

The Ontario Securities Commission

# OSC Bulletin

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The Ontario Securities Commission carries out the powers, duties and functions given to it pursuant to the *Securities Commission Act, 2021* (S.O. 2021, c. 8, Sched. 9).

The Ontario Securities Commission exercises its regulatory oversight function through the administration and enforcement of Ontario's *Securities Act* (R.S.O. 1990, c. S.5) and *Commodity Futures Act* (R.S.O. 1990, c. C.20), and administration of certain provisions of the *Business Corporations Act* (R.S.O. 1990, c. B.16).

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# A. Capital Markets Tribunal

## A.2 Other Notices

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### A.2.1 Bridging Finance Inc. et al.

**FOR IMMEDIATE RELEASE**  
September 13, 2023

**BRIDGING FINANCE INC.,  
DAVID SHARPE,  
NATASHA SHARPE AND  
ANDREW MUSHORE,  
File No. 2022-9**

**TORONTO** – Take notice that the merits hearing in the above-named matter scheduled to be heard on September 14, 2023 will not proceed as scheduled.

Registrar, Governance & Tribunal Secretariat  
Ontario Securities Commission

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inquiries@osc.gov.on.ca

### A.2.2 Go-To Developments Holdings Inc. et al.

**FOR IMMEDIATE RELEASE**  
September 19, 2023

**GO-TO DEVELOPMENTS HOLDINGS INC.,  
GO-TO SPADINA ADELAIDE SQUARE INC.,  
FURTADO HOLDINGS INC., AND  
OSCAR FURTADO,  
File No. 2022-8**

**TORONTO** – Take notice that the attendance in the above named matter scheduled to be heard on September 25, 2023 will now be heard on October 11, 2023 at 10:00 a.m.

Registrar, Governance & Tribunal Secretariat  
Ontario Securities Commission

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# B. Ontario Securities Commission

## B.1 Notices

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### B.1.1 Notice of Ministerial Approval of OSC Rule 52-503 Exemption from Disclosure of a Specified Financial Measure

#### NOTICE OF MINISTERIAL APPROVAL OF OSC RULE 52-503 EXEMPTION FROM DISCLOSURE OF A SPECIFIED FINANCIAL MEASURE

The Ontario Minister of Finance recently approved OSC Rule 52-503 *Exemption from Disclosure of a Specified Financial Measure* (the **Rule**) as a rule under the *Securities Act* (Ontario). The Rule provides an exemption in Ontario from National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* for a reporting issuer that is, or that has a subsidiary or an affiliate that is, a “federal financial institution” as defined in the *Bank Act* (Canada) and subject to OSFI Guidelines.

The Rule was published in Chapter B.1 of the Bulletin on July 20, 2023. The same material is being published today in Chapter B.5 of this Bulletin. The Rule becomes effective on October 3, 2023.

**B.1.2 OSC and AMF Notice of Designation of Term CORRA as a Designated Interest Rate Benchmark and CanDeal Benchmark Administration Services Inc. as its Designated Benchmark Administrator**

**OSC AND AMF**  
**NOTICE OF DESIGNATION OF**  
**TERM CORRA**  
**AS A DESIGNATED INTEREST RATE BENCHMARK**  
**AND**  
**CANDEAL BENCHMARK ADMINISTRATION SERVICES INC.**  
**AS ITS DESIGNATED BENCHMARK ADMINISTRATOR**

**September 15, 2023**

**Introduction**

The Ontario Securities Commission (the **OSC**) and the Autorité des marchés financiers (**AMF**) have each issued decisions under applicable securities legislation designating:

- Term CORRA as a designated interest rate benchmark<sup>1</sup>, and
- CanDeal Benchmark Administration Services Inc. (**CBAS**) as a designated benchmark administrator of Term CORRA.

A copy of the OSC designation order has been published on the OSC website<sup>2</sup> and a copy of the AMF designation order has been published on the AMF website<sup>3</sup>. Appended to each designation order is a copy of an undertaking provided by CBAS to the OSC or the AMF (as applicable) in respect of certain matters.

On July 6, 2023, the OSC and the AMF published an “OSC and AMF Notice and Request for Comment” in respect of the proposed designation of Term CORRA and CBAS (the **July 2023 Notice**)<sup>4</sup> for a 30-day public comment period. Appendix A to this Notice sets out a summary of the comments received on the July 2023 Notice and the response of the OSC and the AMF to those comments. As no substantive comments were received, a response from CBAS has not been included.

**Questions**

Questions may be directed to any of the following:

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<sup>1</sup> Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (**MI 25-102**) has provisions that apply to designated interest rate benchmarks. In Ontario, Term CORRA was:

- designated as a designated benchmark under subsection 24.1(3) of the *Securities Act* (Ontario) (the **OSA**) and subsection 21.5(3) of the *Commodity Futures Act* (Ontario) (the **CFA**), and
- assigned as a designated interest rate benchmark for the purposes of MI 25-102 under subsection 24.1(7) of the OSA and for the purposes of OSC Rule 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators* (**OSC Rule 25-501**) under subsection 21.5(7) of the CFA.

OSC Rule 25-501 contains substantially the same requirements as MI 25-102. OSC Rule 25-501 was enacted in Ontario because MI 25-102 would not apply to Ontario commodity futures law.

<sup>2</sup> See <https://www.osc.ca/en/industry/companies/designated-benchmarks-and-benchmark-administrators>

<sup>3</sup> See <https://lautorite.qc.ca/en/professionals/market-structures/designated-benchmarks-and-benchmarks-administrators>

<sup>4</sup> A copy of the July 2023 Notice is at [https://www.osc.ca/sites/default/files/2023-07/20230706\\_osc-amf-designated-benchmark-administrator.pdf](https://www.osc.ca/sites/default/files/2023-07/20230706_osc-amf-designated-benchmark-administrator.pdf)



**B.1: Notices**

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## APPENDIX A

## SUMMARY OF COMMENTS AND RESPONSE OF OSC AND AMF

## A. List of Commenters

1. Osler, Hoskin & Harcourt LLP on behalf of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Fédération des caisses Desjardins du Québec, National Bank of Canada, Royal Bank of Canada and Toronto-Dominion Bank
2. Canadian Imperial Bank of Commerce
3. Investment Industry Association of Canada
4. Brookfield Corporation

## B. Summary of Comments and Response of OSC and AMF

Summarized Comment	Response of OSC and AMF
<p>The four commenters were in support of the designation of Term CORRA as a designated interest rate benchmark and CBAS as its designated benchmark administrator.</p> <p>The four commenters submitted that the designation of Term CORRA and CBAS would help ensure that Term CORRA is a robust benchmark that adheres to the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.</p> <p>One commenter noted that the designation would result in Term CORRA and CBAS being subject to appropriate regulatory oversight.</p>	<p>We thank the commenters for their comments in support of the designation of Term CORRA and CBAS.</p>

## B.2 Orders

### B.2.1 Invictus MD Strategies Corp.

#### Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Securities Act s. 88 Cease to be a reporting issuer in BC – The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation.

#### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s.1(10)(a)(ii).  
Securities Act, R.S.B.C. 1996, c. 418, s. 88.

**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  
INVICTUS MD STRATEGIES CORP.  
(the Filer)**

**ORDER**

#### Background

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

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

- (a) the British Columbia Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, 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 head office of the Filer is located in Vancouver, British Columbia;
  - 2. the Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador;
  - 3. the Filer was incorporated under the *Business Corporations Act* (S.B.C. 2002, c. 57) (the BCBCA) on February 11, 2014 under the name "Bioab Strategies Ltd.", and changed its name to "Invictus MD Strategies Corp." on December 19, 2014;
  - 4. on January 26, 2021, the Filer completed a proposal with its creditors under the *Companies Creditors Arrangement Act* (R.S.C., 1985, c. C-36) to settle its then outstanding indebtedness owed to its creditors;
  - 5. on February 4, 2021, the British Columbia Securities Commission and the Ontario Securities Commission issued a failure to

- file cease trade order (FFCTO) as a result of the Filer's failure to file its audited financial statements for the fiscal year ended January 31, 2020, and unaudited interim financial reports for the periods ended April 30, 2020, July 31, 2020 and October 31, 2020, and the related management's discussions and analyses and certificates as required under National Instrument 52-109 *Certification in Issuer's Annual and Interim Filings* (collectively, the Required Records);
6. the Filer's failure to file the Required Records was a result of financial distress;
7. on January 1, 2022, the Filer completed a vertical short form amalgamation under section 273 of the BCBCA with its four wholly-owned British Columbia subsidiaries, 1339527 B.C. Ltd., 1339533 B.C. Ltd., Greener Pastures MD Ltd., and Prestige Worldwide Holdings Inc. (the Amalgamating Companies), whereby the issued shares of the Amalgamating Companies were cancelled without any disposition of the Filer's issued and outstanding securities or issuance of any new securities;
8. on September 7, 2022, the British Columbia Securities Commission and the Ontario Securities Commission granted a partial revocation of the FFCTO to the Filer to permit the Filer to complete a plan of arrangement with its wholly owned Delaware subsidiary, Gene-Etics Strains Co. and all of the Filer's shareholders (Arrangement) under Division 4 of the BCBCA;
9. on January 18, 2023, the Filer completed its Arrangement;
10. as a result of the Arrangement, the number of shareholders of the Filer was reduced from 19,796 to 26;
11. the Filer is not an OTC reporting issuer under Multilateral 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
12. 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;
13. 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 seller of securities where trading data is publicly reported;
14. 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;
15. the Filer is not in default of securities legislation in any jurisdiction, other than the defaults that led to the issuance of the FFCTO, and the failure to file continuous disclosure documents subsequent to the issuance of the FFCTO (the Subsequent Records);
16. the Filer has applied for a full revocation of the FFCTO;
17. the Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* as it is in default for failure to file the Required Records and the Subsequent Records; and
18. upon the grant of the Relief Sought, the Filer will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

**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.

"Melody Chen"  
Acting Chief, Corporate Finance Legal Services  
British Columbia Securities Commission

OSC File #: 2023/0103

## B.2.2 Term CORRA and CanDeal Benchmark Administration Services Inc.

### Headnote

The benchmark administrator of Term CORRA applied to the Commission for a decision under the Securities Act (Ontario) and the Commodity Futures Act (Ontario) that Term CORRA be designated as a designated benchmark and that its administrator be designated as a designated benchmark administrator. The decision was granted and Term CORRA was assigned as a designated interest rate benchmark for the purposes of Multilateral Instrument 25-102 and Ontario Securities Commission Rule 25-501.

### Applicable Legislative Provisions

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

Commodity Futures Act (Ontario), R.S.O. 1990, c. C.20, s. 21.5.

Multilateral Instrument 25-102 Designated Benchmarks and Benchmark Administrators.

Ontario Securities Commission Rule 25-501 (Commodity Futures Act) Designated Benchmarks and Benchmark Administrators.

IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5,  
AS AMENDED  
(the "OSA")

AND

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

AND

IN THE MATTER OF  
TERM CORRA

AND

IN THE MATTER OF  
CANDEAL BENCHMARK ADMINISTRATION SERVICES INC.  
("CBAS")

DESIGNATION ORDER

### Background

The Ontario Securities Commission (the "**Commission**") has received an application (the "**Application**") from CBAS under the OSA and the CFA for a decision under the OSA and the CFA that:

- (a) Term CORRA be designated as a designated benchmark,
- (b) Term CORRA be assigned as a designated interest rate benchmark for the purposes of Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* ("**MI 25-102**") and Ontario Securities Commission Rule 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators* ("**OSC Rule 25-501**"), and
- (c) CBAS be designated as a designated benchmark administrator of Term CORRA.

### 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 decision, unless otherwise defined herein.

## **Representations**

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

1. The Canadian Dollar Offered Rate (“**CDOR**”), a designated interest rate benchmark, will cease to be published on June 28, 2024.
2. It is expected that market participants will use the Canadian Overnight Repo Rate Average (“**CORRA**”) as the alternative reference rate for most instruments that currently reference CDOR. CORRA is an existing interest rate benchmark administered by the Bank of Canada.
3. Term CORRA is a new interest rate benchmark that is intended to replace CDOR for certain instruments or, when appropriate, for related derivatives. Term CORRA is a forward-looking measurement of CORRA for 1- and 3-month tenors, based on market-implied expectations from CORRA derivatives markets. CBAS is the benchmark administrator of Term CORRA.
4. Term CORRA’s use will be limited initially through its licensing agreements to trade finance, loans and derivatives associated with loans (the “**use cases**”) but use cases may evolve over time.
5. It is anticipated that Term CORRA will be important for the successful transition of the Canadian loan and trade finance market from CDOR.
6. CBAS and Commission staff believe that Term CORRA should be designated as a designated benchmark (and assigned as a designated interest rate benchmark for the purposes of MI 25-102 and OSC Rule 25-501) and CBAS should be designated as the designated benchmark administrator of Term CORRA. After Term CORRA and CBAS are so designated, CBAS (as benchmark administrator of Term CORRA) will be required to comply with the applicable provisions of MI 25-102 and OSC Rule 25-501 in respect of Term CORRA.
7. CBAS has provided an undertaking to the OSC on certain matters, a copy of which is attached as Appendix A to this decision.

