

The Ontario Securities Commission

# OSC Bulletin

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The Ontario Securities Commission administers the *Securities Act of Ontario* (R.S.O. 1990, c. S.5) and the *Commodity Futures Act of Ontario* (R.S.O. 1990, c. C.20)

**The Ontario Securities Commission**

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*Editor's Note: On Friday, April 29, 2022, the Securities Commission Act, 2021 (SCA), came into force by proclamation of the Lieutenant Governor of Ontario. The SCA's proclamation implemented key structural and governance changes to the OSC: the separation of the OSC Chair and Chief Executive Officer roles, and the creation of a new Capital Markets Tribunal. These new structural and governance changes are now reflected in the Bulletin, with one section to report and record the activities of the Capital Markets Tribunal and one section to report and record the activities of the Ontario Securities Commission: [www.capitalmarketstribunal.ca/en/resources](http://www.capitalmarketstribunal.ca/en/resources).*

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# A. Capital Markets Tribunal

## A.2 Other Notices

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### A.2 Other Notices

#### A.2.1 Stableview Asset Management Inc. and Colin Fisher

**FOR IMMEDIATE RELEASE**  
May 11, 2022

**STABLEVIEW ASSET MANAGEMENT INC. AND  
COLIN FISHER,  
File No. 2020-40**

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

A copy of the Order dated May 11, 2022 is available at [www.capitalmarketstribunal.ca](http://www.capitalmarketstribunal.ca).

Registrar, Governance & Tribunal Secretariat  
Ontario Securities Commission

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### A.2.2 Aux Cayes Fintech Co. Ltd.

**FOR IMMEDIATE RELEASE**  
May 16, 2022

**AUX CAYES FINTECH CO. LTD.,  
File No. 2021-29**

**TORONTO** – Take notice of the following merits hearing date changes in the above named matter:

- (1) the merits hearing scheduled to be heard on September 19, 2022 at 10:00 a.m. will not proceed as scheduled; and
- (2) the merits hearing shall commence on September 20, 2022 at 10:00 a.m. and continue on September 21, 22, and 23, 2022, at 10:00 a.m. on each day.

Registrar, Governance & Tribunal Secretariat  
Ontario Securities Commission

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A.2.3 Strike Holdings Inc. et al.

**FOR IMMEDIATE RELEASE**  
**May 16, 2022**

**STRIKE HOLDINGS INC.,  
KM STRIKE MANAGEMENT INC.,  
MICHAEL AONSO AND  
KEVIN CARMICHAEL,  
File No. 2021-13**

**TORONTO** – Take notice that a motion hearing to consider the extension of a Temporary Order in the above named matter is scheduled to be heard on May 31, 2022 at 10:00 a.m.

Registrar, Governance & Tribunal Secretariat  
Ontario Securities Commission

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## A.3 Orders

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A.3 Orders

A.3.1 Stableview Asset Management Inc. and Colin Fisher

File No. 2020-40

IN THE MATTER OF  
STABLEVIEW ASSET MANAGEMENT INC. AND  
COLIN FISHER

Adjudicator: Timothy Moseley

May 11, 2022

### ORDER

**WHEREAS** on May 11, 2022, the Capital Markets Tribunal held a hearing by videoconference;

**ON HEARING** the submissions of the representatives for Fisher, Staff of the Ontario Securities Commission, and the receiver for Stableview Asset Management Inc.;

**IT IS ORDERED** that paragraph 2 (b) of the Tribunal's order dated May 3, 2022 is varied as follows: by 4:30 p.m. on May 13, 2022, Staff shall serve and file sworn affidavits containing the merits hearing evidence of its witnesses Sherry Brown, Catherine Muhindi and Trevor Walz.

"Timothy Moseley"

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# B. Ontario Securities Commission

## B.2 Orders

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### B.2 Orders

#### B.2.1 Josemaria Resources Inc.

##### Headnote

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

##### Applicable Legislative Provisions

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

May 11, 2022

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND  
ONTARIO  
(the Jurisdictions)**  
**AND**  
**IN THE MATTER OF  
THE PROCESS FOR CEASE TO BE  
A REPORTING ISSUER APPLICATIONS**  
**AND**  
**IN THE MATTER OF  
JOSEMARIA RESOURCES INC.  
(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 of Canada in which it is a reporting issuer (the Order Sought).

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

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

Labrador, Yukon Territory, Northwest Territories and Nunavut, 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*, 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 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

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.

“Gordon Smith”  
Corporate Finance Legal Services  
British Columbia Securities Commission

OSC File #: 2022/0215

**B.2.2 Silver Lake Ontario Inc. (formerly Harte Gold Corp.) – s. 1(6) of the OBCA**

**Headnote**

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

**Statutes Cited**

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

May 5, 2022

**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  
SILVER LAKE ONTARIO INC.  
(formerly Harte Gold Corp.)  
(the Applicant)**

**ORDER  
(Subsection 1(6) of the OBCA)**

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

**AND UPON** the Applicant representing to the Commission that:

1. The Applicant is a corporation incorporated under the laws of the Province of Ontario.
2. The Applicant is an “offering corporation” as defined in subsection 1(1) of the OBCA.
3. The Applicant has no intention to seek public financing by way of an offering of securities.
4. On March 30, 2022, 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 equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*; and
5. 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** pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

**DATED** at Toronto on 5th of May, 2022

“Michael Balter”  
Manager, Corporate Finance  
Ontario Securities Commission

**B.2.3 Vigil Health Solutions Inc.**

**Headnote**

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.

**Applicable Legislative Provisions**

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

May 11, 2022

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND  
ONTARIO  
(the Jurisdictions)**

**AND**

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

**AND**

**IN THE MATTER OF  
VIGIL HEALTH SOLUTIONS INC.  
(the Filer)**

**ORDER**

**Background**

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

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

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (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 the Provinces of Alberta and Manitoba; and
- (c) this order is the order of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

**Interpretation**

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

**Representations**

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

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

**Order**

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

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

“Gordon Smith”  
Acting Chief, Corporate Finance Legal Services  
British Columbia Securities Commission

OSC File #: 2022/0160

**B.2.4 Fitch Ratings, Inc.**

**Headnote**

National Policy 11-205 Process for Designation of Credit Rating Organizations in Multiple Jurisdictions – Application by a designated rating organization to amend and restate its designation order to include an Irish affiliate as a “DRO affiliate” and remove references to certain affiliates included in original designation order.

**Applicable Legislative Provisions**

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 22 and 144.  
National Instrument 25-101 Designated Rating Organizations, s. 6.

**April 25, 2022**

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

**AND**

**IN THE MATTER OF  
THE PROCESS FOR DESIGNATION OF  
CREDIT RATING ORGANIZATIONS  
IN MULTIPLE JURISDICTIONS**

**AND**

**IN THE MATTER OF  
FITCH RATINGS, INC.  
(the “Filer”)**

**AMENDED AND RESTATED DESIGNATION ORDER**

**Background**

The principal regulator in the Jurisdiction previously designated the Filer, under its former name “Fitch, Inc.”, as a designated rating organization, as contemplated by National Instrument 25-101 *Designated Rating Organizations* (“NI 25-101”), pursuant to the October 2012 Designation (defined below).

The principal regulator in the Jurisdiction has received an application from the Filer for an amended and restated decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) that permits the addition of Fitch Ireland (as defined below) as a DRO affiliate of the Filer and the removal of the following entities as DRO affiliates of the Filer, as contemplated by NI 25-101:

- (a) Fitch Centroamerica, S.A. (Panama);
- (b) Fitch Costa Rica califacadora de riesgo, S.A. (Costa Rica);
- (c) Fitch Ratings Colombia, S.A. sociedad califacadora de valores (Colombia);
- (d) Fitch Italia S.P.A. (Italy);

- (e) Fitch Deutschland GmbH (Germany);
- (f) Fitch Polska S.A. (Poland);
- (g) Fitch France (France);
- (h) Fitch Ratings Finansal, Dereclnirme Hizmetleri A.S. (Turkey);
- (i) Fitch Southern Africa PTY Limited (South Africa);
- (j) Fitch North Africa SA (Tunisia);
- (k) Fitch Argentina calificadora de riesgo S.A. (Argentina);
- (l) Fitch Uruguay calificadora de riesgo, S.A. (Uruguay);
- (m) Fitch Chile clasificadora de riesgo limitada (Chile);
- (n) Fitch Venezuela, sociedad calificadora de riesgo, S.A. (Venezuela);
- (o) Fitch Republica Dominicana S.R.L. (Dominican Republic);
- (p) Fitch Ratings (Thailand) Limited (Thailand);
- (q) PT Fitch Ratings Indonesia (Indonesia);
- (r) Fitch Ratings Espana S.A.U. (Spain); and
- (s) Fitch Ratings (Beijing) Limited (China);

(collectively, the “**Removed Affiliates**”).

Under the Process for Designation of Credit Rating Organizations in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission (the “**Commission**”) is the principal regulator (the “**Principal Regulator**”) for this application; and
- (b) the Filer has provided notice that Section 4B.6 of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut (the “**Passport Jurisdictions**”).

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 25-101 have the same meanings in this decision, unless otherwise defined herein.

**Representations**

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

*The Filer*

1. The Filer is a Delaware corporation with its principal office located at 33 Whitehall Street, New York, NY 10004, USA.
2. The Filer provides credit rating opinions, research and risk analysis to a broad range of financial institutions, corporate entities, government bodies and various structured finance product groups in North America, Europe, Africa, Australasia and South America.
3. The Filer is a wholly-owned subsidiary of Fitch Group, Inc., a Delaware corporation that is a wholly-owned subsidiary of Hearst Ratings II, Inc.
4. The Filer is a Nationally Recognized Statistical Rating Organization (“**NRSRO**”) regulated by the Securities and Exchange Commission (“**SEC**”), which includes related global offices that issue ratings under the Fitch Ratings global brand. Currently, the Filer, together with its affiliates (the “**Credit Rating Affiliates**”), rates more than 11,339 different companies and single-purpose vehicles that issue commercial paper, term debt and preferred shares in the global capital markets.
5. Fitch Ratings Ireland Limited (“**Fitch Ireland**”) is a company existing under the laws of Ireland and includes the branch offices of this Credit Rating Affiliate in France, Germany, Italy and Poland.
6. Fitch Ireland is a registered credit rating agency in the European Union. Fitch Ireland is a credit rating affiliate (as that term is defined in SEC Form NRSRO) of the Filer.
7. The Removed Affiliates (i) have ceased all rating activity, (ii) have ceased issuing credit ratings necessitating recognition under the Legislation or equivalent legislation of the Passport Jurisdictions or (iii) do not issue credit ratings.
8. On April 30, 2012, the Commission temporarily designated:
  - (a) the Filer as a designated rating organization under the Legislation, and
  - (b) certain affiliates of the Filer as DRO affiliates of the Filer (the “**April 2012 Designation**”).
9. The April 2012 Designation subsequently expired and was replaced by a permanent order dated October 31, 2012 (the “**October 2012 Designation**”).

10. The Filer was granted exemptive relief from certain aspects of NI 25-101 pursuant to an order granted by the Principal Regulator on October 31, 2012 (the “**Exemption Order**”).

*The Filer's Compliance with NI 25-101*

11. The Filer has established a board of directors (the “**Board**”) which, pursuant to the rules made under the *Securities Exchange Act of 1934* (“**1934 Act**”), oversees the management of the Filer, in accordance with its fiduciary responsibilities and standards established by law, including the following:

- (a) the establishment, maintenance, and enforcement of policies and procedures for determining credit ratings;
- (b) the establishment, maintenance, and enforcement of policies and procedures to address, manage and disclose any conflicts of interest;
- (c) the effectiveness of the Filer's internal control system with respect to policies and procedures for determining credit ratings; and
- (d) the compensation and promotion policies and practices of the Filer.

12. Section 15E of the 1934 Act establishes the regulatory framework for NRSROs. Subsection 15E(t) of the 1934 Act imposes a number of corporate governance requirements on NRSROs, including requirements that the NRSRO have a board of directors, that at least half (and no fewer than two) members meet prescribed independence criteria, that compensation for independent members satisfy certain conditions, that independent members be appointed for pre-agreed fixed and non-renewable terms not exceeding five years, and that the board fulfill certain prescribed responsibilities.

13. The Board has four members. As required by the 1934 Act, two members meet the independence criteria set out in subsection 15E(t)(2) (B) of the 1934 Act and at least one independent director is a user of ratings from an NRSRO. At least two members of the Board (including one independent member) have in-depth knowledge and experience at a senior level regarding the markets for structured finance products.

14. The Filer has elected to rely on the Board to satisfy the requirements and functions prescribed by Part 3 of NI 25-101 and sections 2.22 through 2.25 of Appendix A of NI 25-101.

15. The Board of the Filer complies with the composition requirements in section 8 of NI 25-101 and section 2.22 of Appendix A to NI 25-101.

16. Fitch Ireland has established a board of directors (the “**Ireland Board**”). The Ireland Board has four members. The Ireland Board includes two non-executive independent directors. At least two members of the Ireland Board (including one independent member) have in-depth knowledge and experience at a senior level regarding the markets for structured finance products.

17. The Ireland Board complies with the composition requirements in section 8 of NI 25-101 and section 2.22 of Appendix A to NI 25-101.

18. The Filer has adopted and implemented the Fitch Code of Conduct (the “**Fitch Code**”), which is designed to be substantially aligned with the International Organization of Securities Commissions Code of Conduct Fundamentals for Credit Rating Agencies (the “**IOSCO Code**”). The Fitch Code has been revised to, in part, satisfy the requirements of NI 25-101. Each of the DRO affiliates of the Filer is subject to the Fitch Code.

19. The Filer has also implemented a range of globally applicable policies, procedures, and guidelines, as well as operational and internal control infrastructures (the “**Global Policies**”) that are designed to achieve the objectives set out in the IOSCO Code and/or satisfy regulatory requirements that the Filer implements globally. The Global Policies satisfy the requirements of NI 25-101.

20. The Filer has adopted a File Maintenance and Recordkeeping Policy for Analysts (the “**Recordkeeping Policy**”) which establishes guidelines for the management, maintenance and orderly disposition of analytical records. Pursuant to the Recordkeeping Policy, personnel located in Canada comply with the books and records requirements set out in Part 6 of NI 25-101 and the books and records requirements set out in Part 6 of NI 25-101.

21. The Filer has appointed a compliance officer who monitors and assesses compliance by the Filer and its DRO employees with the Fitch Code and with applicable laws and regulations, and to fulfill the designated compliance officer functions prescribed by Part 5 of NI 25-101. The designated compliance officer has a direct reporting relationship to the Board of the Filer.

