



## Joint OSC/IIROC Whistleblower Guidance

The Ontario Securities Commission (“OSC”) and the Investment Industry Regulatory Organization of Canada (“IIROC”) encourage the public to submit tips on potential abusive trading in securities of Ontario reporting issuers, including illegal insider trading, market manipulation or abusive short selling.

The OSC and IIROC have reason to believe that certain market participants may be engaged in abusive short selling practices and are particularly interested in tips relating to short selling into or ahead of public offerings or private placements of Ontario securities.

Those who provide information to the OSC Whistleblower Program may be eligible for awards of up to \$5 Million for tips that lead to an OSC enforcement action.

You do not need to be a trader or trading firm employee to be a whistleblower. Anyone who has first-hand knowledge or other specific and credible evidence of securities law misconduct may qualify as a whistleblower.

### **How might short selling constitute abusive trading?**

Market manipulation may include actions that improperly affect a stock’s price or volume. This may include short selling an issuer’s securities to negatively impact the price in advance of a public offering or private placement of that issuer’s securities. Short selling involves the sale of securities that the seller does not own but has borrowed. Abusive short sellers may seek to manipulate the price of a security lower into an offering so as to profit from the resulting price discrepancy between the short sale price and the offering price.

If you are an Ontario small-cap or micro-cap issuer seeing misconduct in short selling ahead of public offerings or private placements, the OSC and IIROC encourage you to report such abusive activity.

### **What is illegal insider trading?**

Illegal insider trading involves the misuse of material non-public information. When a person or company trades securities of an issuer while in a special relationship with the issuer and have knowledge of material, non-public information, it is illegal insider trading. Tipping includes informing another person or company of such information when it is not necessary for business purposes. One example of illegal insider trading in conjunction with short selling might be individuals who trade on material non-public information about a proposed deal or the terms of the offering.

**How do I submit a whistleblower report?**

If you have knowledge of potential market abuse, there are two whistleblower programs to which you may submit your information. More information about the OSC Whistleblower Program can be found on the OSC Whistleblower website, [officeofthewhistleblower.ca](http://officeofthewhistleblower.ca). More information about the IIROC Whistleblower Program can be found on the IIROC Whistleblower Service website, [iirroc.ca](http://iirroc.ca).

Only the OSC Whistleblower Program offers awards for whistleblowers.

The IIROC Whistleblower Service may direct whistleblowers, where appropriate, to submit their information to the OSC Whistleblower Program where they may be eligible for an OSC Whistleblower Award.