzi Social Index® Fund)
NEI Fixed Income Pool
NEI Global Dividend RS Fund (formerly NEI Ethical Global Dividend Fund)
NEI Global Equity Fund (formerly NEI Northwest Global Equity Fund)
NEI Global Equity Pool
NEI Global Equity RS Fund (formerly NEI Ethical Global Equity Fund)
NEI Global High Yield Bond Fund (formerly NEI Northwest Specialty Global High Yield Bond Fund)
NEI Global Impact Bond Fund
NEI Global Sustainable Balanced Fund (formerly NEI Balanced RS Fund)
NEI Global Total Return Bond Fund
NEI Global Value Fund
NEI Growth & Income Fund (formerly NEI Northwest Growth and Income Fund)
NEI Growth Private Portfolio
NEI Income & Growth Private Portfolio
NEI Income Private Portfolio
NEI International Equity Fund (formerly Meritas International Equity Fund)
NEI International Equity RS Fund (formerly NEI Ethical International Equity Fund)
NEI Managed Asset Allocation Pool
NEI Money Market Fund
NEI Select Balanced Portfolio
NEI Select Balanced RS Portfolio (formerly NEI Ethical Select Balanced Portfolio)
NEI Select Growth & Income Portfolio (formerly OceanRock Growth & Income Portfolio)
NEI Select Growth & Income RS Portfolio (formerly Meritas Growth & Income Portfolio)

NEI Select Growth Portfolio
NEI Select Growth RS Portfolio (formerly NEI Ethical Select Growth Portfolio)
NEI Select Income & Growth Portfolio (formerly NEI Select Conservative Portfolio)
NEI Select Income & Growth RS Portfolio (formerly NEI Ethical Select Conservative Portfolio)
NEI Select Income Portfolio (formerly OceanRock Income Portfolio)
NEI Select Income RS Portfolio (formerly NEI Ethical Select Income Portfolio)
NEI Select Maximum Growth Portfolio (formerly NEI Select Global Maximum Growth Portfolio)
NEI Select Maximum Growth RS Portfolio (formerly Meritas Maximum Growth Portfolio)
NEI Tactical Yield Portfolio (formerly NEI Northwest Tactical Yield Fund)
NEI U.S. Dividend Fund (formerly NEI Northwest U.S. Dividend Fund)
NEI U.S. Equity Fund (formerly OceanRock U.S. Equity Fund)
NEI U.S. Equity RS Fund (formerly NEI Ethical U.S. Equity Fund)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 25, 2020
NP 11-202 Final Receipt dated Jun 26, 2020
Offering Price and Description:
Series WF units, Series A units, Series O units, Series I units, Series W units, Series PF units, Series F units and Series P units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3062488

Issuer Name:
Brandes Canadian Equity Fund
Brandes Canadian Money Market Fund
Brandes Corporate Focus Bond Fund
Brandes Emerging Markets Value Fund
Brandes Global Equity Fund
Brandes Global Opportunities Fund
Brandes Global Small Cap Equity Fund
Brandes International Equity Fund
Brandes U.S. Equity Fund
Bridgehouse Canadian Bond Fund (formerly, Greystone Canadian Bond Fund)
Lazard Defensive Global Dividend Fund (formerly, Lazard Global Managed Volatility Fund)
Lazard Global Balanced Income Fund
Lazard Global Compounders Fund (formerly, Greystone Global Equity Fund)
Lazard International Compounders Fund
Morningstar Aggressive Portfolio
Morningstar Balanced Portfolio
Morningstar Conservative Portfolio
Morningstar Growth Portfolio
Morningstar Moderate Portfolio
Morningstar Strategic Canadian Equity Fund
Sionna Canadian Equity Fund
Sionna Opportunities Fund
Sionna Strategic Income Fund (formerly, Sionna Canadian Balanced Fund)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 22, 2020
NP 11-202 Final Receipt dated Jun 23, 2020
Offering Price and Description:
Series A securities
Series IH securities, Series D securities, Series AH securities, Series I securities, Series FH securities and Series F securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3062108