22. The Fitch Code and the Global Policies meet in all material respects the objectives of NI 25-101 and enable the Filer to:

- (a) accommodate the global nature of the Filer's operations;
- (b) implement high level principles that govern the conduct of the Filer's credit rating activities and underlying regulatory

requirements in the jurisdictions where the Filer conducts credit rating activities; and

- (c) maintain and enforce globally consistent policies, procedures and internal controls that meet specific jurisdictional requirements, in addition to those which are reflected in the Fitch Code.

23. The Filer is in compliance in all material respects with the October 2012 Designation, the Exemption Order, NI 25-101 and the securities legislation applicable to credit rating organizations in each jurisdiction in Canada and in any other jurisdiction in which the Filer or its credit rating affiliates operate.
24. The Filer is subject to the requirements set out in the Legislation and the securities legislation in each of the Passport Jurisdictions.
25. On October 31, 2011, Fitch Ireland was registered as a credit rating agency in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the European Council of 16 September 2009 on credit rating agencies.
26. The Credit Rating Affiliates listed in Appendix A to this Decision have been authorized, registered or otherwise regulated as a credit rating agency by a securities regulatory authority in the jurisdiction where they are located.

### Decision

The Principal Regulator is satisfied that this decision meets the test set out in the Legislation for the Principal Regulator to make this decision.

The decision of the Principal Regulator under the Legislation is that:

- (a) the October 2012 Designation is hereby revoked;
- (b) the Filer is designated as a Designated Rating Organization under the Legislation; and
- (c) the Credit Rating Affiliates listed in Appendix A to this Decision are designated as DRO affiliates.

“Tim Moseley”  
Vice-Chair  
Ontario Securities Commission

“Grant Vingoe”  
Chair  
Ontario Securities Commission

OSC File #: 2020/0579

### APPENDIX A

#### Credit Rating Affiliates of Fitch, Inc.

FITCH RATINGS LIMITED (England)  
FITCH RATINGS CIS LIMITED (England)  
FITCH RATINGS BRASIL LTDA (Brazil)  
FITCH MEXICO S.A. DE C.V. (Mexico)  
FITCH AUSTRALIA PTY LIMITED (Australia)  
FITCH RATINGS SINGAPORE PTE LTD (Singapore)  
FITCH (HONG KONG) LIMITED (Hong Kong)  
FITCH RATINGS JAPAN LIMITED (Japan)  
FITCH RATINGS IRELAND LIMITED (Ireland)

**B.2.5 J.P. Morgan Securities LLC – s. 38 of the CFA**

**Headnote**

Application for a ruling pursuant to section 38 of the Commodity Futures Act (CFA) granting relief from the dealer registration requirement set out in section 22 of the CFA in connection with acting as a clearing broker in Give-Up Transactions involving commodity futures contracts and options on commodity futures contracts on exchanges located in Canada (Canadian Futures) to, from or on behalf of Canadian institutional permitted clients (institutional investors) – relief limited to trades in Canadian futures for institutional permitted clients – relief subject to sunset clause.

**Statutes Cited**

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 38, 78.  
National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations, ss. 1.1, 8.18, 8.26.  
Ontario Instrument 32-507 (Commodity Futures Act) Exemptions for International Dealers, Advisers and Sub-Advisers (Interim Class Order).

May 12, 2022

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

**AND**

**IN THE MATTER OF  
J.P. MORGAN SECURITIES LLC  
(the Filer)**

**RULING  
(Section 38 of the CFA)**

**WHEREAS** on March 28, 2017, the Ontario Securities Commission (the **Commission**) made a ruling (the **Previous Decision**) pursuant to section 38 of the CFA exempting

- (a) the Filer from the dealer registration requirement set out in section 22 of the CFA in connection with providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving exchange-traded futures on exchanges located in Canada (**Canadian Futures**) to, from or on behalf of Institutional Permitted Clients (as defined below); and
- (b) an Institutional Permitted Client from the dealer registration requirement in the CFA in connection with receiving Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) in Canadian Futures from the Filer;

**AND WHEREAS** the Previous Decision was effective for a five-year period and terminated on March 28, 2022 (the **Termination Date**);

**AND WHEREAS** prior to the Termination Date, the Commission received an application from the Filer (the **Application**) pursuant to section 38 of the CFA for a ruling to extend the Termination Date for a five-year period and to make certain revisions to update the Filer's representations to the Commission (the **Ruling**);

**AND WHEREAS** for the purposes of the Ruling, "**Institutional Permitted Client**" shall mean a "permitted client" as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**), except for:

- (a) an individual,
- (b) a person or company acting on behalf of a managed account of an individual,
- (c) a person or company referred to in paragraph (p) of that definition, unless the person or company qualifies as a permitted client under another paragraph of that definition, or
- (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition;

and provided further that, for the purposes of the definition of “Institutional Permitted Client”, a reference in the definition of “permitted client” in section 1.1. of NI 31-103 to “securities legislation” shall be read as “securities legislation or Ontario commodity futures law, as applicable”;

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

**AND UPON** the Filer having represented to the Commission as follows:

1. The Filer is a limited liability company formed under the laws of the State of Delaware. Its head office is located at 383 Madison Avenue, New York, NY 10179, U.S. It is a direct wholly owned subsidiary of J.P. Morgan Broker-Dealer Holdings Inc., a Delaware corporation, and an indirect wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation.
2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**), a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant (**FCM**) with the U.S. Commodity Futures Trading Commission (**CFTC**), and a member of the U.S. National Futures Association (**NFA**).
3. The Filer is a member of major international securities and commodity futures exchanges and clearing houses, including but not limited to the NASDAQ, the NYSE, the CME Group Exchanges (including the Chicago Mercantile Exchange, the Board of Trade of the City of Chicago, the Commodities Exchange, the New York Mercantile Exchange), ICE Futures U.S., ICE Clear U.S., ICE Futures Europe, ICE Clear Europe and the Options Clearing Corporation.
4. In connection with its securities trading and advising activities, the Filer relies on the “international dealer exemption” under section 8.18 of NI 31-103 and the “international adviser exemption” under section 8.26 of NI 31-103 in the thirteen Canadian jurisdictions.
5. Subject to the Ruling requested as a consequence of the recent expiry of the Previous Decision, the Filer is not in default of securities legislation in any jurisdiction in Canada or under the CFA. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
6. J.P. Morgan Securities Canada Inc. (**JPMSCI**) is an affiliate of the Filer. JPMSCI is registered as an investment dealer in each of the provinces and territories of Canada, as a futures commission merchant in Ontario, as a derivatives dealer in Quebec, and is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
7. The Filer has been providing Clearing Broker Services (as defined below) in Give-Up Transactions (as defined below) involving Canadian Futures to, from, or on behalf of Institutional Permitted Clients in reliance on the Previous Decision since March 28, 2017. The Filer wishes to continue providing these services pursuant to the Ruling.
8. A **Give-Up Transaction** is a purchase or sale of futures contracts by a client that has an existing relationship with a clearing broker, but wishes to use the trade execution services of one or more other executing brokers for the purpose of executing such purchases or sales (**Subject Transactions**) on one or more markets. Under these circumstances, the executing broker executes the Subject Transactions as directed by the client and “gives up” such trades to the clearing broker for clearing, settlement, record-keeping, bookkeeping, custody and other administrative functions (**Clearing Broker Services**). The service provided by the executing broker is limited to trade execution only.
9. In a Give-Up Transaction, the clearing broker will maintain an account for the client that is administered in accordance with the terms and conditions of the account documentation of the clearing broker that has been signed by the client. The clearing broker will handle record keeping and collateral for the client. The client will not sign clearing account documentation with the executing broker, nor will the executing broker typically receive monies, margin or collateral directly from the client. Although the executing broker is responsible for its own record-keeping, bookkeeping, custody and other administrative functions (**Account Services**) in respect of its own clients, it does not, subject to any applicable regulatory requirements that may otherwise apply, provide Account Services for execution-only clients. Such Account Services remain the responsibility of the clearing broker. The clearing broker will have the primary relationship with the client and is contractually responsible for trade and risk monitoring as well as reporting trade confirmations and sending out monthly statements.
10. In order to enter into a Give-Up Transaction, a client will enter into a tri-party agreement, known as a “give-up agreement” (**Give-Up Agreement**), between an executing broker, a clearing broker, and the client. The Filer, as clearing broker, will generally use the *International Uniform Brokerage Execution Services (“Give-Up”) Agreement: Version 2017* (© Futures Industry Association Inc., 2017), as may be revised from time to time, as the Give-Up Agreement entered into with Institutional Permitted Clients.
11. Each party to the Give-Up Agreement, including the Filer as clearing broker, will represent in the Give-Up Agreement that it will perform its obligations under the Give-Up Agreement in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange or clearing house rules, regulations, interpretations, protocols and the customs and

usages of the exchange or clearing house on which the transactions governed by the Give-Up Agreement are executed and cleared, as in force from time to time.

12. In Ontario, an Institutional Permitted Client would place orders for Canadian Futures for execution on Canadian futures exchanges with an Ontario-registered FCM, which would then be cleared locally on the applicable Canadian futures exchange by that Ontario-registered FCM (if qualified to do so) or another clearing member of the applicable Canadian futures exchange. The executed trades would be placed into a client omnibus account maintained by the Filer with the clearing member of the applicable Canadian futures exchange that locally clears the trades, and the executed trades would be booked by the Filer to the futures account of the Ontario client maintained with the Filer for trading on exchanges globally. In this arrangement, the Ontario-registered FCM would be responsible for all client-facing interactions relating to the execution of the Canadian Futures.
13. In the case of a Montréal Exchange-listed futures contract, a member of the Canadian Derivatives Clearing Corporation (**CDCC**) would clear the trade on the Filer's behalf. Therefore, trade execution would be done by an Ontario-registered FCM, the positions would be held at CDCC by a CDCC member (which could be, but would not necessarily have to be, the executing broker) and given up to the Filer at which the Ontario Institutional Permitted Client maintains a clearing account. The Filer would then carry the resulting positions in an account maintained on its books by the Institutional Permitted Client, and the Filer would call for and collect applicable margin from the Institutional Permitted Client. The Filer, in turn, would remit the required margin to the CDCC member that cleared the trades. That CDCC member would then make the required margin payment(s) to CDCC.
14. In respect of holding client assets, in order to protect customers in the event of the insolvency or financial instability of the Filer, the Filer is required under U.S. law to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Filer and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the U.S. *Commodity Exchange Act (CEA)* and the rules promulgated by the CFTC thereunder (collectively, the **Approved Depositories**). The Filer is further required to obtain acknowledgements from any Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Filer's obligations or debts.
15. As a U.S. registered broker-dealer and FCM, the Filer is subject to regulatory capital requirements under the CEA and *Securities Exchange Act of 1934 (the 1934 Act)*, specifically CFTC Regulation 1.17 *Minimum Financial Requirements for Futures Commission Merchants and Introducing Brokers (CFTC Regulation 1.17)*, SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers (SEC Rule 15c3-1)* and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers (SEC Rule 17a-5)*. The Filer has elected to compute the minimum capital requirement in accordance with the alternative net capital requirement as permitted by SEC Rule 15c3-1 and CFTC Regulation 1.17. The Alternative Net Capital (**ANC**) method provides large broker-dealer / FCMs meeting specified criteria with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. Under the ANC method, the Filer must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.
16. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
17. SEC Rule 15c3-1 and CFTC Regulation 1.17 are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. The Filer is in compliance with SEC Rule 15c3-1 and in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
18. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 Financial and Operational Combined Uniform Single Report (the **FOCUS Report**), monthly with the CFTC, NFA, SEC and FINRA. The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)*. The FOCUS Report provides a net capital calculation and a comprehensive description of the business activities of the Filer. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the

books and records of the dealer. The Filer is up-to-date in its submission of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

19. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**). Subject to the eligibility criteria of SIPC, client assets held by the Filer in connection with its activities as a broker-dealer are insured by SIPC against loss due to insolvency in accordance with the Securities Investor Protection Act of 1970. There is no SIPC or similar insurance protection in connection with activities undertaken as a U.S. registered FCM.
20. The Filer is subject to CFTC Regulation 30.7 regarding cash, securities and other collateral that are deposited with a FCM or are otherwise required to be held for the benefit of its customers for margin futures and options on futures contracts traded on non-U.S. boards of trade, including Canadian Futures (**30.7 Customer Funds**). Accounts used to hold 30.7 Customer Funds must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers who are trading foreign (i.e. non-U.S.) futures and futures options.
21. 30.7 Customer Funds may not be commingled with the funds of any other person, including the carrying FCM, except that the carrying FCM may deposit its own funds into the account containing 30.7 Customer Funds in order to prevent the accounts of the customers from becoming under-margined. Each Approved Depository (except for a derivatives clearing organization with specified rules) is required to provide the depositing FCM with a written acknowledgment that the depository was informed that such funds held in the customer account belong to customers and are being held in accordance with the CEA and CFTC Regulations. Among other representations, the depository must acknowledge that it cannot use any portion of 30.7 Customer Funds to satisfy any obligations that the FCM may owe the depository. The types of investments permitted for 30.7 Funds are restricted by CFTC Regulation 30.7(h), which refers to the list of permitted investments set forth in CFTC Regulation 1.25. The FCM is required, on a daily basis, to compute and submit to regulatory authorities a statement of the amounts of 30.7 Customer Funds held by the FCM.
22. In the event of a FCM's bankruptcy, funds allocated to each account class (i.e., the customer segregated, 30.7 secured amount and cleared swaps customer account classes established pursuant to CFTC Regulations 1.20, 30.7 and 22.2, respectively) or readily traceable to an account class must be allocated solely to that customer account class. The U.S. Bankruptcy Code also provides that non-defaulting customers in an account class that has incurred a loss will share in any shortfall, pro rata. However, customers whose funds are held in another account class that has not incurred a loss will not be required to share in such shortfall.
23. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
24. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in material compliance with all applicable U.S. Margin Regulations.
25. Section 22 of the CFA provides that no person may trade in a commodity futures contract or a commodity futures option unless the person is registered as a dealer [*Futures Commission Merchant*], or as a representative of the dealer, or an exemption from the registration requirement is available. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may constitute trading in Canadian Futures.
26. The Filer's activities in providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients may also constitute trading in Canadian Futures by Institutional Permitted Clients. Institutional Permitted Clients may be unable to rely on the exemptions from the dealer registration requirement in the CFA because the Filer is not a registered dealer. Accordingly, the Filer is also seeking exemptive relief pursuant to the Ruling for Institutional Permitted Clients that receive Clearing Broker Services from the Filer.