## **Decision**

The Commission is satisfied that it is in the public interest to make this decision.

The decision of the Commission, pursuant to section 24.1 of the OSA and section 21.5 of the CFA, is that:

- (A) Term CORRA is designated as a designated benchmark,
- (B) Term CORRA is assigned as a designated interest rate benchmark for the purposes of MI 25-102 and OSC Rule 25-501, and
- (C) CBAS is designated as the designated benchmark administrator of Term CORRA.

Dated this 15th day of September, 2023.

“Grant Vingoe”  
Chief Executive Officer  
Ontario Securities Commission

OSC File #: 2023/0098

**APPENDIX A**

**Undertaking**

To: Ontario Securities Commission (**OSC**)

Upon the designation by the OSC under applicable securities legislation of Term CORRA as a designated interest rate benchmark and of the undersigned, CanDeal Benchmark Administration Services Inc. (**CBAS**), as its designated benchmark administrator (the **Designation**), CBAS hereby undertakes to:

1. arrange for the oversight committee required by Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (**MI 25-102**) and OSC Rule 25-501 (Commodity Future Act) *Designated Benchmarks and Benchmark Administrators* (**OSC Rule 25-501**), for Term CORRA as a designated interest rate benchmark (the **Oversight Committee**) to review and, when deemed appropriate, to make written recommendations (**Recommendations**) on the applicable documents (the **Documents**) for any of the following actions before they are implemented by CBAS:
  - any change to the license fees or license fee arrangements in respect of Term CORRA,
  - any amendments to any collaboration agreement between TSX Inc. (or any affiliate of TSX Inc.) and CBAS,
  - any amendments to an agreement between CBAS and an affiliate of CBAS, and
  - any change to the use cases for Term CORRA;
2. in connection with any Recommendations,
  - advise, in writing, the CBAS board of directors (the **CBAS Board**) and the OSC of any Recommendations before the Documents are finalized,
  - cause the CBAS Board to consider and approve or disapprove any Recommendations before the Documents are finalized, and
  - advise, in writing, the Oversight Committee and the OSC of the decision of the CBAS Board regarding the Recommendations before any action is taken to implement the decision of the CBAS Board;
3. establish, document, maintain and apply policies and procedures to:
  - restrict trading by its employees, "DBA individuals" (as that term is defined in MI 25-102 and, in Ontario, OSC Rule 25-501) and members of the Oversight Committee in any securities, derivatives or instruments that use Term CORRA as a reference rate in a manner that is reasonably designed to meet the objectives set out in section 10 of MI 25-102 and OSC Rule 25-501, and
  - prohibit trading by its employees, DBA individuals and members of the Oversight Committee in CORRA futures traded on the Montréal Exchange given the role of those futures in the determination of Term CORRA;
4. inform any new member of the Oversight Committee of this undertaking forthwith after they become a member of the Oversight Committee;
5. annually inform the Oversight Committee of this undertaking; and
6. annually, at the same time as the information required under subsection 2(3) of MI 25-102 and subsection 2(3) of OSC Rule 25-501 is delivered, certify in writing to the OSC that it has complied with this undertaking.

This undertaking shall remain in force until the earliest of (i) the OSC notifying CBAS in writing that the undertaking is no longer required, (ii) the OSC revoking the Designation, or (iii) CBAS ceasing to carry on its business.

Dated this 11th day of September, 2023.

**CanDeal Benchmark Administration Services Inc.**

By: "Louise Brinkmann"

---

Name: Louise Brinkmann  
Title: Head of Benchmark Solutions

**B.2.3 Thesis Gold (Holdings) Inc.**

**Headnote**

Multilateral Instrument 11-102 Passport System – National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Securities Act, s. 88 – Cease to be a reporting issuer in BC – The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation except it has not filed certain continuous disclosure documents.

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.B.C. 1996, c. 418, s. 88.  
Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

**Citation:** 2023 BCSECCOM 450

**September 14, 2023**

**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  
REPORTING ISSUER APPLICATIONS  
  
AND  
  
IN THE MATTER OF  
THESIS GOLD (HOLDINGS) INC.  
(the Filer)  
  
ORDER**

**Background**

¶ 1 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 Jurisdiction (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

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

**Interpretation**

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

**Representations**

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

- 1. the Filer is a reporting issuer in British Columbia, Alberta and Ontario;
- 2. the Filer is governed by the *Business Corporations Act (British Columbia)*;
- 3. the Filer's head office is located in Vancouver, British Columbia;
- 4. pursuant to a statutory plan of arrangement under Division 5 of Part 9 of the *Business Corporations Act (British Columbia)*, effective August 23, 2023 (the Effective Date), Benchmark Metals Inc. (the Purchaser) acquired all of the issued and outstanding common shares of the Filer (the Filer Shares), all upon the terms and conditions of the arrangement agreement dated June 5, 2023 between the Filer and the Purchaser (the Arrangement);
- 5. pursuant to the Arrangement, all other securities of the Filer have either been exchanged for or amended to become securities of the Purchaser;
- 6. immediately upon the completion of the Arrangement, on the Effective Date, the Filer became a wholly-owned subsidiary of the Purchaser;
- 7. the Filer Shares have been delisted from the TSX Venture Exchange effective as of the close of trading on August 24, 2023;



8. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
9. 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;
10. 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;
11. 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;
12. the Filer has no intention to seek public financing by way of an offering of securities;
13. the Filer is not in default of securities legislation in any jurisdiction other than its obligations to file on or before August 29, 2023 its interim financial statements and related management's discussion and analysis for the interim period ended June 30, 2023, as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the Filings);
14. the requirements to file the Filings did not arise until after completion of the Arrangement;
15. the Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206) as it is in default for failure to file the Filings; and
16. but for the fact that the Filer failed to file the Filings, the Filer would be eligible for the simplified procedure under NP 11-206.

**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 the Order Sought is granted.

"Noreen Bent"  
Chief, Corporate Finance Legal Services  
British Columbia Securities Commission

OSC File #: 2023/0380

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## B.3 Reasons and Decisions

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### B.3.1 Ensign Capital Inc.

IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, c. S.5,  
AS AMENDED

AND

IN THE MATTER OF  
THE REGISTRATION OF  
ENSIGN CAPITAL INC.