Issuer Name:
CIBC Asia Pacific Fund
CIBC Asia Pacific Index Fund
CIBC Balanced Fund
CIBC Balanced Growth Passive Portfolio
CIBC Balanced Index Fund
CIBC Balanced Passive Portfolio
CIBC Canadian Bond Fund
CIBC Canadian Bond Index Fund
CIBC Canadian Equity Fund
CIBC Canadian Equity Value Fund
CIBC Canadian Index Fund
CIBC Canadian Real Estate Fund
CIBC Canadian Resources Fund
CIBC Canadian Short-Term Bond Index Fund
CIBC Canadian Small-Cap Fund
CIBC Canadian T-Bill Fund
CIBC Conservative Passive Portfolio
CIBC Dividend Growth Fund
CIBC Dividend Income Fund
CIBC Emerging Markets Fund
CIBC Emerging Markets Index Fund
CIBC Energy Fund
CIBC European Equity Fund
CIBC European Index Fund
CIBC Financial Companies Fund
CIBC Global Bond Fund
CIBC Global Bond Index Fund
CIBC Global Equity Fund
CIBC Global Monthly Income Fund
CIBC Global Technology Fund
CIBC International Equity Fund
CIBC International Index Fund
CIBC International Small Companies Fund
CIBC Managed Aggressive Growth Portfolio
CIBC Managed Balanced Growth Portfolio
CIBC Managed Balanced Portfolio
CIBC Managed Growth Portfolio
CIBC Managed Income Plus Portfolio
CIBC Managed Income Portfolio
CIBC Managed Monthly Income Balanced Portfolio
CIBC Money Market Fund
CIBC Monthly Income Fund
CIBC Nasdaq Index Fund
CIBC Precious Metals Fund
CIBC Short-Term Income Fund
CIBC Smart Balanced Growth Solution
CIBC Smart Balanced Income Solution
CIBC Smart Balanced Solution
CIBC Smart Growth Solution
CIBC Smart Income Solution
CIBC U.S. Broad Market Index Fund
CIBC U.S. Dollar Managed Balanced Portfolio
CIBC U.S. Dollar Managed Growth Portfolio
CIBC U.S. Dollar Managed Income Portfolio
CIBC U.S. Dollar Money Market Fund
CIBC U.S. Equity Fund
CIBC U.S. Index Fund
CIBC U.S. Small Companies Fund
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 25, 2020
NP 11-202 Final Receipt dated Jun 25, 2020
Offering Price and Description:
Class T4 units, Class T8 units, Class T6 units, Class A units, Series ST5 units, Class FT4 units, Class F units, Series A units, Series FT5 units, Class FT8 units, Class F-Premium units, Institutional Class units, Series F units, Class O units, Premium Class units, Series S units, Class FT6 units, Class D units and Series T5 units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3052709

Issuer Name:
Dynamic Equity Income Fund
Dynamic Power American Growth Fund
Dynamic Dollar-Cost Averaging Fund
Dynamic Global Infrastructure Fund
Dynamic Global Asset Allocation Fund
Dynamic Power American Growth Class
Dynamic Power Global Balanced Class
Dynamic Global Asset Allocation Class
Dynamic Global Infrastructure Class
Dynamic Strategic Gold Class
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus and Amendment #3 to Annual Information Form dated June 22, 2020
NP 11-202 Final Receipt dated Jun 25, 2020
Offering Price and Description:
Series A units, Series F units, Series G, Series I units, Series FN units, Series FT units, Series IP units, Series N units, Series O units, Series OP units, Series T units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2974048

Issuer Name:
Mackenzie Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #4 to Final Simplified Prospectus and Amendment #5 to Annual Information Form dated June 22, 2020
NP 11-202 Final Receipt dated Jun 23, 2020
Offering Price and Description:
Series A securities, Series D securities, Series F securities, Series FB securities, Series G securities, Series O securities, Series PW securities, Series PWFB securities and Series PWX securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2951797

Issuer Name:
Mackenzie Global Long/Short Equity Alpha Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated June 22, 2020
NP 11-202 Final Receipt dated Jun 23, 2020
Offering Price and Description:
Series A units, Series F units, Series FB units, Series O units, Series PW units, Series PWFB units and Series PWX units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2999098

NON-INVESTMENT FUNDS

Issuer Name:
Brookfield Infrastructure Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 24, 2020
NP 11-202 Preliminary Receipt dated June 24, 2020
Offering Price and Description:
C$1,000,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brookfield Infrastructure Partners L.P.
Project #3075549

Issuer Name:
Brookfield Infrastructure Partners L.P.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 24, 2020
NP 11-202 Preliminary Receipt dated June 24, 2020
Offering Price and Description:
C$1,000,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3075552

Issuer Name:
Cargojet Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 26, 2020
NP 11-202 Preliminary Receipt dated June 26, 2020
Offering Price and Description:
$100,000,000.00 - 5.25% Listed Senior Unsecured Hybrid Debentures Due June 30, 2026
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
LAURENTIAN BANK SECURITIES INC.
RAYMOND JAMES LTD.
ALTACORP CAPITAL INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
BEACON SECURITIES LIMITED
CORMARK SECURITIES INC.
Promoter(s):
-
Project #3074614