27. The Filer believes that it would be beneficial to Institutional Permitted Clients in Ontario that trade in the international futures markets for the Filer to act as a clearing broker for both Canadian and non-Canadian futures for the Institutional Permitted Client because such an arrangement would enable the Institutional Permitted Client to benefit from significant efficiencies in collateral usage and consolidated reporting. Benefits would include single margin calls/payments, single wire transfer, ease of reconciliation, netting and cross product margining.
28. Clients may seek clearing services from the Filer in order to separate the execution of a trade from the clearing and settlement of a trade. This allows clients to use many executing brokers, without maintaining an active, ongoing clearing account with each executing broker. It also allows the client to consolidate the clearing and settlement of Canadian Futures in an account with the Filer.
29. The Filer does not dictate to its clients the executing brokers through which clients may execute trades. Clients are free to directly select their executing broker. Clients send orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits it to execute the trade for clients.
30. The Filer is a "market participant" as defined under subsection 1(1) of the CFA. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 14 of the CFA, which include the requirement to keep such books, records and other documents (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario commodity futures law, and (c) as may reasonably be required to demonstrate compliance with Ontario commodity futures laws, and to deliver such records to the Commission if required.

**AND UPON** the Commission being satisfied that it would not be prejudicial to the public interest to do so;

**IT IS RULED**, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirement set out in the CFA in connection with providing Clearing Broker Services in Give-Up Transactions involving Canadian Futures to, from or on behalf of Institutional Permitted Clients so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a FCM with the CFTC, engages in the business of an FCM in the U.S., and is registered as a broker-dealer under the securities legislation of the U.S. and engages in the business of a broker-dealer in the U.S.;
- (c) is a member firm of the NFA and FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and/or the CFTC and NFA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Clearing Broker Services in respect of Give-Up Transactions involving Canadian Futures to Institutional Permitted Clients in Ontario;
- (g) does not execute trades in Canadian Futures with or for Institutional Permitted Clients in Ontario, except as permitted under applicable Ontario securities or commodities futures laws;
- (h) does not require its clients to use specific executing brokers through which clients may execute trades;
- (i) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the Commission on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (j) submits audited financial statements to the Commission on an annual basis, within 90 days of the Filer's financial year end;
- (k) submits to the Commission immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (l) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 Fees; provided that, if the Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the IDE), by December 31st of each year, the Filer 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 OSC Rule 13-502 Fees as if the Filer relied on the IDE;

## B.2: Orders

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- (m) files in an electronic and searchable format with the Commission such reports as to any or all of its trading activities in Canada as the Commission may, upon notice, require from time to time;
- (n) pays the increased compliance and case assessment costs of the Commission due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the Commission;
- (o) has provided to each Institutional Permitted Client the following disclosure in writing:
  - (i) a statement that the Filer is not registered in Ontario to trade in Canadian Futures as principal or agent;
  - (ii) a statement that the Filer's head office or principal place of business is located in New York, New York, U.S.;
  - (iii) a statement that all or substantially all of the Filer's assets may be situated outside of Canada;
  - (iv) a statement that there may be difficulty enforcing legal rights against the Filer because of the above; and
  - (v) the name and address of the Filer's agent for service of process in Ontario; and
- (p) has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto.

This Decision will terminate on the earliest of:

- (i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA; and
- (ii) five years after the date of this Decision.

**AND IT IS FURTHER RULED**, pursuant to section 38 of the CFA, that an Institutional Permitted Client is not subject to the dealer registration requirement in the CFA in connection with trades in Canadian Futures when receiving Clearing Broker Services in Give-Up Transactions where the Filer acts in connection with trades in Canadian Futures on behalf of the Institutional Permitted Client from the Filer pursuant to the above ruling.

"Debra Foubert"  
Director, Compliance and Registrant Regulation  
Ontario Securities Commission

OSC File #: 2022/0149

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
7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
  - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
  - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
  - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

**B.2: Orders**

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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>**

## B.2.6 Refinitiv Benchmark Services (UK) Limited

### Headnote

Refinitiv Benchmark Services (UK) Limited (RBSL) is the designated benchmark administrator of the Canadian Dollar Offered Rate (CDOR), a designated critical benchmark and a designated interest rate benchmark. RBSL has provided notice that it has decided to cease publication of the remaining tenors of CDOR after a final publication on Friday, June 28, 2024 (the CDOR Cessation Date) and provided a plan regarding the cessation. RBSL requested that the decision maker issue a notice to RBSL under paragraph 27(2)(b) of MI 25-102 and paragraph 27(2)(b) of OSC Rule 25-501 authorizing the cessation by RBSL of the provision of the remaining tenors of CDOR on the CDOR Cessation Date. The requested authorization was granted.

### Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., s. 24.1.

Commodity Futures Act (Ontario), s. 21.5.

Multilateral Instrument 25-102 Designated Benchmarks and Designated Benchmark Administrators, ss. 27(1)(a), 27(1)(b) and 27(2)(b).

Ontario Securities Commission Rule 25-501 (Commodity Futures Act) Designated Benchmarks and Benchmark Administrators, ss. 27(1)(a), 27(1)(b) and 27(2)(b).

### NOTICE

**TO: REFINITIV BENCHMARK SERVICES (UK) LIMITED**

### Background

The following documentation has been received from Refinitiv Benchmark Services (UK) Limited (**RBSL**) as the designated benchmark administrator of the Canadian Dollar Offered Rate (**CDOR**), a designated benchmark, under the *Securities Act* (Ontario) (the **OSA**) and the *Commodity Futures Act* (Ontario) (the **CFA**):

- (a) a notice from RBSL under paragraph 27(1)(a) of Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (**MI 25-102**) and paragraph 27(1)(a) of Ontario Securities Commission Rule 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators* (**OSC Rule 25-501**) that RBSL has decided to cease publication of the remaining tenors of CDOR after a final publication on Friday, June 28, 2024 (the **CDOR Cessation Date**),
- (b) a plan from RBSL under paragraph 27(1)(b) of MI 25-102 and paragraph 27(1)(b) of OSC Rule 25-501 on how the remaining tenors of CDOR can cease to be provided on the CDOR Cessation Date, and
- (c) a request from RBSL that the decision maker issue a notice to RBSL under paragraph 27(2)(b) of MI 25-102 and paragraph 27(2)(b) of OSC Rule 25-501 authorizing the cessation by RBSL of the provision of the remaining tenors of CDOR on the CDOR Cessation Date.

### Interpretation

Terms defined in the OSA, the CFA, National Instrument 14-101 *Definitions*, MI 25-102 or OSC Rule 25-501 have the same meanings in this notice, unless otherwise defined herein.

### Relevant information

1. On September 15, 2021, the Ontario Securities Commission issued a designation order, pursuant to section 24.1 of the OSA and section 21.5 of the CFA:
  - (a) designating CDOR as a designated benchmark,
  - (b) assigning CDOR as a designated critical benchmark and a designated interest rate benchmark for the purposes of MI 25-102 and OSC Rule 25-501, and
  - (c) designating RBSL as a designated benchmark administrator of CDOR.
2. CDOR is a key domestically important interest rate benchmark that is currently published in tenors of 1, 2 and 3 months. CDOR is used for a variety of purposes, including to:
  - (a) calculate the floating-rate component of certain over-the-counter and exchange-traded derivatives,

## B.2: Orders

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- (b) determine interest payments on certain floating-rate notes and other securities, and
  - (c) determine the base interest rate on certain loan agreements between corporate borrowers and banks.
3. Significant reliance is placed by market participants on CDOR, which is used in various financial instruments. According to the CARR White Paper (defined below), CDOR is referenced in more than \$20 trillion of gross notional exposure across the Canadian wholesale financial system, including derivatives, bonds and loans.
4. CDOR is determined daily from a survey of bid-side rates provided by Canadian financial institutions that routinely accept Bankers' Acceptances (**BAs**) issued by borrowers and are market-makers in BAs either directly or through an affiliate.
5. On December 16, 2021, the Canadian Alternative Reference Rate Working Group (**CARR**) published a white paper on the future of CDOR (the **CARR White Paper**). Among other things, the CARR White Paper recommended that CDOR be discontinued over a two-stage transition period as follows:
- (a) the first stage would run until the end of June 2023, and the second and final stage would run until the end of June 2024,
  - (b) by the end of the first stage, all new derivative contracts and securities would be expected to transition to using an alternative rate like the Canadian Overnight Repo Rate Average (**CORRA**), with no new CDOR exposure after that date except with limited exceptions, and
  - (c) those exceptions would include derivatives that hedge or reduce CDOR exposures of derivatives or securities transacted before the end of June 2023 or in loan agreements transacted before the end of June 2024.
6. The findings and recommendation in the CARR White Paper reflect global efforts to move from interbank offered rates like CDOR to risk-free rates like CORRA. The Bank of Canada is the administrator of CORRA. CARR is co-chaired by senior representatives from industry and the Bank of Canada.
7. The two-stage transition period contemplated by the CARR White Paper will provide market participants with time to transition from CDOR to an alternative rate like CORRA and time to consider various transition issues. In this regard, CARR adopted revised terms of reference effective February 17, 2022 which provide that CARR's primary objectives will be to:
- (a) support the adoption of, and transition to, CORRA as a key financial benchmark for Canadian derivatives, floating rate securities and loans,
  - (b) prepare a comprehensive transition plan for all products referencing CDOR,
  - (c) determine the need for a forward-looking "term CORRA" benchmark as well as the ability to create one that complies with the IOSCO Principles for Financial Benchmarks (the intended use of any term CORRA benchmark would be limited to CDOR based loan products and their associated derivatives), and
  - (d) execute the transition plan if RBSL makes the determination that CDOR's publication should cease.
- OSC staff understand that CARR and the Canadian Fixed Income Forum will also be considering issues relating to the cessation of CDOR on the underlying market for BAs. In order to further these objectives, CARR's membership will be expanded to include more representation from Canada's corporate and commercial sectors and smaller financial institutions.
8. On January 31, 2022, RBSL published a consultation paper seeking feedback regarding the CARR White Paper findings and recommendation that RBSL ceases publication of the remaining tenors of CDOR at the end of June 2024 (the **RBSL Consultation Paper**). The comment period under the RBSL Consultation Paper was open until March 2, 2022.
9. RBSL intends to publish on or about May 16, 2022,
- (a) an outcome statement on the results of the consultation under the RBSL Consultation Paper (the **RBSL Outcome Statement**),
  - (b) a notice announcing that RBSL will cease publication of the remaining tenors of CDOR on the CDOR Cessation Date (the **RBSL Cessation Notice**), and
  - (c) a news release on these documents.

RBSL has advised OSC staff of the content of the RBSL Outcome Statement and the RBSL Cessation Notice.

## B.2: Orders

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10. A fallback is a replacement rate that would apply to securities, derivatives, or loan agreements that use CDOR as a reference rate. The publication of the RBSL Cessation Notice will constitute an “index cessation event” under the ISDA 2020 IBOR Fallbacks Supplement, the ISDA 2020 IBOR Fallbacks Protocol and CARR’s recommended fallback language for floating rate notes. In particular, the RBSL Cessation Notice will trigger the credit spread adjustment calculation under ISDA’s derivative CDOR fallbacks, as well as CARR’s recommended CDOR floating rate note fallbacks. The actual fallbacks would only apply once CDOR is no longer published.
11. When preparing contractual provisions for new instruments that will extend, or might extend, past the CDOR Cessation Date, publication of the RBSL Cessation Notice will allow market participants to consider the use of a replacement rate if they were planning to use CDOR as a reference rate.
12. For persons or companies that have issued or hold existing securities, or that are parties to existing derivatives or loan agreements, which use CDOR as a reference rate and that extend, or might extend, past the CDOR Cessation Date, publication of the RBSL Cessation Notice will allow market participants to take appropriate action. For example, these persons or companies will be able to make plans for appropriate transition arrangements well in advance of the CDOR Cessation Date. These transition arrangements could involve:
  - (a) reviewing the fallback language or other contractual provisions for securities, derivatives and loan agreements that would apply when CDOR ceases to be published,
  - (b) the adoption of a replacement rate in the absence of appropriate fallback language providing for a replacement rate,
  - (c) changes to information technology systems, and
  - (d) in the case of issuers of securities, the disclosure of any replacement rate or other key transition arrangements to investors.

### Authorization

Pursuant to paragraph 27(2)(b) of MI 25-102 and paragraph 27(2)(b) of OSC Rule 25-501, the cessation by RBSL of the provision of the remaining tenors of CDOR on the CDOR Cessation Date is authorized.

Dated this 16th day of May, 2022.

“Grant Vingoe”  
Chief Executive Officer  
Ontario Securities Commission

OSC File #: 2022/0229

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## B.3 Reasons and Decisions

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### B.3 Reasons and Decisions

#### B.3.1 Columbia Care Inc.

##### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – application for relief from requirement to obtain separate minority approval from the filer’s common shares and proportionate voting shares, each voting separately as a class – classes intended to be identical, but for proportionate rights – no difference of interest between holders of each class of shares in connection with the proposed business combination transaction, different classes are not affected in a differing way – safeguards include independent committee, fairness opinions, approval of the Court – applicable corporate statute and filer’s constating documents provide that shareholders will vote as a single class other than in certain circumstances which are not present in connection with the proposed transaction.

##### Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 8.1(1) and 9.1(2).

May 11, 2022

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  
COLUMBIA CARE INC.  
(the “Filer”)

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) exempting the Filer, pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), from the requirement in subsection 8.1(1) of MI 61-101 to obtain minority approval for the Arrangement (as defined below) from the holders of every class of affected securities of the Filer voting separately as a class, and requiring instead that minority approval be obtained from all Disinterested Shareholders (as defined below) voting together as single class (the “**Exemption Sought**”).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut.

### **Interpretation**

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, and MI 61-101 have the same meaning if used in this decision, unless otherwise defined.