#### DECISION OF THE DIRECTOR

1. Ensign Capital Inc. (the **Firm**) was registered under the Ontario *Securities Act* (the **Act**) as a limited market dealer from March 29, 2004 to September 28, 2009. This registration category transitioned to exempt market dealer effective September 28, 2009. The Firm's registration was suspended on December 31, 2005 for non-renewal but was reinstated effective January 9, 2006.
2. On July 2, 2023, David Walters, the Firm's chief compliance officer, ultimate designated person and sole director, officer and shareholder, passed away.
3. Following Mr. Walters' passing, the Firm no longer had a registered individual performing the functions of an ultimate designated person or chief compliance officer, contrary to the requirements of s. 11.2 and s. 11.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, respectively.
4. Mr. Walters' family indicated to the Compliance and Registration Regulation Branch of the Ontario Securities Commission (the **CRR Branch**) that they intended to wind down the Firm.
5. On August 24, 2023, on behalf of the CRR Branch, Michael Denyszyn, Manager, Registrant Conduct, notified Mr. Walters' family in writing that the CRR Branch had recommended to the Director that the Firm's registration be suspended.
6. Mr. Walters' family confirmed that they did not object to the CRR Branch's recommendation and would not request an opportunity to be heard.
7. Pursuant to section 28 of the Act, in considering whether to continue the registration of a person or company, the Director is required to consider whether, among other things, the registration is otherwise objectionable.
8. I am of the view that it would be objectionable for the Firm to continue to be registered as an exempt market dealer without anyone performing the functions of an ultimate designated person and chief compliance officer.
9. It is my decision that the Firm's registration be suspended.

"Jason Tan"  
Manager, Registration, Compliance and Registrant Regulation Branch

September 7, 2023

**B.3.2 Franklin Templeton Investments Corp.**

**Headnote**

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to facilitate the offering of exchange-traded fund securities and conventional mutual fund securities under the same form of prospectus – Relief granted from the requirement in NI 41-101 to file a long form prospectus for exchange-traded fund securities provided that a simplified prospectus is prepared and filed in accordance with NI 81-101 and the filer includes disclosure required pursuant to Form 41-101F2 that is not contemplated by Form 81-101F1 in respect of the exchange-traded fund securities – Filer will file ETF Facts in the form prescribed by Form 41-101F4 in respect of exchange-traded fund securities of a fund and will file a Fund Facts document in the form prescribed by Form 81-101F3 in respect of conventional mutual fund securities of a fund – Technical relief granted from Parts 9, 10 and 14 of NI 81-102 to permit each fund to treat its exchange-traded fund securities and conventional mutual fund securities as separate mutual funds for the purpose of compliance with Parts 9, 10 and 14 of NI 81-102.

**Applicable Legislative Provisions**

National Instrument 41-101 – General Prospectus Requirements, ss. 3.1(2) and 19.1.

National Instrument 81-102 – Investment Funds, Parts 9, 10 and 14 and s. 19.1.

September 14, 2023

**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  
FRANKLIN TEMPLETON INVESTMENTS CORP.  
(the Filer)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of each of **the Existing Funds (as defined below)** and such other mutual funds as are managed or may be managed by the Filer now or in the future that offer ETF Securities (as defined below) either alone or along with Mutual Fund Securities (as defined below) (collectively, the **Future Funds** and together with the Existing Funds, the **Funds**, and each, a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting exemptive relief that:

- (a) revokes and replaces the Previous Decision (the **Revocation Relief**);
- (b) exempts the Filer and each Fund from the requirement to prepare and file a long form prospectus for the ETF Securities in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus* (the **Form 41-101F2**) provided that the Filer files (i) a prospectus for the ETF Securities in accordance with the provisions of National Instrument 81-101 *Mutual Fund Prospectus Disclosure (NI 81-101)*, other than the requirements pertaining to the filing of a fund facts document; and (ii) an ETF facts document in accordance with Part 3B of National Instrument 41-101 *General Prospectus Requirements (NI 41-101)* (the **ETF Prospectus Form Relief**); and
- (c) to permit the Filer and each Fund that offers both ETF Securities and Mutual Fund Securities to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with the provisions (the **Sales and Redemptions Requirements**) of Parts 9, 10 and 14 of National Instrument 81-102 *Investment Funds (NI 81-102)* (the **Sales and Redemptions Relief**),

(collectively, the Revocation Relief, the ETF Prospectus Form Relief and the Sales and Redemptions Relief, the **Exemption Sought**).

Under National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

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

**Interpretation**

Capitalized terms used herein have the meaning ascribed thereto below (or in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102, as applicable) unless otherwise defined in this Decision.

**Affiliate Dealer** means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined below) from time to time.

**Authorized Dealer** means a registered dealer that has entered, or intends to enter, into an agreement with the

manager of a Fund authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more Funds on a continuous basis from time to time.

**Basket of Securities** means, in relation to the ETF Securities of a Fund, a group of some or all of the constituent securities of the Fund, a group of securities or assets representing the constituents of the Fund, or a group of securities selected by the portfolio manager or sub-advisor, as applicable, from time to time.

**Designated Broker** means a registered dealer that has entered, or intends to enter, into an agreement with the Filer or an affiliate of the Filer on behalf of a Fund to perform certain duties in relation to the ETF Securities of the Fund, including the posting of a liquid two-way market for the trading of the Fund's ETF Securities on the TSX or another Marketplace.

**ETF Facts** means an ETF facts document prepared, filed and delivered in accordance with Part 3B of NI 41-101.

**ETF Securities** means securities of an exchange-traded Fund or of an exchange-traded series of a Fund that are listed or will be listed on the TSX or another Marketplace and that will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

**Existing ETFs** means Franklin Core Balanced Active ETF, Franklin Risk Managed Canadian Equity Active ETF, Franklin Emerging Markets Equity Index ETF, Franklin FTSE Canada All Cap Index ETF, Franklin FTSE Japan Index ETF, Franklin FTSE U.S. Index ETF, Franklin Global Dividend Quality Index ETF, Franklin International Equity Index ETF, Franklin International Multifactor Index ETF and Franklin U.S. Large Cap Multifactor Index ETF.

**Existing ETF Series Mutual Funds** means Franklin Bissett Core Plus Bond Fund, Franklin Bissett Corporate Bond Fund, Franklin Bissett Short Duration Bond Fund, Franklin Bissett Ultra Short Bond Fund, Franklin Brandywine Global Sustainable Income Optimiser Fund, Franklin Global Core Bond Fund, Franklin Western Asset Core Plus Bond Fund, Franklin ClearBridge Sustainable Global Infrastructure Income Fund, Franklin ClearBridge Sustainable International Growth Fund, Franklin Global Growth Fund and Franklin Innovation Fund.