Issuer Name:
Dye & Durham Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 29, 2020
NP 11-202 Preliminary Receipt dated June 29, 2020
Offering Price and Description:
$100,000,000.00 - Common Shares
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
INFOR FINANCIAL INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #3077862

Issuer Name:
Exro Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 23, 2020
NP 11-202 Preliminary Receipt dated June 24, 2020
Offering Price and Description:
Up to $5,000,000.00 - Up to 7,142,857 Units
Price: $0.70 per Unit
Underwriter(s) or Distributor(s):
Gravitas Securities Inc.
Promoter(s):
-
Project #3075306

Issuer Name:
Freeman Gold Corp. (formerly, Lodge Resources Inc.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus (NI 44-101) dated
Received on June 24, 2020
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #3076072

Issuer Name:
Mind Cure Health Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated June 24, 2020
NP 11-202 Preliminary Receipt dated June 25, 2020
Offering Price and Description:
Minimum Public Offering: $1,000,000.00/5,000,000 Common Shares
Maximum Public Offering: $2,000,000.00/10,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Philip Tapley
Project #3076018

Issuer Name:
New Found Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated June 24, 2020
NP 11-202 Preliminary Receipt dated June 24, 2020
Offering Price and Description:
Minimum $15,000,000.00 / ● Common Shares
Maximum $25,000,000.00 / ● Common Shares
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
BMO NESBITT BURNS INC.
DESJARDINS SECURITIES INC.
Promoter(s):
-
Project #3075503

Issuer Name:
Osino Resources Corp. (formerly Romulus Resources Ltd.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 26, 2020
NP 11-202 Preliminary Receipt dated June 26, 2020
Offering Price and Description:
Offering: $15,400,000.00 - 14,000,000 Units $1.10 per Unit
Underwriter(s) or Distributor(s):
STIFEL NICOLAUS CANADA INC.
BEACON SECURITIES LIMITED
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
M PARTNERS INC.
Promoter(s):
Heye Daun
Alan Friedman
Project #3076459

Issuer Name:
Spectral Medical Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 26, 2020
NP 11-202 Preliminary Receipt dated June 26, 2020
Offering Price and Description:
$50,000,000.00 - COMMON SHARES DEBT SECURITIES, SUBSCRIPTION RECEIPTS, WARRANTS, UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3076924

Issuer Name:
Sprott Physical Gold Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 24, 2020
NP 11-202 Preliminary Receipt dated June 25, 2020
Offering Price and Description:
U.S.$2,000,000,000 Trust Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3076374

Issuer Name:
Thomson Reuters Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 23, 2020
NP 11-202 Preliminary Receipt dated June 23, 2020
Offering Price and Description:
US$3,000,000,000 (unsecured)
Underwriter(s) or Distributor(s):
Thomson Reuters Applications Inc.
Thomson Reuters (Tax & Accounting) Inc.
Promoter(s):
-
Project #3075025

Issuer Name:
TR Finance LLC
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated June 23, 2020
NP 11-202 Preliminary Receipt dated June 23, 2020
Offering Price and Description:
US$3,000,000,000.00 - Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
Thomson Reuters Applications Inc.
Thomson Reuters (Tax & Accounting) Inc.
Promoter(s):
-
Project #3075028

Issuer Name:
TransCanada PipeLines Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated June 23, 2020
NP 11-202 Preliminary Receipt dated June 23, 2020
Offering Price and Description:
$3,000,000,000.00 - Medium Term Note Debentures (Unsecured)
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #3075368

Issuer Name:
TriStar Gold Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 26, 2020
NP 11-202 Preliminary Receipt dated June 26, 2020
Offering Price and Description:
$8,010,000.00 - 26,700,000 Units
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
RED CLOUD SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3074737

Issuer Name:
Vista Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated June 22, 2020
NP 11-202 Preliminary Receipt dated June 23, 2020
Offering Price and Description:
US$25,000,000 - Common Shares, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3074845

Issuer Name:
Antibe Therapeutics Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 26, 2020
NP 11-202 Receipt dated June 26, 2020
Offering Price and Description:
$25,000,000.00 - 62,500,000 Units
$0.40 per Unit
Underwriter(s) or Distributor(s):
BLOOM BURTON SECURITIES INC
ECHELON WEALTH PARTNERS INC.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
STIFEL NICOLAUS CANADA INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
-
Project #3072141

Issuer Name:
Fusion Pharmaceuticals Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 24, 2020
NP 11-202 Receipt dated June 25, 2020
Offering Price and Description:
US$12,500,000 Common Shares
Underwriter(s) or Distributor(s):
MORGAN STANLEY CANADA LIMITED
JEFFERIES SECURITIES, INC.
Promoter(s):
-
Project #3069595