### **Representations**

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

1. The Filer is a corporation validly existing under the *Business Corporations Act* (British Columbia) ("**BCBCA**") and is in good standing.
2. The registered office address of the Filer is 666 Burrard St., #1700, Vancouver, British Columbia, Canada, V6C 2X8. The head office address of the Filer is 680 Fifth Ave., 24th Floor, New York, New York, 10019, United States of America.
3. The Filer is a reporting issuer in all of the provinces and territories of Canada other than Québec and is not in default of its obligations under the securities legislation in any of those jurisdictions.
4. The Filer is engaged primarily in the production and sale of cannabis as regulated by the regulatory bodies and authorities of the jurisdictions in which it operates.
5. The authorized share capital of the Filer consists of (a) an unlimited number of common shares, carrying one (1) vote per share (the "**Common Shares**"), (b) an unlimited number of proportionate voting shares, carrying one hundred (100) votes per share (the "**PV Shares**" and together with the Common Shares, the "**Filer Shares**"), and (c) an unlimited number of preferred shares (the "**Preferred Shares**").
6. As at May 3, 2022:
  - (a) the outstanding share capital of the Filer consisted of 383,560,081 Common Shares, 136,410.48 PV Shares, and nil Preferred Shares; and
  - (b) the Common Shares represent approximately 96.57% of the aggregate voting rights attached to the Filer Shares, and the PV Shares represent approximately 3.43% of the aggregate voting rights attached to the Filer Shares.
7. The sole reason the PV Shares were initially created was to help ensure that the Filer maintained its "Foreign Private Issuer" status under United States securities laws.
8. The Filer became a registrant with the United States Securities and Exchange Commission (the "**SEC**") on March 31, 2022 and is no longer a "Foreign Private Issuer" as defined in Rule 3b-4 under the *United States Securities Exchange Act of 1934*. Accordingly, the difference between the PV Shares and Common Shares is entirely administrative.
9. The holders of the Common Shares and PV Shares have the same rights and obligations, and no holder of Filer Shares is entitled to any privilege, priority or preference in relation to any other such holder, subject to the following:
  - (a) The Common Shares may at any time, at the option of the holder thereof and with the consent of the Filer, be converted into PV Shares on the basis of one (1) Common Share for one one-hundredth (0.01) of a PV Share.
  - (b) The PV Shares may at any time, at the option of the holder thereof, be converted into Common Shares on the basis of one hundred (100) Common Shares for one (1) PV Share, with fractional PV Shares convertible into Common Shares on the same ratio. If the board of directors of the Filer (the "**Board**") determines that it is no longer advisable to maintain the PV Shares as a separate class of shares, then the PV Shares shall be converted into Common Shares on the basis of one hundred (100) Common Shares for one (1) PV Share, with fractional PV Shares convertible into Common Shares on the same ratio.
  - (c) Subject to the preferences accorded to the holders of the Preferred Shares, each PV Share is entitled to dividends if, as and when dividends are declared by the Board, with each PV Share being entitled to one hundred (100) times the amount paid or distributed per Common Share (or, if a stock dividend is declared, each PV Share shall be entitled to receive the same number of PV Shares per PV Share as the number of Common Shares entitled to be received per Common Share), and fractional PV Shares will be entitled to the applicable fraction thereof, and otherwise without preference or distinction among or between the Filer Shares.
  - (d) Subject to the preferences accorded to the holders of the Preferred Shares, in the event of the liquidation, dissolution or winding-up of the Filer, the holders of Shares are entitled to participate in the distribution of the remaining property and assets of the Filer, with each PV Share being entitled to one hundred (100) times the

amount distributed per Common Share and fractional PV Shares will be entitled to the applicable fraction thereof, and otherwise without preference or distinction among or between the Filer Shares.

- (e) The holders of the Filer Shares are entitled to receive notice of, attend and vote at any meeting of shareholders of the Filer, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the BCBCA.
  - (f) The Common Shares will carry one (1) vote per share and the PV Shares will carry one hundred (100) votes per share. Fractional PV Shares will be entitled to the number of votes calculated by multiplying the fraction by one hundred (100).
  - (g) The rights, privileges, conditions and restrictions attaching to the Filer Shares may be modified if the amendment is authorized by not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of the Filer Shares duly held for that purpose. However, if the holders of PV Shares, as a class, or the holders of Common Shares, as a class, are to be affected in a manner materially different from such other class of Filer Shares, the amendment must, in addition, be authorized by not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of the holders of the class of shares which is affected differently.
  - (h) No subdivision or consolidation of the Common Shares or PV Shares may be carried out unless, at the same time, the shares of the other class are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each such class of Filer Shares.
  - (i) In addition to the conversion rights described above, if an offer ("**Offer**") is made for PV Shares where: (i) by reason of applicable securities legislation or stock exchange requirements, the offer must be made to all holders of the class of PV Shares; and (ii) no equivalent offer is made for the Common Shares, the holders of Common Shares shall have the right, at their option, to convert their Common Shares into PV Shares for the purposes of allowing the holders of the Common Shares to tender to the Offer.
  - (j) In the event that holders of Common Shares are entitled to convert their Common Shares into PV Shares in connection with an Offer, holders of an aggregate of Common Shares of less than one hundred (100) (an "**Odd Lot**") will be entitled to convert all but not less than all of such Odd Lot of Common Shares into an applicable fraction of one (1) PV Share, provided that such conversion into a fractional PV Share will be solely for the purpose of tendering the fractional PV Share to the Offer in question and that any fraction of a PV Share that is tendered to the Offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Common Shares that existed prior to such conversion.
10. By their terms, the PV Shares and Common Shares were intended to be identical, but for the proportionate (a) voting rights, (b) dividend rights, (c) participation rights on liquidation, dissolution or winding-up, and (d) conversion privileges, as outlined in paragraph 9 above.
  11. For accounting purposes, there is no distinction between the Common Shares and PV Shares, which are treated as if they were shares of one class only. All Filer Shares are treated as Common Share capital and presented in the aggregate in shareholders' equity as share capital on the Filer's consolidated statement of financial position.
  12. The voting power of the Common Shares, relative to the dividend, distribution and liquidation entitlements of the Common Shares is proportionate to the voting power of the PV Shares, relative to the dividend, distribution and liquidation entitlements of the PV Shares. Accordingly, the predecessor to the Filer (Canaccord Genuity Growth Corp.) received a decision from the Ontario Securities Commission (the "**OSC**") on March 1, 2019 to, among other things, exempt the Filer from the requirement to use restricted share terms and provide restricted share disclosure in respect of the Common Shares (the "**2019 Relief**"). The Filer continues to satisfy the conditions of the 2019 Relief.
  13. Cresco Labs Inc. ("**Cresco**") is a corporation validly existing under the BCBCA and is in good standing.
  14. The registered office address of Cresco is 666 Burrard St., #2500, Vancouver, British Columbia, Canada, V6C 2X8. The head office address of Cresco is 400 W Erie St., #110, Chicago, Illinois, 60654, United States of America.
  15. Cresco is a reporting issuer in all of the provinces and territories of Canada, and is not in default of its obligations under the securities legislation in any of those jurisdictions.
  16. On March 23, 2022, the Filer entered into an arrangement agreement (the "**Arrangement Agreement**") with Cresco pursuant to which the Filer agreed to complete an arrangement under the BCBCA, which, subject to the terms and conditions of the Arrangement Agreement, will result in, among other things, Cresco acquiring, following the conversion of all PV Shares into Common Shares in accordance with the terms of the Filer's Articles (the "**Articles**"), all of the outstanding Common Shares (other than the Filer Shares in respect of which dissent rights are validly exercised) and issuing to each holder of Common Shares 0.5579 of a subordinate voting share in the capital of Cresco (each whole

share, a “**Cresco Share**”) for each Common Share held, subject to adjustment as set out in the Arrangement Agreement (the “**Arrangement**”).

17. At the time the Arrangement was agreed to, Cresco was not a related party of the Filer.
18. The Arrangement is a business combination for the purposes of MI 61-101 and is therefore subject to the applicable requirements of MI 61-101, on the basis that Nicholas Vita, the Chief Executive Officer of the Filer, and thus, a related party, is entitled to receive a collateral benefit as a consequence of the Arrangement. As a business combination, approval for the Arrangement is required to be obtained from a majority of votes cast by holders of each class of Filer Shares, in each case voting separately as a class, excluding the votes attached to Filer Shares, beneficially owned, or over which control or direction is exercised, by any party specified in subsection 8.1(2) of MI 61-101 (such voting shareholders, the “**Disinterested Shareholders**”) at a shareholder meeting to be held by the Filer. The Disinterested Shareholders consist of the holders of Common Shares and PV Shares, with the exception of Nicholas Vita. In aggregate, Nicholas Vita holds approximately 9.58% of the Common Shares on a diluted basis assuming the conversion of all PV Shares into Common Shares.
19. MI 61-101 was adopted to ensure the fair treatment of all security holders and the perception of such in the context of insider bids, issuer bids, business combinations and related party transactions.
20. The approval of the Arrangement is subject to a number of mechanisms to ensure that the collective interests of the holders of Filer Shares are protected, including the following:
  - (a) the Arrangement is structured as an arrangement to be carried out in accordance with Division 5 of Part 9 of the BCBCA and requires, among other things, (i) the approval of a special resolution in respect of the Arrangement by two-thirds of the votes cast by holders of Filer Shares, voting together as a single class, at a special meeting of shareholders of the Filer, and (ii) following receipt of such shareholder approval, the approval the Arrangement by the Supreme Court of British Columbia (the “**Court**”);
  - (b) an interim order of the Court pursuant to section 288 of the BCBCA (the “**Interim Order**”) providing for the manner in which the Filer will call, hold and conduct a special meeting of shareholders in respect of the Arrangement;
  - (c) the preparation and delivery by the Filer to its shareholders of a management information circular (the “**Information Circular**”) in accordance with applicable securities law requirements and the Interim Order that will provide shareholders with sufficient information to enable them to make an informed decision in respect of the Arrangement;
  - (d) the requirement that the Arrangement receive approval from a majority of votes cast by the Disinterested Shareholders voting together as a single class (each Common Share carrying one (1) vote and each PV Share carrying one hundred (100) votes);
  - (e) the creation of a special committee of independent directors (the “**Special Committee**”) whose mandate included negotiating the Arrangement and making a recommendation regarding the Arrangement and who unanimously determined that the Arrangement is in the best interests of the Filer and is fair and reasonable to holders of Filer Shares;
  - (f) the Board having unanimously determined that the Arrangement is in the best interests of the Filer and is fair and reasonable to holders of Filer Shares;
  - (g) the Board and Special Committee having obtained fairness opinions from Canaccord Genuity Corp. (the “**Canaccord Fairness Opinion**”) and ATB Capital Markets Inc. (the “**ATB Fairness Opinion**”, and collectively with the Canaccord Fairness Opinion, the “**Fairness Opinions**”), respectively, stating that, as of the date of the opinion and subject to the assumptions, limitations, and qualifications on which such opinion is based, the consideration to be received by holders of Filer Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of Filer Shares;
  - (h) a right of dissent for the benefit of the holders of Filer Shares, including Disinterested Shareholders; and
  - (i) the Arrangement is the result of extensive arm's length negotiations among representatives of the Filer and Cresco and their respective legal and financial advisors; (the measures described in paragraphs 20(a) through (i), together, the “**Safeguard Measures**”).
21. The Special Committee and the Board are each of the view that the Safeguard Measures are the optimal mechanisms to ensure that the public interest is well protected and that holders of Filer Shares are treated fairly and in accordance with their voting and economic entitlements under the Articles.

22. Under the BCBCA, there is no entitlement to separate class votes with respect to the approval of the Arrangement.
23. The Articles provide that (a) the holders of Common Shares are entitled to vote at all meetings of shareholders of the Filer except a meeting at which only the holders of another class or series of shares is entitled to vote, and (b) the holders of PV Shares are entitled to vote at all meetings of shareholders of the Filer at which holders of Common Shares are entitled to vote. In the case of Common Shares and PV Shares, as the case may be, the Articles require a separate special resolution of the holders of Common Shares or PV Shares, as the case may be, only when the Articles are being altered or amended in a way that would either (i) prejudice or interfere with any right or special right attached to the Common Shares or the PV Shares, as the case may be, or (ii) affect the rights or special rights of the holders of Common Shares and PV Shares on a per share basis which differs from the basis of one (1) per share in the case of Common Shares, and one hundred (100) per share in the case of the PV Shares. The Filer has determined that under the Articles, there is no entitlement to separate class votes with respect to the approval of the Arrangement, and the holders of PV Shares are entitled to vote with the Common Shares as a single class in respect of the approval of the Arrangement.
24. Separate class votes by the holders of Filer Shares would have the effect of granting disproportionate importance to one class of Filer Shares over another. Despite the fact that the PV Shares held by Disinterested Shareholders would represent approximately 4.33% of the total votes of Disinterested Shareholders on an aggregate basis, holders of PV Shares, as a separate class, would be entitled to a veto right in respect of the Arrangement that could be exercised against all other Disinterested Shareholders. Such an outcome would not be in accordance with the reasonable expectations of the holders of Filer Shares.
25. On April 29, 2022, the Filer issued a press release that included disclosure that it had made an application to the OSC for the Exemption Sought, which would allow the Filer to obtain minority approval for the Arrangement from the Disinterested Shareholders voting together as a single class, as opposed to the holders of Common Shares and PV Shares each voting separately as a class.

**Decision**

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the following mechanisms are implemented and remain in place:

- (a) a special meeting of the holders of Filer Shares is held in order for the Disinterested Shareholders of the Filer to consider and, if deemed advisable, approve the Arrangement, such approval to be obtained with the Disinterested Shareholders of the Filer voting together as a single class of the Filer;
- (b) the Information Circular is prepared and delivered by the Filer to its shareholders in accordance with applicable securities law requirements; and
- (c) the Fairness Opinions are included in their entirety in the Information Circular.

“Jason Koskela”  
Director, Office of Mergers & Acquisitions  
Ontario Securities Commission

### B.3.2 CIBC Asset Management Inc.

#### Headnote

National Policy 11-203 – Process for Exemptive Relief applications in Multiple Jurisdictions – relief granted from short selling restrictions in National Instrument 81-102 Investment Funds to permit alternative mutual funds to short sell “government securities” up to 300% of their net asset value in connection with the fund’s investment strategies – relief subject to conditions.

#### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.6.1(1)(c)(v), 2.6.2 and 19.1.

May 12, 2022

**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  
CIBC ASSET MANAGEMENT INC.  
(the Filer)**

**DECISION**

#### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of CIBC Alternative Credit Strategy (the **Initial Fund**) of which the Filer will be the investment fund manager, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Initial Fund and any alternative mutual funds for which the Filer or an affiliate of the Filer acts as investment fund manager and which employ short selling strategies similar to the Initial Fund (the **Future Funds** and together with the **Initial Fund**, the **Funds** or individually, a **Fund**) from the following provisions of National Instrument 81-102 *Investment Funds* (NI 81-102) in order to permit each Fund to short sell “government securities” as that term is defined in NI 81-102, up to a maximum of 300% of a Fund’s net asset value (**NAV**) (the **Exemption Sought**):

- (a) subparagraph 2.6.1(1)(c)(v) of NI 81-102, which restricts a Fund from selling a security short if, at the time, the aggregate market value of the securities sold short by the Fund exceeds 50% of the Fund’s NAV; and
- (b) section 2.6.2 of NI 81-102, which states that a Fund may not borrow cash or sell securities short if, immediately after entering into a cash borrowing or short selling transactions, the aggregate value of cash borrowed combined with the aggregate market value of the securities sold short by the Funds would exceed 50% of the Fund’s NAV.