**Existing Funds** means the Existing ETFs together with the Existing ETF Series Mutual Funds.

**Form 81-101F1** means Form 81-101F1 *Contents of Simplified Prospectus*.

**Fund Facts** means a prescribed summary disclosure document required pursuant to NI 81-101 in respect of one or more classes or series of Mutual Fund Securities being distributed under a prospectus.

**Legislation** means the securities legislation of each of the Jurisdictions, as applicable.

**Marketplace** means a "marketplace" as defined in National Instrument 21-101 *Marketplace Operations* that is located in Canada.

**Mutual Fund Securities** means securities of a non-exchange-traded series of a Fund that are or will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

**Other Dealer** means a registered dealer that is not an Authorized Dealer, Designated Broker or Affiliate Dealer.

**Prescribed Number of ETF Securities** means, in relation to a Fund, the number of ETF Securities of the Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**Prospectus Delivery Requirement** means the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the Legislation applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement.

**Securityholders** means beneficial or registered holders of ETF Securities or Mutual Fund Securities of a Fund, as applicable.

**TSX** means the Toronto Stock Exchange.

### **Representations**

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

#### ***The Filer***

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario, having its head office in the City of Toronto.
2. The Filer is registered as an investment fund manager in British Columbia, Alberta, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador, as a mutual fund dealer, portfolio manager and exempt market dealer in each province of Canada and the Yukon, and as a commodity trading manager in Ontario.
3. The Filer, or an affiliate of the Filer, is, or will be, the investment fund manager of each of the Funds.
4. The Filer is not in default of securities legislation in any of the Jurisdictions.

#### ***The Funds***

5. Each Fund is, or will be, an open-ended mutual fund established as either a trust or a class of shares of a mutual fund corporation under the laws of a Jurisdiction. Each Fund is, or will be, a reporting issuer in the Jurisdictions in which its securities are distributed. Each Fund that relies on the Exemption Sought will offer ETF Securities either alone or along with Mutual Fund Securities.

6. Subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities, each Fund is, or will be, subject to NI 81-102 and Securityholders will have the right to vote at a meeting of Securityholders in respect of matters prescribed by NI 81-102.
7. The Existing ETFs are distributed pursuant to a long form prospectus dated May 26, 2023 in the form prescribed by Form 41-101F2 (the **Long Form Prospectus**). Each of Franklin Emerging Markets Equity Index ETF, Franklin FTSE U.S. Index ETF, Franklin FTSE Canada All Cap Index ETF, Franklin FTSE Japan Index ETF and Franklin International Equity Index ETF currently offers ETF Securities listed on Cboe Canada. Each other Existing ETF currently offers ETF Securities listed on the TSX.
8. The Existing ETF Series Mutual Funds are distributed pursuant to a simplified prospectus dated May 17, 2023 (the **Simplified Prospectus**). Each Existing ETF Series Mutual Fund currently offers ETF Securities listed on the TSX as well as Mutual Fund Securities.
9. If the ETF Prospectus Form Relief is granted, it is expected that when the Simplified Prospectus is renewed in 2024, the Filer will file a *pro forma* simplified prospectus in the form prescribed by Form 81-101F1, in respect of the Existing Funds, pursuant to which it will continue to offer ETF Securities of the Existing Funds. Fund Facts documents in the form prescribed by Form 81-101F3 *Contents of Fund Facts Document* (the **Form 81-101F3**) for each series of Mutual Fund Securities of the Existing Funds and ETF Facts documents in the form prescribed by Form 41-101F4 *Information Required in an ETF Facts Document* (**Form 41-101F4**) for each series of ETF Securities of the Existing Funds will also be filed.
10. The Filer has applied, or will apply, to list any ETF Securities of each of the Funds that relies on the Exemption Sought on the TSX or another Marketplace. In the case of a Future Fund, the Filer will not file a final or amended simplified prospectus for any of the Funds in respect of the ETF Securities until the TSX or other applicable Marketplace has conditionally approved the listing of the ETF Securities.
11. The Existing Funds are not in default of securities legislation in any of the Jurisdictions.
12. Mutual Fund Securities may be subscribed for or purchased directly from a Fund through appropriately registered dealers.
13. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a simplified prospectus. ETF Securities may generally only be subscribed for or purchased directly from the Funds (**Creation Units**) by Authorized Dealers or Designated Brokers. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when there is a trading session on the TSX or other Marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the TSX or another Marketplace.
14. In addition to subscribing for and reselling their Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market.
15. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, ETF Securities generally will not be able to be purchased directly from a Fund. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of the TSX or another Marketplace. ETF Securities may also be issued directly to Securityholders upon a reinvestment of distributions of income or capital gains.
16. Securityholders that are not Designated Brokers or Authorized Dealers that wish to dispose of their ETF Securities may generally do so by selling their ETF Securities on the TSX or other Marketplace, through a registered dealer, subject only to customary brokerage commissions. A Securityholder that holds a Prescribed Number of ETF Securities or multiple thereof may exchange such ETF Securities for Baskets of Securities and/or cash, securities other than Baskets of Securities and/or cash, or cash only, in the discretion of the Filer. Securityholders may also redeem ETF Securities for cash at a redemption price equal to 95% of the net asset value of the ETF Securities on the date of redemption.

**The Previous Decision**

17. In a previous decision dated March 23, 2023 (the **Previous Decision**), the Existing ETF Series Mutual Funds and such other mutual funds as are managed or may be managed by the Filer now or in the future that offer ETF Securities and Mutual Fund Securities were granted relief similar to the ETF Prospectus Form Relief and the Sales and Redemptions Relief in order to allow ETF Securities of such funds to be offered under a simplified prospectus in the form prescribed by Form 81-101F1.
18. The Previous Decision applies to funds that offer both ETF Securities and Mutual Fund Securities while the Exemption Sought would apply to funds that offer ETF Securities either alone or along with Mutual Fund Securities. Accordingly, the Filer wishes to revoke and replace the Previous

Decision to allow the Filer to offer Funds that offer ETF Securities alone (i.e. without Mutual Fund Securities) under the same prospectus as Funds that offer Mutual Fund Securities either alone or Mutual Fund Securities along with ETF Securities.