Issuer Name:
Harvest Health & Recreation Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated June 24, 2020
NP 11-202 Receipt dated June 25, 2020
Offering Price and Description:
$300,000,000 - Subordinate Voting Shares, Multiple Voting Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3068153

Issuer Name:
IMV Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Shelf Prospectus dated June 26, 2020
NP 11-202 Receipt dated June 26, 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:
Paramount Gold Nevada Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 24, 2020
NP 11-202 Receipt dated June 25, 2020
Offering Price and Description:
MINIMUM OFFERING: US$3,000,000 (2,884,615 OFFERED SHARES)
MAXIMUM OFFERING: US$5,000,008 (4,807,700 OFFERED SHARES)
PRICE: US$1.04 PER OFFERED SHARE
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CANTOR FITZGERALD CANADA CORPORATION
Promoter(s):
-
Project #3074667

Issuer Name:
Planet 13 Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 26, 2020
NP 11-202 Receipt dated June 26, 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

Issuer Name:
StageZero Life Sciences Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 22, 2020
NP 11-202 Receipt dated June 23, 2020
Offering Price and Description:
Minimum Offering: $3,500,000.00 (50,000,000 Units)
Maximum Offering: $8,000,000.00 (114,285,714 Units)
$0.07 per Unit
Underwriter(s) or Distributor(s):
ECHELON WEALTH PARTNERS INC.
CLARUS SECURITIES INC.
Promoter(s):
-
Project #3067053

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	LaurelCrest Partners Inc.	Exempt Market Dealer	June 23, 2020
Name Change	From: iA Investment Counsel Inc./ iA Conseil en placement inc. To: CWB Private Investment Counsel Ltd./ CWB Conseils en placement privés ltée	Investment Fund Manager, Exempt Market Dealer, and Portfolio Manager	June 1, 2020
New Registration	Relevance Wealth Management Inc.	Investment Fund Manager, Exempt Market Dealer, and Portfolio Manager	June 23, 2020
Consent to Suspension (Pending Surrender)	Soundvest Capital Management Ltd.	Investment Fund Manager, Exempt Market Dealer, and Portfolio Manager	June 30, 2020

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Chapter 25

Other Information

25.1 Application to Extend Temporary Order

25.1.1 Evolution Mentor Capital Inc. and Pasqualino (Patrick) Michael Mazza – ss. 127(8), 127(1)

IN THE MATTER OF
EVOLUTION MENTOR CAPITAL INC.
and
PASQUALINO (PATRICK) MICHAEL MAZZA

APPLICATION OF STAFF OF
THE ONTARIO SECURITIES COMMISSION
(For Extension of a Temporary Order
Subsections 127(8) and 127(1) of the
Securities Act, RSO 1990, c S.5)

A. ORDERS SOUGHT

The Applicant, Staff of the Ontario Securities Commission ("Staff"), requests that the Ontario Securities Commission (the "Commission") make the following orders:

1. an order extending a temporary order of the Commission made with respect to Evolution Mentor Capital Inc ("EMCI") and Pasqualino (Patrick) Michael Mazza ("Mazza"), dated June 17, 2020 (the "Temporary Order"), for such period as it considers necessary if satisfactory information is not provided to the Commission within the fifteen-day period after the Temporary Order was made, pursuant to subsection 127(8) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

2. if necessary, an order abridging the time required for service pursuant to Rules 3 and 4(2) of the Ontario Securities Commission Rules of Procedure; and

3. such other Order as the Commission considers appropriate in the public interest.

B. GROUNDS

The grounds for the request are:

1. Staff are conducting an investigation;

2. A complaint was referred to Staff by the Vermont Department of Financial Regulation (the "VDFR") regarding Frances Tobia ("Tobia") a Vermont resident, who received an unsolicited email from Mazza of EMCI to invest in a crypto currency mining scheme;

3. EMCI is an Ontario corporation with a head office in Toronto, Ontario. EMCI is not a reporting issuer in Ontario, has made no filings and is not registered with the Commission;

4. Mazza is an Ontario resident and the sole director of EMCI. He is not registered with the Commission;

5. Information available to Staff at the time the Temporary Order was obtained indicated that:

   (a) in May 2020, Tobia wired a total of US $100,000 to Mazza at a TD Bank branch located in Toronto. The investment was detected by Tobia's spouse, Robert, who filed a fraud complaint with the Federal Bureau of Investigation Internet Crime Complaint Centre which was then sent to the VDFR;