(collectively, the **Short Selling Restrictions**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that paragraph 4.7(1)(c) of Multilateral Instrument 11-102 Passport System (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

#### Interpretation

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

## **Representations**

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

### ***The Filer***

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Toronto, Ontario.
2. The Filer will be the investment fund manager, trustee and portfolio manager of the Initial Fund. The Filer or an affiliate of the Filer, will be the investment fund manager and portfolio manager of the Future Funds.
3. The Filer is registered as: (i) a portfolio manager in all Jurisdictions; (ii) an investment fund manager in Ontario, Québec and Newfoundland and Labrador; (iii) a commodity trading manager in Ontario; and (iv) a derivative portfolio manager in Québec.
4. The Filer is not in default of securities legislation in any Jurisdiction.

### ***Funds***

5. Each Fund will be organized as a trust established under the laws of the Province of Ontario.
6. Each Fund will be an "alternative mutual fund" to which NI 81-102 applies, subject to any exemptions therefrom that may be granted by the applicable securities regulatory authorities.
7. The Filer has filed a preliminary simplified prospectus dated April 11, 2022 to qualify for sale securities of the Initial Fund in each of the Jurisdictions.
8. Securities of the Future Funds will be offered by a prospectus, fund facts and, in certain instances, ETF facts, filed in the Jurisdictions and, accordingly, each Future Fund will be a reporting issuer in the Jurisdictions.
9. The Initial Fund's investment objective is to provide a positive total net return over a full market cycle, regardless of general market direction, by investing primarily in long and short positions in North American corporate and government fixed-income securities.
10. The Initial Fund may use leverage. Leverage may be created through the use of short sales, cash borrowings, and/or derivatives. The Initial Fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in the simplified prospectus or as otherwise permitted under applicable securities legislation.
11. The investment objective of each Future Fund will differ but, in each case, key investment strategies which may be utilized by a Fund will include short selling strategies similar to the Initial Fund.

### **The Short Hedging Strategy**

12. An important investment strategy expected to be used by the Initial Fund will be to enter into long positions primarily in corporate bonds while hedging the interest rate risk of those bonds by taking short positions in government bonds (the **Short Hedging Strategy**). The Short Hedging Strategy is effective because there is a high degree of correlation between the movement of government and corporate fixed income securities caused by changes in interest rates, creating a hedge against losses in the value of the long corporate position. This relationship is a fundamental part of the fixed-income market such that dealers quote the price of corporate bond based on the incremental yield of the corporate bonds over an equivalent term government bond.
13. Ultimately, the Exemption Sought would allow the Initial Fund to effectively manage the portfolio's duration risk while increasing potential returns.
14. The Filer is of the view that it would be in the Funds' best interest to permit the Funds to physically short sell government securities, up to 300% of the Fund's NAV, instead of being limited to achieve the same degree of leverage through either specified derivatives alone, or a combination of physical short selling and specified derivatives, for the following reasons:
  - (a) While derivatives can be used to create similar investment exposure as the Short Hedging Strategy up to 300% of the Fund's NAV, the use of derivatives is less effective, is more complex, and is riskier than the Short Hedging Strategy. Derivatives typically provide credit exposure that is less targeted than the Short Hedging Strategy with a longer duration that increases risk, often without commensurately higher returns. In addition, implementing derivatives strategies necessitates incremental transactional steps. These steps increase both operational risk and counterparty risk, as well as cost.

- (b) The risk of covering short government securities positions in a rising market is largely mitigated by several factors: (i) the strong correlation between the government security sold short and the corporate fixed income security held long by the Fund which provides a hedge against short cover risk; (ii) government securities are highly liquid and more than one issuance of government securities can be used to hedge interest rate risk; (iii) government securities have markedly lower price volatility than equity securities; (iv) unlike equity securities, government securities have an effective upper value limit; and (v) financial institutions that facilitate short selling are regulated and implement effective risk controls on short sellers.

**Generally**

- 15. The Future Funds will employ an investment strategy similar to the Short Hedging Strategy in that each Future Fund will contemplate short selling government securities concurrently with investing in levered long positions primarily in corporate fixed income securities.
- 16. The only securities sold short by the Funds in excess of 50% of a Fund's NAV will be "government securities" as such term is defined in NI 81-102. The Funds will otherwise comply with the provisions governing short selling by an alternative mutual fund under sections 2.6.1 and 2.6.2 of NI 81-102.
- 17. Each Fund's aggregate exposure to short selling, cash borrowing and specified derivatives transactions will not exceed the 300% of the Fund's NAV, in compliance with section 2.9.1 (the **Aggregate Leverage Limit**).
- 18. Each Fund will implement the following controls when conducting a short sale:
  - (a) the Fund will assume the obligation to return to the borrowing agent (as defined in NI 81-102) the securities borrowed to effect the short sale;
  - (b) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
  - (c) the Filer will monitor the short positions of the Fund at least as frequently as daily;
  - (d) the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect a short sale transaction is made in accordance with section 6.8.1 of NI 81-102 and will otherwise be made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transaction;
  - (e) the Fund will maintain appropriate internal controls regarding short sales, including written policies and procedures for the conduct of short sales, risk management controls and proper books and records; and
  - (f) the Filer and the Fund will keep proper books and records of short sales and all of its assets deposited with borrowing agents as security.
- 19. Each Fund's prospectus (the **Prospectus**) will contain adequate disclosure of the Fund's short selling activities, including material terms of the Exemption Sought.

**Decision**

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

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

- 1. The only securities which a Fund will sell short in an amount that exceeds 50% of the Fund's NAV will be securities that meet the definition of a "government security" as that term is defined in NI 81-102;
- 2. Each short sale made by a Fund will otherwise comply with all of the short sale requirements applicable to alternative mutual funds in sections 2.6.1 and 2.6.2 of NI 81-102;
- 3. A Fund's aggregate exposure to short selling, cash borrowing and specified derivatives will not exceed the Aggregate Leverage Limit;
- 4. Each short sale will be made consistent with the Fund's investment objectives and investment strategies; and

### B.3: Reasons and Decisions

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5. The Fund's Prospectus will disclose that the Fund is able to short sell "government securities" (as defined in NI 81-102) in an amount up to 300% of the Fund's NAV, including the material terms of this decision.

"Darren McKall"

Manager

Investment Funds and Structured Products

Ontario Securities Commission

Application File #: 2022/0217

SEDAR Project #: 3375038

### B.3.3 J.P. Morgan Securities LLC

#### Headnote

U.S. registered broker-dealer exempted from the dealer registration requirement in subsection 25(1) of the Act to permit its provision of certain prime brokerage services (which do not include the execution of trades) – Exemption limited to trades in “Canadian securities” (which the decision defines as a security that is not a “foreign security” as that term is defined in subsection 8.18(1) of NI 31-103) for certain (institutional) permitted clients – Exemption is subject to a 5-year sunset clause.

#### Applicable Legislative Provisions

##### Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 19, 19(1), 19(2), 25(1), 74(1).

##### Instruments Cited

Multilateral Instrument 11-102 Passport System, ss. 4.4(c), 4.7, 4.7(1).

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.5, 8.18, 8.18(1), 8.18(2), 8.21, Form 31-103F1 Calculation of Excess Working Capital.

National Instrument 81-102 Investment Funds, Part 6.

Ontario Securities Commission Rule 13-502 Fees.

May 12, 2022

**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  
J.P. MORGAN SECURITIES LLC  
(the Filer)**

**DECISION**

#### Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the dealer registration requirement under section 25(1) of the *Securities Act* (Ontario) (the **Act**) in respect of Prime Services (as defined below) relating to Canadian securities (as defined below) that are provided in Canada to Institutional Permitted Clients (as defined below) (the **Exemption Sought**).

The principal regulator granted similar relief to the Filer in a decision dated February 16, 2017, subject to a five-year sunset clause (the **Previous Decision**). The Previous Decision expired on February 16, 2022 (the **Termination Date**).

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

- (a) the Ontario Securities Commission (**OSC**) is the principal regulator for this Application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada in which the Filer relies on the exemption found in section 8.18 [*International dealer*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) other than the province of Alberta (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

### **Interpretation**

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

For the purposes of this decision, the following terms have the following meanings:

“**Canadian security**” means a security that is not a foreign security;

“**foreign security**” has the meaning ascribed to that term in subsection 8.18(1) of NI 31-103;

“**Institutional Permitted Client**” shall mean a “permitted client” as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as a permitted client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as a permitted client under another paragraph of that definition.

“**Prime Services**” means any of the following: (a) settlement, clearing and custody of trades, client cash and securities positions; (b) financing of long inventory; (c) lending and delivering securities on behalf of a client pursuant to a margin agreement to facilitate client short sales; (d) securities borrowing and/or lending pursuant to a securities lending agreement; (e) asset servicing, and (f) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities;

“**Prime Services Clients**” means an Institutional Permitted Client to whom the Filer provides Prime Services in the Jurisdictions in respect of Canadian securities in addition to foreign securities.

### **Representations**

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

1. The Filer is a limited liability company governed by the laws of the State of Delaware. Its head office is located at 383 Madison Avenue, New York, NY 10179, United States (**U.S.**) It is a direct wholly owned subsidiary of J.P. Morgan Broker-Dealer Holdings Inc., a Delaware corporation, and an indirect wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation.
2. The Filer is registered as a broker-dealer and an investment adviser with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the U.S. Financial Industry Regulatory Authority (**FINRA**), a registered futures commission merchant with the U.S. Commodity Futures Trading Commission, and a member of the U.S. National Futures Association. Additionally, the Filer is provisionally registered with the CFTC as a swap dealer and with the SEC as a security-based swap dealer.
3. The Filer is a member of major international securities and commodity futures exchanges and clearing houses, including but not limited to the NASDAQ, the NYSE, the CME Group Exchanges (including the Chicago Mercantile Exchange, the Board of Trade of the City of Chicago, the Commodities Exchange, the New York Mercantile Exchange), ICE Futures U.S., ICE Clear U.S., ICE Futures Europe, ICE Clear Europe and the Options Clearing Corporation, and trades through affiliated or unaffiliated member firms on other exchanges, including exchanges in Canada, France, Italy, Japan, Singapore, Spain, Taiwan, Mexico, Korea and the United Kingdom.
4. The Filer provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending and derivatives dealing for governments, corporate and financial institutions. The Filer also offers settlement, delivery, clearing and custody related services.
5. The Filer provides Prime Services in accordance with the Previous Decision.
6. The Filer has applied for the Exemption Sought in order to continue to provide Prime Services to Prime Services Clients after the Termination Date.
7. The Filer provides trade execution services and Prime Services through two different business units and the two business units are separated by information barriers. The Filer relies on section 8.18 [*International dealer*] of NI 31-103 to provide trade execution services in respect of “foreign securities” as defined in that section with Canadian resident “permitted clients” as defined in NI 31-103. The Filer also relies on the exemptions found in section 8.5 [*Trades through or to a registered dealer*], in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and in section 8.21 [*Specified debt*] of NI 31-103 to provide limited trade execution services in respect of securities of Canadian issuers.

### B.3: Reasons and Decisions

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8. The “Prime Services” provided by the Filer to its Prime Services Clients principally consist of the following: (a) settlement, clearing and custody of trades; (b) financing of long inventory; (c) securities borrowing and/or lending pursuant to a securities lending agreement or delivering securities on behalf of a client pursuant to a margin agreement, in each case, to facilitate client short sales; and (d) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities.
9. The Filer offers Prime Services to Institutional Permitted Clients in respect of Canadian securities and securities of non-Canadian issuers.
10. In the case of a Prime Services Client that is an investment fund subject to Part 6 of National Instrument 81-102 *Investment Funds (NI 81-102)*, the custodianship requirements in Part 6 of NI 81-102 would only permit the Filer to provide the Prime Services to the investment fund as a sub-custodian of the investment fund in respect of portfolio assets held outside Canada, and the Filer would provide Prime Services to an investment fund in compliance with the securities laws applicable to the investment fund, including Part 6 of NI 81-102 and the custody requirements set out in NI 31-103.
11. Prime Services Clients seek Prime Services from the Filer in order to separate the execution of a trade from the clearing, settlement, custody and financing of a trade. This allows the Prime Services Client to use many executing brokers, without maintaining an active, ongoing custody account with each executing broker. It also allows the Prime Services Client to consolidate settlement, clearing, custody and financing of securities in an account with the Filer.
12. The Filer’s Prime Services Clients directly select their executing brokers. The Filer does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades. Prime Services Clients send trade orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from the dealer registration requirement that permits such executing broker to execute the trade for Prime Services Clients.
13. The Filer provides the Prime Services after the execution of the trade, but any commitment to provide financing or to lend or borrow securities in relation to a trade may be made prior to the execution of the trade. The executing broker will communicate the trade details to a Prime Services Client and the Filer or the Filer’s clearing agent, as applicable. A Prime Services Client will also communicate the trade details to the Filer. For trades executed on a Canadian marketplace, the Filer will typically need to clear and settle the trades through a participant of the Canadian depository, clearing and settlement hub, CDS Clearing and Depository Services Inc.
14. The Filer exchanges money or securities and holds the money or securities in an account for each Prime Services Client. If the Filer is clearing and settling the trade through a clearing agent, the Filer’s clearing agent exchanges money or securities and holds the money or securities in an omnibus account for the Filer, who in turn maintains a record of the position held for the Prime Services Client on its books and records.
15. On or following settlement, the Filer provides the other Prime Services as set out in paragraph 8.
16. The Filer enters into written agreements with each of its Prime Services Clients for the provision of Prime Services.
17. The Filer currently relies on the “international dealer exemption” under section 8.18 [*International dealer*] of NI 31-103 in the thirteen Canadian jurisdictions to provide Prime Services in respect of “foreign securities” as defined in section 8.18 of NI 31-103.
18. The Filer also relies on the “international adviser exemption” as set out in section 8.26 [*International adviser*] under NI 31-103 in the thirteen Canadian jurisdictions for the other services it provides.
19. The Filer is not registered under the securities legislation of any of the jurisdictions of Canada, among other things is in the business of trading, and, in the absence of the Exemption Sought, cannot provide the full range of Prime Services in the Jurisdictions in respect of Canadian securities without registration, except as permitted under section 8.5 [*Trades through or to a registered dealer*], under the exemptions found in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], or under section 8.21 [*Specified debt*] of NI 31-103.
20. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934* (the **1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**). The Filer has been approved by the SEC pursuant to SEC Rule 15c3-1 to use the alternative method of computing net capital contained in Appendix E to SEC Rule 15c3-1, and therefore files such supplemental and alternative reports as may be prescribed by the SEC. The Alternative Net Capital (**ANC**) method provides large broker-dealers meeting specified criteria, such as the Filer, with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. The Filer, who uses the ANC method, must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.