**ETF Prospectus Form Relief**

19. The Filer believes it is more efficient and expedient to include all series of Mutual Fund Securities and ETF Securities in one prospectus form instead of two different prospectus forms and that this presentation will assist in providing full, true and plain disclosure of all material facts relating to the securities of the Funds by permitting disclosure relating to all series of securities to be included in one prospectus.
20. The Filer will file ETF Facts in the form prescribed by Form 41-101F4 in respect of each class or series of ETF Securities and will file Fund Facts in the form prescribed by Form 81-101F3 in respect of each class or series of Mutual Fund Securities.
21. The Filer will ensure that any additional disclosure included in the simplified prospectus of the Funds relating to the ETF Securities will not interfere with an investor's ability to differentiate between the Mutual Fund Securities and the ETF Securities and their respective attributes.
22. The Funds will comply with the provisions of NI 81-101 when filing any prospectus or amendment thereto.
23. The Funds will comply with Part 3B of NI 41-101 when preparing, filing and delivering ETF Facts for the ETF Securities of the Funds.

**Sales and Redemption Relief**

24. Parts 9, 10 and 14 of NI 81-102 do not contemplate both Mutual Fund Securities and ETF Securities being offered in a single fund structure. Accordingly, without the Sales and Redemption Relief, the Filer and each Fund that offers both ETF Securities and Mutual Fund Securities would not be able to technically comply with those parts of NI 81-102.
25. The Sales and Redemptions Relief will permit the Filer and each Fund that offers both ETF Securities and Mutual Fund Securities to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with Parts 9, 10 and 14 of NI 81-102. The Exemption Sought will enable each of the ETF Securities and Mutual Fund Securities to comply with Parts 9, 10 and 14 of NI 81-102, as appropriate, for the type of security being offered.

**Decision**

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

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

1. in respect of the ETF Prospectus Form Relief, the Filer complies with the following conditions:
  - (a) the Filer files a simplified prospectus in respect of the ETF Securities in accordance with the requirements of NI 81-101 and Form 81-101F1, other than the requirements pertaining to the filing of a fund facts document;
  - (b) the Filer includes disclosure required pursuant to Form 41-101F2 (that is not contemplated by Form 81-101F1) in respect of the ETF Securities in each Fund's simplified prospectus; and
  - (c) the Filer includes disclosure regarding this decision under the heading "Additional Information" in each Fund's simplified prospectus; and
2. in respect of the Sales and Redemptions Relief, the Filer and each Fund comply with the following conditions:
  - (a) with respect to its Mutual Fund Securities, each Fund complies with the provisions of Parts 9, 10 and 14 of NI 81-102 that apply to mutual funds that are not exchange-traded mutual funds; and
  - (b) with respect to its ETF Securities, each Fund complies with the provisions of Parts 9 and 10 of NI 81-102 that apply to exchange-traded mutual funds.

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

Application File #: 2023/0413  
SEDAR Project #: 6024786

**B.3.3 Simon Markets LLC and Axio Financial LLC**

**Headnote**

Application for a decision exempting the Filer, a U.S. registered broker-dealer, from the dealer registration requirement to permit the Filers to provide services through a technology platform that facilitates education, marketing, and trading of structured products relating to Canadian securities – all execution of trades in securities are made through an executing broker for execution, clearance, and settlement – time-limited registration relief granted to allow the Filers to provide the Services on the basis of the regulatory framework established in the U.S. and on the basis of the additional terms and conditions as set out in the decision.

**Applicable Legislative Provisions**

Statutes Cited

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

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, 8.21, Form 31-103F1 Calculation of Excess Working Capital.

Ontario Securities Commission Rule 13-502 Fees.

**September 15, 2023**

**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  
SIMON MARKETS LLC  
AND  
AXIO FINANCIAL LLC**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application (the **Application**) from SIMON Markets LLC (**SIMON**) and Axio Financial LLC (**Axio, together with SIMON, the Filers or each a Filer**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filers from the dealer registration requirement in the Legislation in respect of providing Services (as defined

below) relating to securities of issuers to Institutional Permitted Clients (as defined below) in the Jurisdictions (as defined below) (the **Exemption Sought**).

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 Filers have 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 (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:

**“Institutional Permitted Client”** means 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 an Institutional 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 an Institutional Permitted Client under another paragraph of that definition; and

**“NI 31-103”** means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

**Representations**

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

1. SIMON is a limited liability company formed under the laws of Delaware. The head office of SIMON is located at 60 East 42nd Street, 26th Floor, New York, NY 10165, United States of America.
2. Axio is a limited liability company formed under the laws of Delaware. The head office of Axio is located



at 60 East 42nd Street, 26th Floor, New York, NY 10165, United States of America.

3. SIMON is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**). SIMON is approved to perform the following types of regulated business in the U.S. as per FINRA regulations: (i) broker or dealer making inter-dealer markets in corporation securities over-the-counter; (ii) broker or dealer selling corporate debt securities; (iii) underwriter or selling group participant (corporate securities other than mutual funds); (iv) broker or dealer selling variable life insurance or annuities; (v) solicitor of time deposits in a financial institution; (vi) put and call broker or dealer or option writer; and (vii) private placement of securities.
4. Axio is registered as a broker-dealer with the SEC and is a member of FINRA. Axio is approved to perform the following types of regulated business in the U.S. as per FINRA regulations: (i) broker or dealer retailing corporate equity securities over-the-counter; (ii) broker or dealer selling corporate debt securities; (iii) underwriter or selling group participant (corporate securities other than mutual funds); (iv) U.S. government securities dealer; (v) U.S. government securities broker; (vi) municipal securities dealer; (vii) municipal securities broker; (viii) solicitor of time deposits in a financial institution; (ix) put and call broker or dealer or option writer; (x) non-exchange member arranging for transactions in listed securities by exchange member; (xi) trading securities for own account; (xii) private placement of securities; (xiii) financial advisor to companies involved in mergers and acquisitions; (xiv) engaging in the marketing of investment companies (including mutual funds, closed-end funds, unit investment trusts and variable annuities) to other broker-dealers and SEC registered investment advisors and (xv) underwriter or sponsor of unit investment trusts.
5. SIMON's primary line of business, and a significant line of business for Axio in the future, is providing a technology platform (the **Platform**) referred to currently as the SIMON Platform that facilitates education, marketing, and trading of structured products (collectively, **Securities**).
6. The Platform features customized tools for: advisor education; product marketing and education; product comparison; historical pricing and performance analysis; and an indication of interest management tool (the **Services**). The Services do not include trade execution, clearance, or settlement services.
7. The subscribers (**Subscribers**) to the Platform in Canada are anticipated to be sell-side financial institutions and securities dealers and buy-side institutional users including financial advisors, portfolio managers and similar institutional users.

8. The Filers have applied for the Exemption Sought as they wish to provide similar services to Institutional Permitted Clients in the Jurisdictions (the **Canadian Subscribers**) in respect of the Securities.