   (b) Robert provided an "Investment Agreement" signed by Tobia, Mazza and Harvey Goldberg J.S.D. as witness, on May 19, 2020. The investment is described as a "Crypto Currency Mining Investment/Joint Venture Investment";

   (c) Robert also provided PowerPoint presentations sent to Tobia by Mazza outlining an investment opportunity in crypto currency mining;

(d) Robert has also represented that after they complained that they had been defrauded and tried to recover their funds, they have received many calls and other communications from Mazza threatening the complainant, her husband, their two daughters, and the complainant's sister;

(e) in early June 2020 the VDFR issued an Ex Parte Cease and Desist Order against EMCI and Mazza in connection with Tobia's complaint; and

(f) the VDFR also issued an Order directing TD Bank to maintain a freeze on the funds in the account, however TD advised that they may have no jurisdiction to hold the funds based on the VDFR Order to freeze.

6. Information subsequent to Staff obtaining the Temporary Order indicates that:

(a) Mazza, through counsel, has provided signed Purchase Agreements allegedly indicating that the US $100,000 was for the purchase of a non-refundable digital asset in Ethereum;

(b) Mazza has provided mobile text messages allegedly received from Tobia discussing a desire to purchase Ethereum;

(c) Tobia and Robert have retained counsel and have initiated civil proceedings against Mazza and EMCI;

(d) Mazza and EMCI have retained counsel to defend the civil claim and have counter-claimed against Tobia and Robert;

7. The Order sought by Staff is necessary to protect investors from serious and ongoing harm and is in the public interest;

8. Subsections 127(1) and 127(8) of the Act; and

9. Such further and other grounds as counsel may advise and the Commission may permit

C. EVIDENCE

1. The Applicant intends to rely on the following evidence at the hearing:

(a) The affidavit of Marcel Tillie to be filed.

Date: June 24, 2020

Matthew Britton
Tel: (416) 593-8294
Email: mbritton@osc.gov.on.ca

Dihim Emami
Tel. (416) 596-4253
Email: demami@osc.gov.on.ca

Lawyers for Staff of the Ontario Securities Commission

25.2 Consents

25.2.1 Integra Resources Corp. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under Business Corporations Act(British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00.

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00,
AS AMENDED
(the REGULATION)
UNDER THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16,
AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
INTEGRA RESOURCES CORP.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Integra Resources Corp. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) requesting the Commission's consent to the Applicant continuing in another jurisdiction pursuant to section 181 of the OBCA (the **Continuance**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an offering corporation under the OBCA.

2. The Applicant's common shares (the **Common Shares**) are listed and posted for trading on the TSX Venture Exchange (the **Exchange**) under the symbol "ITR". The Applicant's Common Shares trade on the OTCQX under the symbol "IRRZF". The Applicant does not have any of its securities listed on any other exchange. As of May 1, 2020, the Applicant had 119,557,943 Common Shares issued and outstanding.

3. The Applicant intends to apply to the Director under the OBCA pursuant to Section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended (the **BCBCA**).

4. The Application for Continuance is being made to give the Applicant more flexibility under the provisions of the BCBCA in respect of financing opportunities and other corporate transactions which may be effected by the Applicant in the future.

5. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

6. The Applicant is a reporting issuer in each of the Provinces and Territories of Canada, excluding Québec, and will remain a reporting issuer in these jurisdictions following the Continuance.

7. The Applicant is not in default of any of the provisions of the OBCA, the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the Act), including the regulations made thereunder, or the applicable securities legislation of any other jurisdiction in which it is a reporting issuer.

8. The Applicant is not subject to any proceeding under the OBCA, the Act or the applicable securities legislation of any other jurisdiction in which it is a reporting issuer.

9. The Applicant is not in default of any provision of the rules, regulations or policies of the Exchange.

10. The Applicant's registered and head office is located in British Columbia and the British Columbia Securities Commission is the principal regulator of the Applicant.

11. The Applicant's management information circular dated May 1, 2020 for its annual general and special meeting of shareholders, held on June 16, 2020 (the **Meeting**) described the proposed Continuance and disclosed the reasons for it and its implications as well as full particulars of the dissent rights of the Applicant's shareholders under section 185 of the OBCA.

12. The Applicant's shareholders authorized the Continuance at the Meeting by a special resolution that was approved by 99.330% of the votes cast; no shareholder exercised dissent rights pursuant to section 185 of the OBCA.

13. Subsection 4(b) of the Regulation requires the Application for Continuance to be accompanied by a consent from the Commission.

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

THE COMMISSION CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto on this 24th day of June, 2020

"Ray Kindiak"
Commissioner
Ontario Securities Commission

"Garnet W. Fenn"
Commissioner
Ontario Securities Commission

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