### B.3: Reasons and Decisions

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21. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist.
22. SEC Rule 15c3-1 is designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of the Investment Industry Regulatory Organization of Canada (**IIROC**) are subject. The Filer is in compliance with SEC Rule 15c3-1 and is in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.
23. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 (the **FOCUS Report**), which is the financial and operational report containing a net capital calculation, and a compliance report annually with the SEC and FINRA pursuant to SEC Rule 17a-5(d). The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)* under NI 31-103. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submissions of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.
24. The Filer is subject to regulations of the Board of Governors of the U.S. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in compliance in all material respects with applicable U.S. Margin Regulations.
25. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of the Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements to which dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
26. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**) and, subject to the eligibility criteria of SIPC, Prime Services Clients' assets held by the Filer are insured by SIPC against loss due to insolvency.
27. Subject to the decision requested prior to the February 16, 2022 expiry of the Previous Decision, the Filer is not in default of securities legislation or commodity futures legislation in any jurisdiction in Canada. The Filer is in compliance in all material respects with U.S. securities and commodity futures laws.
28. The Filer submits that the Exemption Sought would not be prejudicial to the public interest because:
  - (a) the Filer is regulated as a broker-dealer under the securities legislation of the U.S., and is subject to the requirements referred to in paragraphs 20 to 26;
  - (b) the availability of and access to Prime Services in respect of Canadian securities is important to Canadian institutional investors who are active participants in the international marketplace;
  - (c) the Filer will provide Prime Services in the Jurisdictions in respect of Canadian securities only to Institutional Permitted Clients;
  - (d) the OSC has entered into a memorandum of understanding with the SEC regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the U.S. and Canada; and

- (e) the OSC has entered into a memorandum of understanding with FINRA to provide a formal basis for the exchange of regulatory information and investigative assistance.
29. The Filer is a “market participant” as that term is defined under subsection 1(1) of the Act. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the Act, which include the requirement to keep such books, records and other documents as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, and to deliver such records to the OSC if required.
30. The Filer will not rely on subsection 4.7(1) of MI 11-102 to passport this decision into Alberta.

**Decision**

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a broker-dealer under the securities legislation of the U.S., which permits the Filer to provide the Prime Services in the U.S.;
- (c) is a member of FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit, provision of margin, financial reporting to the SEC and FINRA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Prime Services in the Jurisdictions in respect of Canadian securities to Institutional Permitted Clients;
- (g) does not execute trades in Canadian securities with or for Prime Services Clients, except as permitted under applicable Canadian securities laws;
- (h) does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades;
- (i) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (j) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer’s financial year end;
- (k) submits to the OSC immediately a copy of any notice it files under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (l) complies with the filing and fee payment requirements that would be applicable to the Filer if it were a registrant under OSC Rule 13-502 Fees;
- (m) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and
- (n) pays the increased compliance and case assessment costs of the principal regulator due to the Filer’s location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

This decision shall expire five years after the date hereof.

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

“Debra Foubert”  
Director, Compliance and Registrant Regulation  
Ontario Securities Commission

OSC File #: 2022/0086

### B.3.4 Invesco Canada Ltd.

#### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – existing and future investment funds granted exemption to invest up to 10% of net assets in securities of Luxembourg mutual funds regulated by the Commission de Surveillance du Secteur Financier – subject to conditions.

#### Applicable Legislative Provisions

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

May 13, 2022

**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  
INVESCO CANADA LTD.  
(the Filer)**

**DECISION**

#### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of each investment fund subject to the provisions of National Instrument 81-102 *Investment Funds* (**NI 81-102**) of which the Filer is, or in the future will be, the manager (collectively, the **Funds**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**):

- (a) revoking the Existing Decisions (as defined below); and
- (b) replacing the Existing Decisions with a decision providing an exemption from paragraphs 2.5(2)(a)(i) and (c) of NI 81-102 to permit each Fund to invest up to 10% of its net asset value (the **NAV**) in securities of investment funds formed under Invesco Funds (**IFS**, as further described below), a Luxembourg collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds and authorized by the Commission de Surveillance du Secteur Financier (Luxembourg) (**CSSF**) pursuant to the UCITS Regulations (as defined below) (**SICAV Funds**, as further described below) (the **Fund on Fund Relief**).

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

- (a) the Ontario Securities Commission (the **OSC**) is the principal regulator for the application; and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

#### Interpretation

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

**EU Directives** means *EU Council Directive 2009/65/EC of 13 July 2009 on the Coordination of Laws, Regulations and Administrative Provisions relating to UCITS* (as defined below), as amended by Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions and as may be further amended, supplemented or consolidated.

**Existing Decisions** means: (a) the decision dated July 27, 2018 granting relief to certain Funds with investment strategies allowing exposure to emerging market corporate issuers to invest up to 10% of their NAV in a specified SICAV Fund (namely, Invesco Emerging Market Corporate Bond Fund); and (b) the preceding decision dated March 30, 2012 granting relief to a Fund (namely, Invesco Intactive Strategic Yield Portfolio) to invest up to 10% of its NAV in a specified SICAV Fund (namely, Invesco Emerging Market Corporate Bond Fund) and in a fund that was a sub-fund of Invesco Series 2, an umbrella fund constituted as a unit trust under trust deed in Ireland (namely, Invesco Emerging Markets Bond Fund).

**IFS** means Invesco Funds, an umbrella SICAV, open-ended company governed by, and registered as a UCITS under, the laws of Luxembourg.

**IVZ** means Invesco Ltd.

**KIID** means a SICAV Fund's Key Investor Information Document that contains disclosure similar to that required to be included in a fund facts document prepared under NI 81-101.

**NI 41-101** means National Instrument 41-101 *General Prospectus Requirements* as amended from time to time.

**NI 81-101** means National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as amended from time to time.

**SICAV** means société d'investissement à capital variable.

**SICAV Fund Manager** means Invesco Management S.A., the promoter, management company and distributor of each SICAV Fund.

**SICAV Funds** means each of the existing sub-funds of IFS and other sub-funds established in the future under IFS.

**UCITS** means *Undertaking for Collective Investments in Transferable Securities*.

**UCITS Notices** means the circulars, FAQs and letters issued by the CSSF.

**UCITS Regulations** means the regulations issued by European Union member states that implement the EU Directives.

### **Representations**

#### *The Filer and the Funds*

1. The Filer:
  - (a) is a corporation amalgamated under the laws of Ontario, having its head office in Toronto, Ontario;
  - (b) is a wholly-owned indirect subsidiary of IVZ;
  - (c) is registered as: (i) an investment fund manager in Ontario, Québec and Newfoundland & Labrador, (ii) an adviser in the category of portfolio manager and exempt market dealer in each province of Canada; (iii) a mutual fund dealer in Alberta, British Columbia, Nova Scotia, Ontario, Prince Edward Island and Quebec; and (iv) a Commodity Trading Manager in Ontario;
  - (d) is, or will be, the manager of each of the Funds; and
  - (e) is not, or will not be, in default of securities legislation in any of the Jurisdictions.
2. Each Fund:
  - (a) is, or will be, an investment fund established under the laws of a Jurisdiction of Canada;
  - (b) is, or will be, a reporting issuer under the laws of some or all of the Jurisdictions;
  - (c) is, or will be, governed by NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities; and
  - (d) is not, or will not be, in default of securities legislation in any of the Jurisdictions.
3. The securities of each Fund are, or will be, qualified for distribution in some or all of the Jurisdictions under a simplified prospectus prepared in accordance with NI 81-101 or a prospectus prepared in accordance with NI 41-101.

### B.3: Reasons and Decisions

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4. The Filer wishes for the July 27, 2018 Existing Decision and the preceding March 30, 2012 Existing Decision to be replaced with a decision granting the Fund on Fund Relief so that other Funds it manages may, from time to time, if otherwise appropriate, invest up to 10% of NAV of the Fund in securities of a SICAV Fund.

#### *The SICAV Fund Manager and the SICAV Funds*

5. The SICAV Fund Manager:
- (a) is an indirect wholly-owned subsidiary of IVZ and as of February 7, 2022, the SICAV Fund Manager managed approximately US\$50.2 billion;
  - (b) is the promoter, management company and distributor of the SICAV Funds;
  - (c) is responsible for the investment management, distribution and marketing of the SICAV Funds;
  - (d) provides an investment program for the SICAV Funds and manages the investments of the SICAV Funds' assets;
  - (e) must conduct its business with due skill, care and diligence;
  - (f) is subject to the supervision of the directors of IFS; and
  - (g) is subject to regulatory oversight by the CSSF and is thus subject to substantially equivalent regulatory oversight as the Filer, which is principally regulated by the OSC.
6. IFS is:
- (a) an open-ended investment company organized as a société anonyme under the laws of Luxembourg and qualifies as a SICAV; and
  - (b) registered as a UCITS under the EU Directives.
7. The SICAV Funds:
- (a) are sub-funds of IFS and each SICAV Fund has segregated liability from other SICAV Funds;
  - (b) qualify as UCITS and are subject to, and their securities are distributed in certain European and Asian countries pursuant to, the EU Directives and the UCITS Regulations; and
  - (c) are regulated by the CSSF.
8. As securities of the SICAV Funds are not "index participation units" as defined in NI 81-102 (IPUs), the exception in section 2.5(3)(a) of NI 81-102 for fund on fund investments in IPUs is not available.
9. The following third parties are involved in providing services in respect of the SICAV Funds:
- (a) The Bank of New York Mellon SA/NV, Luxembourg Branch acts as depository, registrar and transfer agent and administration agent and paying agent for IFS and the SICAV Funds; and
  - (b) PricewaterhouseCoopers LLP serves as auditor.

#### *Regulatory requirements and regimes*

10. The SICAV Funds are subject to the following regulatory requirements and restrictions pursuant to, and among others, the EU Directives, which are substantially similar to the requirements and restrictions set forth in NI 81-102:
- (a) Each SICAV Fund is subject to a robust risk management framework through prescribed rules on governance, risk, regulation of service providers and safekeeping of assets;
  - (b) Other than securities issued or guaranteed by an EU member state or a non-member state accepted by the CSSF, and bonds issued or guaranteed by credit institutions in an EU member state or a non-member state accepted by the CSSF, each SICAV Fund is restricted to investing a maximum of 10% of its NAV in a single issuer;
  - (c) Each SICAV Fund is subject to investment restrictions designed to limit its holdings of illiquid securities to 10% or less of its NAV;

- (d) Each SICAV Fund is subject to investment restrictions designed to limit holdings of transferrable securities which are not listed on a stock exchange or regulated market to 10% or less of its NAV;
- (e) The rules governing the use of derivatives by the SICAV Funds are comparable to the rules regarding the use of derivatives under NI 81-102 with respect to the permissible types of derivatives and counterparty concentration. For Funds that are not alternative funds, the differences between the two regimes relate to: (i) counterparty credit ratings; (ii) maximum exposure to options; and (iii) having to hold cash and collateral together with the market value of the derivatives equal to the underlying market exposure of the derivatives (on a mark-to-market basis) where the funds use derivatives for investment purposes;
- (f) The rules governing securities lending by the SICAV Funds are comparable to the rules regarding securities lending under NI 81-102 including, the inability to pledge non-cash collateral, and the right to immediately recall the securities loaned. The differences between NI 81-102 and the rules pertaining to the SICAV Funds relate to the following: (i) the type and amount of collateral; (ii) the person who may be appointed as agent for securities lending; (iii) the types of securities that may be purchased with collateral received; and (iv) the overall securities lending limits;
- (g) Each SICAV Fund makes its NAV available to the public at the close of business each day;
- (h) Each SICAV Fund is required to prepare a prospectus that discloses material facts pertaining to such SICAV Fund. The prospectus provides disclosure that is similar to the disclosure required to be included in a simplified prospectus under NI 81-101 or in a prospectus under NI 41-101;
- (i) Each share class of the SICAV Fund publishes a KIID which contains disclosure similar to that required to be included in a fund facts document prepared under NI 81-101 or an ETF facts document under NI 41-101;
- (j) Each SICAV Fund is a conventional mutual fund subject to investment restrictions and practices that are substantially similar to those applicable to the Funds;
- (k) Each SICAV Fund is available for purchase by the public and is generally not considered a hedge fund;
- (l) Each SICAV Fund is considered to be an "investment fund" and a "mutual fund" within the meaning of applicable Canadian securities legislation;
- (m) Each SICAV Fund is required to produce annual and interim financial statements and is required to notify investors of material changes to the SICAV Fund;
- (n) The SICAV Fund Manager is subject to approval by the CSSF to permit it to manage and provide portfolio management to each SICAV Fund and is subject to a management company services agreement which sets out a duty of care and a standard of care requiring the SICAV Fund Manager to act in the best interest of each SICAV Fund and the shareholders of each SICAV Fund;
- (o) All activities of the SICAV Fund Manager must be conducted at all times in accordance with the EU Directives, the UCITS Regulations and the UCITS Notices and the investment policy of each SICAV Fund and is at all times subject to the supervision of the board of directors of IFS; and
- (p) The auditor of each SICAV Fund is required to prepare an audited set of accounts for each SICAV Fund at least annually.

*Investment by Funds in the SICAV Funds*

- 11. Any Fund that invests in a SICAV Fund will be permitted to do so in accordance with its investment objectives and strategies as disclosed or to be disclosed in the Fund's prospectus or simplified prospectus.
- 12. In particular, the investment strategies of each Fund stipulate, or will stipulate, that the Fund may invest a portion of its assets in other investment funds, domestic and foreign, which will permit each Fund to invest in a SICAV Fund.
- 13. The prospectus or simplified prospectus of each Fund provides, or will provide, all disclosure mandated for investment funds investing in other investment funds.
- 14. There will be no duplication of management fees or incentive fees as a result of an investment by a Fund in a SICAV Fund.
- 15. The amount of loss that could result from an investment by a Fund in a SICAV Fund will be limited to the amount invested by the Fund in such SICAV Fund.

### B.3: Reasons and Decisions

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16. No sales charges or redemption fees will be paid by a Fund relating to a subscription for, or redemption of, securities of a SICAV Fund.
17. On July 27, 2018, the Filer was granted the Existing Decision that was preceded by the Existing Decision dated March 30, 2012.