***Nature of the Services to be provided to Canadian Subscribers***

9. Each of the Filers will enter into a written agreement with each Canadian Subscriber to allow such Canadian Subscriber to access the Services via the Platform.
10. Using the Services, Canadian Subscribers may choose to enter into trades with respect to Securities. All execution of trades in securities will be made through an investment dealer or other appropriately registered or exempt dealer (the **Executing Broker**) selected by the Canadian Subscriber. Each Executing Broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration in the jurisdictions that permits such person or company to execute trades for Canadian Subscribers.
11. A Canadian Subscriber may communicate indications of interest through the Platform to the Executing Broker selected by the Canadian Subscriber.
12. The Filers will not require Canadian Subscribers to use specific Executing Brokers through whom trades must be executed. The Filers will not direct or otherwise communicate trades to Executing Brokers and no trade orders will be matched on the Platform.
13. The Filers will track indications of interest of Canadian Subscribers.
14. Executing Brokers will execute transactions on behalf of Canadian Subscribers by: (i) accepting the trade orders received from the Canadian Subscriber; (ii) transmitting and executing the securities transactions or acting as counterparty to an over-the-counter (**OTC**) transaction; (iii) taking financial responsibility for the completion of the transaction; (iv) making and/or monitoring records related to such transactions, as required by applicable laws, rules, and regulations; (v) effecting settlement of the transaction; and (vi) providing all post trade confirmations and reports directly to the Canadian Subscriber.
15. The compensation for the Services provided by the Filers will be a fee based on the notional volume of trades executed based on information exchanged on the Platform by Canadian Subscribers, and will be paid by the issuers of the Securities. This compensation will be in addition to any compensation paid by Canadian Subscribers directly to the applicable Executing Brokers.

**Why is relief required?**

16. The Filers are not registered under NI 31-103 and are, or will be, in the business of trading in securities by virtue of providing the Services. Only dealers that are registered or firms relying on an applicable exemption from the dealer registration requirement are permitted to engage in the business of trading in securities in the Jurisdictions.
17. In the absence of the Exemption Sought, the Filers cannot provide the Services in the jurisdictions without registration, except as permitted under section 8.5 [*Trades through or to a registered dealer*], the exemptions found in paragraphs (a), (b), and (f) of subsection 8.18(2) [*International dealer*], and under section 8.21 [*Specified debt*], of NI 31-103.
18. The “international dealer exemption” under section 8.18 [*International dealer*] of NI 31-103 is unavailable as the exemption under section 8.18 does not apply to certain of the Securities on the Platform, including certain Canadian debt securities.
19. The Filers do not hold, take custody of, remit, or exchange money or Securities on behalf of Canadian Subscribers.
20. The Filers will not lend money, extend credit, or provide margin to Canadian Subscribers.
21. The Filers are subject to regulatory capital requirements under the *Securities Exchange Act of 1934 (1934 Act)*, specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers (SEC Rule 15c3-1)*.
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 Canadian Investment Regulatory Organization are subject, and the Filers are in compliance with SEC Rule 15c3-1. If the Filers’ net capital declines below the minimum amount required, the each of the Filers 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 responsibility to provide oversight over the Filers’ compliance with SEC Rule 15c3-1.
23. The Filers are required to prepare and file a financial report, which includes Form X-17a-5 (**FOCUS Report**), which is a 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 each of the Filers, and more accurately reflects such activities than would otherwise be provided by Form 31-103FI *Calculation of Excess Working Capital (Form 31-103FI)*. 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 31-103FI 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 Filers are in compliance in all material respects with U.S. securities laws. The Filers are not in default of securities legislation in any jurisdiction in Canada.
25. The Filers submit that the Exemption Sought would not be prejudicial to the public interest because:
- (a) Each of the Filers is regulated as a broker-dealer under the securities legislation of the United States, and is subject to the requirements listed above;
  - (b) the availability of, and access to, the Services is important to Canadian institutional investors who are active participants in the international marketplace;
  - (c) the Filers will provide Services in the Jurisdictions 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 United States 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.
26. Each of the Filers is a “market participant” as defined under subsection 1(1) of the *Securities Act (Ontario) (Act)*. As a market participant, among other requirements, the Filers are required to comply with the record keeping and provision of information provisions under section 19 of the Act, which includes 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.

**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 each of the Filers:

- (a) has its head office or principal place of business in the United States;
- (b) is registered as a broker-dealer under the securities legislation of the United States, which permits it to provide the Services in the United States;
- (c) is a member of FINRA;
- (d) limits its provision of Services in the Jurisdictions under this decision in respect of Institutional Permitted Clients;
- (e) does not provide Services in relation to Securities with or for Institutional Permitted Clients except as permitted under Canadian securities laws;
- (f) enters into an agreement with each Canadian Subscriber;
- (g) does not require its Canadian Subscribers to use specific executing brokers through which Canadian Subscribers must execute trades;
- (h) 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;
- (i) submits audited financial statements to the OSC on an annual basis, within 90 days of the applicable Filer's financial year end;
- (j) submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (k) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 Fees, including, for clarity, participation fees based on its specified Ontario revenues attributable to capital markets activities conducted in reliance on the "international dealer exemption" under section 8.18 [International dealer] of NI 31-103, if applicable, and capital markets activities conducted in reliance on the exemption in this Decision;

(l) 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

(m) 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 three (3) years after the date hereof.

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

"Felicia Tedesco"  
Deputy Director, Compliance and Registrant Regulation  
Ontario Securities Commission

Application File #: 2023/0273

### B.3.4 Hibit Technology Ltd.

#### Headnote

Application for time-limited relief from suitability requirement, prospectus requirement and trade reporting requirements – relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits, disclosure and reporting requirements – relief is time-limited to allow the Filer to operate while seeking registration as an investment dealer and membership with CIRO – relief will expire upon two (2) years – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovative businesses in Canada – decision should not be viewed as precedent for other filers.

#### Statute cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 53 and 74.

#### Instrument, Rule or Policy cited

Multilateral Instrument 11-102 Passport System, s. 4.7.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 13.3.

OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting, Part 3.

September 14, 2023

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA  
AND  
ONTARIO  
AND  
ALBERTA,  
MANITOBA,  
NEW BRUNSWICK,  
NEWFOUNDLAND AND LABRADOR,  
NORTHWEST TERRITORIES,  
NOVA SCOTIA,  
NUNAVUT,  
PRINCE EDWARD ISLAND,  
QUÉBEC,  
SASKATCHEWAN  
AND  
YUKON  
(collectively the Jurisdictions)

AND

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

AND

IN THE MATTER OF  
HIBIT TECHNOLOGY LTD.  
(the Filer)

**DECISION**

#### Background

- ¶ 1 As set out in Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements (Staff Notice 21-329)* and CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets (Staff Notice 21-327)*, securities legislation applies to crypto trading platforms (CTPs) that facilitate or propose to facilitate the trading of instruments or contracts involving crypto assets because the user's contractual right to the crypto asset (**Crypto Contract**) may itself constitute a security and/or a derivative.