#### *Rationale for Investment in the SICAV Funds*

18. The Filer believes that it is in the best interests of the Funds that they be permitted to invest in the SICAV Funds, because such investment would provide an efficient and cost-effective way for the Funds to achieve diversification and obtain unique exposures to the markets in which the SICAV Funds invest.
19. The investment objectives and strategies of the Funds, which contemplate or will contemplate investment in global or international securities, permit or will permit the allocation of assets to global or international securities. As economic conditions change, the Funds may reallocate assets, including on the basis of asset class or geographic region. A Fund will invest in a SICAV Fund to gain exposure to certain unique strategies in global or international markets in circumstances where it would be in the best interests of the Fund to do so through an investment in an investment fund offered elsewhere rather than through investments in individual securities. For example, a Fund will invest in the SICAV Funds in circumstances where certain investment strategies preferred by the Funds are either not available or not cost effective to be implemented through investments in individual securities.
20. While it may be possible for:
  - (a) the Filer to qualify funds similar to the SICAV Funds in Canada, it may not be desirable to do where the Filer, in its opinion, believes that the market for that type of fund in Canada is not sufficiently large such that the fund will be economically viable; or
  - (b) the Funds to invest directly in the securities in which the SICAV Funds invest, it may not be desirable to do where the Fund will make a limited investment (10% of the NAV of a Fund) and it would thus be more economical from a trading costs and liquidity perspective and a diversification perspective to invest in securities of a SICAV Fund rather than directly in the underlying securities of the SICAV Fund.
21. Investment by a Fund in a SICAV Fund meets, or will meet, the investment objectives of such Fund.
22. An investment by a Fund in securities of each SICAV Fund will represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.
23. Absent the Requested Relief, the July 27, 2018 Existing Decision and the preceding March 30, 2012 Existing Decision, the investment restriction in:
  - (a) paragraph 2.5(2)(a) of NI 81-102 would prohibit a Fund that is a mutual fund from purchasing or holding securities of a SICAV Fund because the SICAV Fund is not subject to NI 81-102; and
  - (b) paragraph 2.5(2)(c) of NI 81-102 would prohibit a Fund that is a mutual fund from purchasing or holding securities of a SICAV Fund because the SICAV Fund is not a reporting issuer in the local jurisdiction.

#### **Decision**

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

The decision of the principal regulator under the Legislation is that:

- (a) the Existing Decisions are hereby revoked and replaced with this Decision; and
- (b) the Fund on Fund Relief is granted provided that:
  - i. investment by a Fund in the SICAV Funds is consistent with the fundamental investment objectives and investment strategies of the applicable Fund;
  - ii. the SICAV Funds qualify as UCITS and are distributed in accordance with the EU Directives and the UCITS Regulations, which subject the SICAV Funds to investment restrictions and practices that are substantially similar to those that govern the Funds;
  - iii. the investment of the Funds in the SICAV Funds otherwise complies with section 2.5 of NI 81-102 when investing in the SICAV Funds, including that a Fund will not invest in a SICAV Fund if, taken at

### B.3: Reasons and Decisions

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- market value at the time of investment, the SICAV Fund holds more than 10% of the SICAV Fund's NAV in other SICAV Funds;
- iv. the simplified prospectus or prospectus of the Funds will provide all applicable disclosure mandated for investment funds investing in other investment funds;
  - v. a Fund does not invest in a SICAV Fund if, immediately after the investment, more than 10% of its NAV, taken at market value at the time of the investment, would consist of investments in SICAV Funds; and
  - vi. a Fund shall not acquire any additional securities of a SICAV Fund and shall dispose of any securities of a SICAV Fund then held in the event the regulatory regime applicable to the SICAV Funds is changed in any material way.

"Darren McKall"

Manager, Investment Funds and Structured Products Branch  
Ontario Securities Commission

Application File #: 2022/0105

SEDAR Project #: 3346724

## B.4 Cease Trading Orders

### B.4.1 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
Peekaboo Beans Inc.	May 10, 2022	
Elixer Ltd.	May 11, 2022	May 13, 2022
Comprehensive Healthcare Systems Inc.	May 6, 2022	May 11, 2022
Colibri Resource Corporation	May 11, 2022	
EDM Resources Inc.	May 9, 2022	May 12, 2022
Energia Inc.	May 9, 2022	May 11, 2022
Forbidden Spirits Distilling Corp.	May 9, 2022	May 11, 2022

### B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

### B.4.3 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
Agrios Global Holdings Ltd.	September 17, 2020	
Gatos Silver, Inc.	April 1, 2022	
NextPoint Financial Inc.	April 1, 2022	
Gatos Silver, Inc.	April 12, 2022	
Bhang Inc.	May 3, 2022	
Gamelancer Gaming Corp.	May 3, 2022	
RYAH Group Inc.	May 3, 2022	

**B.4: Cease Trading Orders**

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Red White & Bloom Brands Inc.	May 4, 2022	
Emerald Health Therapeutics, Inc.	May 5, 2022	
Magnetic North Acquisition Corp.	May 5, 2022	
CANSORTIUM INC.	May 6, 2022	
CoinAnalyst Corp.	May 6, 2022	

## Chapter 7

# Insider Reporting

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

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

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



## B.9 IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

Educators Balanced Fund  
Educators Bond Fund  
Educators Dividend Fund  
Educators Growth Fund  
Educators Money Market Fund  
Educators Monitored Aggressive Portfolio  
Educators Monitored Balanced Portfolio  
Educators Monitored Conservative Portfolio  
Educators Monitored Growth Portfolio  
Educators Monthly Income Fund  
Educators Mortgage & Income Fund  
Educators U.S. Equity Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated May 16, 2022  
NP 11-202 Final Receipt dated May 16, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3368605**

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**Issuer Name:**

Ninepoint Target Income Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 9, 2022  
NP 11-202 Final Receipt dated May 12, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3367359**

**Issuer Name:**

Dynamic Sustainable Equity Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 11, 2022  
NP 11-202 Preliminary Receipt dated May 11, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3382314**

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**Issuer Name:**

Horizons Canadian Utility Services High Dividend Index  
ETF

Horizons Copper Producers Index ETF

Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated May 9, 2022  
NP 11-202 Final Receipt dated May 10, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3367582**

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**Issuer Name:**

StoneCastle Cannabis Growth Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated May 13, 2022  
NP 11-202 Final Receipt dated May 16, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3364857**

**Issuer Name:**

Barrantagh Small Cap Canadian Equity Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated May 10, 2022  
NP 11-202 Final Receipt dated May 11, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3357540**

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**Issuer Name:**

Hamilton Enhanced U.S. Covered Call ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated May  
6, 2022  
NP 11-202 Final Receipt dated May 10, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3322875**

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**Issuer Name:**

Harvest Digital Sports & Entertainment Index ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 to Final Long Form Prospectus dated May  
13, 2022  
NP 11-202 Final Receipt dated May 13, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3284773**

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**Issuer Name:**

Hamilton Enhanced Multi-Sector Covered Call ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 to Final Long Form Prospectus dated May  
6, 2022  
NP 11-202 Final Receipt dated May 10, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3237491**

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**Issuer Name:**

Harvest Space Innovation Index ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated May  
13, 2022

NP 11-202 Final Receipt dated May 13, 2022

**Offering Price and Description:**

-

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

N/A

**Promoter(s):**

N/A

**Project #3325581**

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NON-INVESTMENT FUNDS

**Issuer Name:**

Agrinam Acquisition Corporation  
Principal Regulator - Ontario

**Type and Date:**

Amendment dated May 16, 2022 to Preliminary Long Form Prospectus dated January 21, 2022  
Preliminary Receipt dated May 16, 2022

**Offering Price and Description:**

U.S.\$120,000,000 - 12,000,000 CLASS A RESTRICTED VOTING UNITS

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

BMO NESBITT BURNS INC.  
CANACCORD GENUITY CORP.

**Promoter(s):**

AGRINAM INVESTMENTS, LLC

**Project #3328834**

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**Issuer Name:**

Bunker Hill Mining Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 9, 2022  
Preliminary Receipt dated May 11, 2022

**Offering Price and Description:**

\$11,354,797.50 - 37,849,325 Common Shares and 37,849,325 Common Share Purchase Warrants on exercise or deemed exercise of 37,849,325 Special Warrants

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

ECHELON WEALTH PARTNERS INC.  
BMO NESBITT BURNS INC.  
LAURENTIAN BANK SECURITIES INC.

**Promoter(s):**

-

**Project #3381269**

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**Issuer Name:**

Crystal Pool Capital 2.0 Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary CPC Prospectus dated May 12, 2022  
Preliminary Receipt dated May 13, 2022

**Offering Price and Description:**

Minimum Offering: \$250,000.00 - 2,500,000 Common Shares)  
Maximum Offering: \$500,000.00 - 5,000,000 Common Shares)

Price: \$0.10 per Common Share

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

PI Financial Corp.

**Promoter(s):**

-

**Project #3383895**

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**Issuer Name:**

Eagle Credit Card Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated May 11, 2022  
Preliminary Receipt dated May 11, 2022

**Offering Price and Description:**

Up to \$1,250,000,000.00 - of Credit Card Receivables-Backed Notes

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

BMO NESBITT BURNS INC.  
CIBC WORLD MARKETS INC.  
RBC DOMINION SECURITIES INC.  
DESJARDINS SECURITIES INC.  
NATIONAL BANK FINANCIAL INC.  
SCOTIA CAPITAL INC.  
TD SECURITIES INC.

**Promoter(s):**

PRESIDENT'S CHOICE BANK

**Project #3382341**

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**Issuer Name:**

Fortified Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated May 12, 2022  
Preliminary Receipt dated May 12, 2022

**Offering Price and Description:**

Up to \$5,000,000,000.00 - Real Estate Secured Line of Credit Backed Notes

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

BMO NESBITT BURNS INC.

**Promoter(s):**

BANK OF MONTREAL

**Project #3383368**

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**Issuer Name:**

Franco-Nevada Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated May 12, 2022  
Preliminary Receipt dated May 13, 2022

**Offering Price and Description:**

US\$2,000,000,000 - Common Shares, Preferred Shares, Debt Securities, Warrants, Subscription Receipts

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

-

**Promoter(s):**

-

**Project #3383818**

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**Issuer Name:**

GR SILVER MINING LTD. (formerly: Goldplay Exploration Ltd.)

Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated May 10, 2022

Preliminary Receipt dated May 11, 2022

**Offering Price and Description:**

\$7,353,923.85 - 27,236,755 Units Issuable upon Exercise of 27,236,755 Previously Issued Special Warrants

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

BEACON SECURITIES LIMITED

RED CLOUD SECURITIES INC.

ECHELON WEALTH PARTNERS INC.

**Promoter(s):**

-

**Project #3381527**

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**Issuer Name:**

Aurum Lake Mining Corporation

Principal Regulator - Ontario

**Type and Date:**

Final CPC Prospectus dated May 13, 2022

Receipt dated May 16, 2022

**Offering Price and Description:**

\$350,000 or 3,500,000 Common Shares Price: \$0.10 per Common Share

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

-

**Promoter(s):**

-

**Project #3326126**

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**Issuer Name:**

Biomind Labs Inc. (formerly Crosswinds Holdings Inc.)

Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated May 13, 2022

Receipt dated May 13, 2022

**Offering Price and Description:**

\$75,000,000 Common Shares, Warrants, Units, Debt Securities, Subscription Receipts

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

-

**Promoter(s):**

Union Group Ventures Ltd.

**Project #3319241**

---

**Issuer Name:**

Brixton Metals Corporation

Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated May 11, 2022

Receipt dated May 12, 2022

**Offering Price and Description:**

C\$50,000,000.00 - Common Shares, Debt Securities, Warrants, Subscription Receipts, Units

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

-

**Promoter(s):**

-

**Project #3337738**

---

**Issuer Name:**

Eloro Resources Ltd.

Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated May 11, 2022

Receipt dated May 11, 2022

**Offering Price and Description:**

Cdn\$100,000,000 COMMON SHARES, WARRANTS, UNITS

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

-

**Promoter(s):**

-

**Project #3349097**

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**Issuer Name:**

Franco-Nevada Corporation

Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated May 12, 2022

Receipt dated May 13, 2022

**Offering Price and Description:**

US\$2,000,000,000 - Common Shares, Preferred Shares, Debt Securities, Warrants, Subscription Receipts

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

-

**Promoter(s):**

-

**Project #3383818**

---

**Issuer Name:**

Left Field Capital Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Final CPC Prospectus dated May 12, 2022  
Receipt dated May 16, 2022

**Offering Price and Description:**

\$217,500.00 - 1,450,000 COMMON SHARES  
Price: \$0.15 per Common Share

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

HAYWOOD SECURITIES INC.

**Promoter(s):**

IONIC SECURITIES LTD.

**Project #3350129**

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**Issuer Name:**

Lion One Metals Limited  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated May 13, 2022  
Receipt dated May 16, 2022

**Offering Price and Description:**

CDN\$200,000,000 - Common Shares, Debt Securities,  
Subscription Receipts, Units, Warrants

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

-

**Promoter(s):**

-

**Project #3366481**

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**Issuer Name:**

Metalla Royalty & Streaming Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated May 12, 2022  
Receipt dated May 12, 2022

**Offering Price and Description:**

C\$300,000,000.00 - Common Shares, Warrants,  
Subscription Receipts, Units, Share Purchase Contracts

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

-

**Promoter(s):**

-

**Project #3380981**

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**Issuer Name:**

NG Energy International Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Amendment dated May 11, 2022 to Final Short Form  
Prospectus dated April 28, 2022  
Receipt dated May 12, 2022

**Offering Price and Description:**

Up to \$20,000,000 8.0% Unsecured Convertible Debenture  
Units

PRICE: \$1,000 per Convertible Debenture Unit

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

CANACCORD GENUITY CORP.

BEACON SECURITIES LIMITED

**Promoter(s):**

-

**Project #3361257**

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**Issuer Name:**

Origin Therapeutics Holdings Inc. (formerly, 1278700 B.C.  
Ltd.)

Principal Regulator - British Columbia

**Type and Date:**

Final Long Form Prospectus dated May 11, 2022  
Receipt dated May 16, 2022

**Offering Price and Description:**

\$0.00

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

-

**Promoter(s):**

-

**Project #3356432**

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**Issuer Name:**

Pentagon I Capital Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final CPC Prospectus dated May 13, 2022  
Receipt dated May 13, 2022

**Offering Price and Description:**

\$300,000.00 - 3,000,000 Common Shares

Price: \$0.10 per Common Share

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

Haywood Securities Inc.

**Promoter(s):**

-

**Project #3369018**

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**B.9: IPOs, New Issues and Secondary Financings**

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**Issuer Name:**

Sherritt International Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated May 10, 2022  
Receipt dated May 10, 2022

**Offering Price and Description:**

\$300,000,000.00 - Common Shares, Preference Shares,  
Debt Securities, Subscription Receipts, Warrants Units

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

-

**Promoter(s):**

-

**Project #3358957**

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**Issuer Name:**

U.S. Gold Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus - MJDS dated May 5, 2022  
Receipt dated May 12, 2022

**Offering Price and Description:**

\$100,000,000.00 - Common Stock, Preferred Stock,  
Warrants, Units

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

-

**Promoter(s):**

-

**Project #3332878**

## B.10 Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Spruceview Capital Partners LLC.	From: Portfolio Manager and Exempt Market Dealer  To: Commodity Trading Manager, Portfolio Manager, and Exempt Market Dealer	May 11, 2022
New Registration	FRNT Asset Management Inc.	Portfolio Manager	May 13, 2022

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# B.11

## SROs, Marketplaces, Clearing Agencies and Trade Repositories

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### B.11.2 Marketplaces

#### B.11.2.1 Coinsquare Capital Markets Ltd. – Notice of Initial Operations and Request for Comment

##### COINSQUARE CAPITAL MARKETS LTD.

##### NOTICE OF INITIAL OPERATIONS AND REQUEST FOR COMMENT

Coinsquare Capital Markets Ltd. (“Coinsquare”) plans to begin operation of an Alternative Trading System (the “Coinsquare ATS”) and is publishing this *Notice of Initial Operations and Request for Comment* (the “Notice”) in accordance with the expectations of staff of the Ontario Securities Commission (“OSC Staff”). Market participants are invited to provide OSC Staff with comments on this Notice.

Feedback should be in writing and submitted by **June 15, 2022** to:

Market Regulation Branch  
Ontario Securities Commission  
22nd Floor  
20 Queen Street West  
Toronto, ON M5H 3S8  
Fax : (416) 595-8940  
[marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)

And to:

Katrina Prokopy  
Chief Legal Officer and Head of Regulatory Affairs  
Coinsquare Capital Markets Ltd.  
590 King Street West, Suite 400  
Toronto, ON M5V 1M3  
Email: [katrina.prokopy@coinsquare.com](mailto:katrina.prokopy@coinsquare.com)

Comments received on the Notice will be made public on the OSC website. Upon completion of the applicable review by OSC Staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of OSC Staff’s review and approval of the Coinsquare ATS, subject to its approval as an IIROC Dealer Member.

##### INFORMATION REGARDING INITIAL OPERATIONS

###### Overview

The Coinsquare ATS is a Canadian marketplace operated by Coinsquare that will support trading in digital assets such as bitcoin, ether, and others (“Digital Assets”) that are purchased through a securities trading account whereby the accountholder does not receive immediate ownership and control of the Digital Asset, but rather, has a contractual entitlement to receive such Digital Assets from the operator of the Coinsquare ATS.

The Coinsquare ATS will support orders to buy and sell Digital Assets from multiple buyers and sellers. It will function as an auction market, matching buy and sell orders for Digital Assets at “top of book” (i.e., sellers with the lowest “ask” against buyers with the highest “bid”) in strict price/time priority. At launch, the dealer operated by Coinsquare (see the next section for additional details) will be the sole subscriber to the Coinsquare ATS, and all orders displayed in the book will be either agency orders (whereby the Coinsquare dealer will be representing client order flow) or Coinsquare principal orders (which will be entered by the Coinsquare dealer, using an automated system, to provide liquidity on the Coinsquare ATS).

### **ATS and Dealer Will be Separate Business Units**

At launch, Coinsquare will be a registered investment dealer and a member of the Investment Industry Regulatory Organization of Canada ("IIROC"<sup>1</sup>) operating Coinsquare ATS. In addition, as a separate business unit, Coinsquare will offer order-execution-only ("OEO") account services.

As an OEO dealer, Coinsquare will operate a "Dealer Platform" as defined in Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* under the name "CS Trade," which is separate from the Coinsquare ATS. Coinsquare has policies and procedures in place to appropriately manage any conflicts between its OEO dealer activities, the Coinsquare ATS, and other Coinsquare businesses.

In respect of CS Trade, the Coinsquare dealer will be the counterparty to each trade with a client. The Coinsquare dealer will hedge its inventory risk by trading in other markets through multiple global Digital Asset trading firms or marketplaces ("Liquidity Providers"). The Coinsquare dealer will be compensated by a "spread" that is added to the best observed price at which it can buy the Digital Assets through its Liquidity Providers or subtracted from the best observed price at which it can sell the Digital Assets through its Liquidity Providers. The "spread" is disclosed by the Coinsquare dealer to its clients.

Coinsquare also offers-over-the-counter ("OTC") dealer-facilitated trading services. The OTC services are used by institutional and high-net-worth clients to execute orders that are generally larger than CS Trade orders and provide more personalized execution assistance and greater access to liquidity through designated representatives of Coinsquare. In respect of its OTC business, the Coinsquare dealer will be the counterparty to each buy or sell transaction initiated by a client.

The CCML dealer will require every client to prefund their account with the applicable asset (fiat currency or Digital Asset). Margin will not be available.

As a subscriber to the Coinsquare ATS, the Coinsquare dealer will execute orders generated through "CS Pro," the web-based client interface to the Coinsquare order book, on the Coinsquare ATS.

### **Subscribers**

The Coinsquare ATS will accept the following two types of subscribers ("Subscribers"):

1. Dealer Members of IIROC in good standing (sometimes referred to as "Participants," in accordance with UMIR 1.1); and
2. Persons that meet the definition of "eligible institutional investor" as set out in subsection 1.1(1) of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (sometimes referred to as "Access Persons", in accordance with UMIR s. 1.1).

### **Access**

Access to the Coinsquare ATS for the provision of order entry and cancellation will be by means of a standard Financial Information Exchange ("FIX") protocol gateway. All Subscribers will need to execute a Subscriber Agreement prior to being granted trading access. The Coinsquare ATS reserves the right to decline certain connections at its discretion.

### **Trading Hours**

The Coinsquare ATS will be open for trading 24 hours a day, 7 days a week, 365 days a year, except during scheduled maintenance windows of which advance notice will be provided to Subscribers. Accordingly, there will be no opening or closing prices for Digital Assets.

### **Digital Assets Traded**

The Coinsquare ATS will support trading, in Canadian dollars, in those Digital Assets that are set out at [www.coinsquare.com](http://www.coinsquare.com).

Trading will not be offered on the Coinsquare ATS in Digital Asset pairs. (Separately, however, as an OEO dealer, Coinsquare will offer clients the ability to trade in Digital Asset pairs.)

### **Market Data and Trade Reporting**

The Coinsquare ATS will offer FIX connectivity and access via Websockets for Subscribers and/or market data vendors to retrieve full depth-of-book and trade data. Specifications for connectivity will be available at [www.coinsquare.com](http://www.coinsquare.com).

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<sup>1</sup> IIROC is sometimes referred to herein as the "Market Regulator," in accordance with the definition of that term in section 1.1 of the Universal Market Integrity Rules ("UMIR").

The public will be able to view order book depth as well as trades as they occur on the Coinsquare ATS through the Coinsquare website.

### **Order Types and Features**

The Coinsquare ATS will support only fully visible limit orders. The Coinsquare ATS will not support contingent orders, market orders, dark orders, or indications of interest. At launch, the Coinsquare ATS will not support short sale orders.

For each order and trade, the Coinsquare ATS will support audit-trail data required under applicable rules, including, as appropriate:

- Participant number
- Marketplace number, as confirmed by IIROC
- Account Type (i.e., Order-Execution-Only Client / Non-Client / Principal)
- Client Identifier (i.e., Legal Entity Identifier or client account number, as applicable)
- Time in Force (i.e., Good-Til-Canceled / Fill-Or-Kill / Immediate-Or-Cancel)

### **Matching Priority**

The Coinsquare ATS will treat all orders as fully committed and binding, and they will immediately be entered into the Central Limit Order Book (the "CLOB"). The CLOB will match and execute buy and sell orders according to price and time priority. Pre-arranged crosses will not be accepted. Partially filled limit orders retain their priority until filled or cancelled. To change any resting order, it must be cancelled and replaced by the Subscriber with a new order, which will then be handled according to price and time priority rules applicable to all orders.

On the Coinsquare ATS, the minimum order size will be .00000001 of a Digital Asset, and the minimum trading increment will be .00000001 of a Digital Asset. However, all limit orders and displayed best bid and best ask prices shall be expressed in dollars and cents (i.e., there shall be no sub-penny prices).

### **Risk Controls**

The Coinsquare ATS will employ marketplace-level risk controls to ensure a fair and orderly market, including an "Aggressive Price Check" (aka "Fat Finger Check"), which will prevent overly aggressive orders, potentially incorrect figures, and potentially wrong asset selections. This control will be based on a configurable "aggressive" order price percentage check (e.g., buy order is 20%+ above best ask or sell order is 20%+ below best bid), and it will block orders that breach the threshold.

In addition, the CCML ATS will have other standard marketplace policies and procedures to promote fair and orderly markets, such as trading halts and trade cancellations and corrections with IIROC acting as regulation services provider.

### **Clearly Erroneous Trades and Trade Corrections and Cancellations**

All trades are subject to the Coinsquare ATS' trading policies, which include written procedures for "clearly erroneous" trades and trade correction and cancellation that comply with applicable regulatory requirements.

In order to correct or cancel a trade, the trader requesting the correction or cancellation may reach out to the trade counterparty or contact personnel of the Coinsquare ATS to reach out to the counterparty on the trader's behalf, with the desired action and rationale.

The Market Regulator may also instruct the Coinsquare ATS to correct or cancel the trade.

For a trade to be corrected or cancelled, both parties (sides) of the trade must agree to the correction or cancellation, unless otherwise instructed by the Market Regulator.

### **Settlement**

Each business day, the Coinsquare ATS will generate a file that notifies each Subscriber, on a Subscriber-to-Subscriber basis, of their respective net settlement obligations. Subscribers will be responsible for initiating settlement based on those instructions via fiat and Digital Asset transfer, in that order of priority, and then confirming final settlement with the ATS's settlement personnel (referred to as "CS Admin").

The operator of the Coinsquare ATS will, in its sole discretion, make any decisions in respect of forks, airdrops, or other similar events, including whether or not to continue supporting trading on the Coinsquare ATS of a Digital Asset subject to such an event.

### **Custody**

All Subscribers' Digital Assets must be custodied at a "qualified custodian" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* or an alternative custodian for Digital Assets that has been approved by the OSC and/or the Market Regulator. The Coinsquare ATS will require that each Subscriber execute an agreement with the relevant custodian(s) prior to being granted access to the marketplace.

### **Market Surveillance and Other Regulations**

The Coinsquare ATS is expected to enter into a regulation services agreement pursuant to which IIROC will provide regulatory enforcement services and, at a later date, market surveillance as well. Until that later date, market surveillance will be conducted by the Coinsquare ATS itself, with IIROC oversight.

The Coinsquare ATS is also subject to regulation and oversight by the OSC, as a registered investment dealer, and by IIROC, as a Member.

Additionally, the Coinsquare ATS will supervise trading on its marketplace in accordance with its written trading policies, and it will suspend or terminate access for Subscribers that are not in compliance with such policies, if appropriate.

### **Fees**

Coinsquare ATS fees are disclosed at [www.coinsquare.com](http://www.coinsquare.com). The fees do not unreasonably condition or limit access to Coinsquare ATS' services and are in compliance with the requirements set out in section 5.1 of National Instrument 21-101 *Marketplace Operation*.

Fees charged by custodians for custody services required in connection with trading on the Coinsquare ATS may be found on the respective website of the custodian (e.g., [www.coinbase.com](http://www.coinbase.com) and [www.tetratrust.com](http://www.tetratrust.com)).

**B.11.2.2 Neo Exchange Inc. – Public Interest Rule Amendments to the Listing Manual – Notice of Approval**

**NEO EXCHANGE INC.**

**PUBLIC INTEREST RULE AMENDMENTS TO THE LISTING MANUAL**

**NOTICE OF APPROVAL**

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, Neo Exchange Inc. (“**NEO Exchange**”) has adopted and the Ontario Securities Commission (the “**OSC**”) has approved Public Interest Rule Amendments to the NEO Exchange Listing Manual.

On November 18, 2021, NEO Exchange published for comment the Public Interest Rule Amendments streamlining the minimum listing standards for corporate issuers under section 2.02 of the Listing Manual, and make a consequential change to paragraph 3.01(3)(d) of the Listing Manual (the “Amendments”). For additional detail, please refer to the Notice of the Amendments and Request for Comments published on November 18, 2021. No comments were received. Additional changes were made upon the request of the OSC to further enhance the commentary clarifying the NEO Exchange’s considerations in evaluating market value information on certain acceptable trading platforms.

The Amendments are effective as of the date hereto.

A copy of the Listing Manual can be found on the NEO Exchange website.

APPENDIX A

Blackline of Revisions Made after Closing of the Comment Period

2.02 Minimum Listing Standards – Corporate Issuers

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- (2) *Issuer Criteria* – An applicant must demonstrate at the time of the application to list on the Exchange that it meets or will, at the time of listing, meet one of the following criteria:

...

- (c) Market Value Standard – Market value of securities to be listed of at least \$50,000,000, based on the market value of securities traded on a Recognized Exchange, ~~or~~ an Accepted Foreign Exchange or another acceptable trading platform, together with any additional offering of securities concurrent with the listing application; or

**Commentary:**

*For the purpose of applying the Market Value Standard, the Exchange may consider ~~an established foreign over the counter trading on an acceptable trading platform that is not a Recognized Exchange or as~~ an “Accepted Foreign Exchange”. When assessing whether the market value of securities based on trading on a trading venue that is not a Recognized Exchange or an Accepted Foreign Exchange is acceptable for the purpose of applying the Market Value Standard~~traded on an over the counter platform is acceptable~~, the Exchange will consider any relevant factors including but not limited to: the trading volume, number and frequency of trades, price volatility, availability and reputation of liquidity providers, and the jurisdiction in which the platform operates~~any other relevant factors~~.*

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*Editor's Note: On Friday, April 29, 2022, the Securities Commission Act, 2021, came into force by proclamation of the Lieutenant Governor of Ontario. The new structural and governance changes are now reflected in the Bulletin index with the use of the "Capital Markets Tribunal" designation to differentiate those proceedings from the proceedings of the Ontario Securities Commission: [www.capitalmarketstribunal.ca](http://www.capitalmarketstribunal.ca).*

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