To foster innovation and respond to novel circumstances, the Canadian Securities Administrators (**CSA**) have considered an interim, time-limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer intends to operate a CTP and is applying for registration as a restricted dealer in accordance with Staff Notice 21-329 in each of the Jurisdictions. While registered as a restricted dealer, the Filer will, as required, seek membership with the Canadian Investment Regulatory Organization (CIRO). This Decision (as defined below) has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Jurisdictions will not consider this Decision as constituting a precedent for other filers.

#### Requested Relief

¶ 2 The securities regulatory authority or regulator in British Columbia and Ontario (**Dual Exemption Decision Makers**) have received an application from the Filer (the **Dual Application**) for a decision under the securities legislation of those jurisdictions (the **Legislation**) exempting the Filer from:

- (a) the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with clients relating to anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token (a **Crypto Asset**) (the **Prospectus Relief**); and
- (b) the requirement in section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that, before it opens an account, takes investment action for a client, or makes a recommendation or exercises discretion to take investment action, to determine on a reasonable basis that the action is suitable for the client and puts the client's interest first (the **Suitability Relief**).

The securities regulatory authority or regulator in the jurisdictions referred to in **Appendix A** (collectively with the Principal Regulator, the **Coordinated Review Decision Makers**) have received an application from the Filer (collectively with the Dual Application, the **Application**) for a decision under the securities legislation of those jurisdictions exempting the Filer from certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**, and collectively with the Prospectus Relief and the Suitability Relief, the **Requested Relief**).

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

- (a) the British Columbia Securities Commission is the principal regulator for this Application (the **Principal Regulator**),
- (b) the Decision is the decision of the Principal Regulator and the Decision evidences the decision of the securities regulatory authority or regulator in Ontario,
- (c) in respect of the Prospectus Relief and the Suitability Relief, the Filer has provided notice that, in the Jurisdictions where required, 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, and
- (d) the decision in respect of the Trade Reporting Relief is the decision of the Principal Regulator and evidences the decision of each Coordinated Review Decision Maker.

#### Interpretation

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

Further, for the purposes of this Decision, the following terms have the following meaning:

“**Acceptable Third-Party Custodian**” means an entity that:

- (a) is one of the following:
  - (i) a Canadian Custodian or Canadian Financial Institution;
  - (ii) a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [*Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada*] of National Instrument 81-102 *Investment Funds*;

- (iii) a custodian that meets the definition of an “acceptable securities location” in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of CIRO;
- (iv) an entity that does not meet the criteria under subparagraphs (i), (ii) or (iii) and for which the Filer has obtained the prior written consent from the Principal Regulator and the regulator or securities regulatory authority of the Jurisdictions;
- (b) is functionally independent of the Filer as described in the Companion Policy to NI 31-103;
- (c) has obtained audited financial statements within the last 12 months, which
  - (i) are audited by a person or company that is authorized to sign an auditor’s report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction,
  - (ii) are accompanied by an auditor’s report that expresses an unqualified opinion, and
  - (iii) unless the Filer has obtained the prior written consent of the Principal Regulator, discloses on its statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset;
- (d) has obtained a Systems and Organization Controls (SOC) 2 Type 1 or SOC 2 Type 2 report within the last 12 months, or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Filer’s Principal Regulator and the regulator or securities regulatory authority of the Jurisdiction(s).

“**Canadian Custodian**” has the meaning ascribed to that term in NI 31-103;

“**Canadian Financial Institution**” has the meaning ascribed to that term in National Instrument 45-106 *Prospectus Exemptions*;

“**Foreign Custodian**” has the meaning ascribed to that term in NI 31-103;

“**Qualified Custodian**” has the meaning ascribed to that term in NI 31-103;

“**Staking**” means the act of committing or locking Crypto Assets in smart contracts to permit the owner or the owner’s delegate to act as a validator for a particular proof-of-stake consensus algorithm blockchain;

“**Staking Services**” means any and all services conducted by the Filer and third parties in order to enable the Staking of Crypto Assets that are held on the Filer’s Platform (as defined below) for the benefit of clients; and

“**Value-Referenced Crypto Asset**” means a Crypto Asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.

In this Decision, a person or company is an affiliate (an “**Affiliate**”) of the Filer if

- (a) one of them is, directly or indirectly, a subsidiary of the other, or
- (b) each of them is controlled, directly or indirectly, by the same person.

### Representations

¶ 4 This decision (the **Decision**) is based on the following facts represented by the Filer:

#### *The Filer*

1. The Filer is a corporation incorporated under the federal laws of Canada, with its head office in Richmond, British Columbia.
2. The Filer intends to operate a proprietary and fully automated internet-based platform (the **Platform**) and is seeking the required registrations and approval from applicable securities regulatory authorities to carry on that business.

3. An Affiliate of the Filer, Hibit Blockchain Inc., currently provides over-the-counter (OTC) trading services through a physical branch (the **OTC Trading Desk**) that provides for immediate delivery of the Crypto Asset being traded, and in the future intends to operate an OTC trading platform (the **Affiliate OTC Platform**) that provides for immediate delivery of the Crypto Asset being traded. The Filer completed an assessment of the Crypto Assets traded through the OTC Trading Desk, as well as the intended OTC trading services through the Affiliate OTC Platform, and determined that the assets are not securities or derivatives. Clients of the Affiliate are not required to open an account with the Filer unless they want to access the Platform.
4. The Filer does not have any Affiliates located outside of Canada that trade Crypto Assets or Crypto Contracts as a part of their business.
5. The Filer has designated an individual as its Chief Compliance Officer (**CCO**) who:
  - (a) has the education, training and experience that a reasonable person would consider necessary to perform the role of a CCO competently,
  - (b) is responsible for the maintenance and application of written policies and procedures for assessing compliance by the Filer and individuals acting on behalf of the Filer, with securities legislation,
  - (c) monitors and assesses compliance by the Filer and individuals acting on its behalf, with securities legislation, and
  - (d) has direct access to the board of directors, or individuals acting in such capacity for the Filer, at such times as the CCO may consider necessary or advisable in view of the CCO's responsibilities.
6. The Filer's personnel consist of software engineers, compliance professionals and customer support representatives who each have experience operating in a regulated environment as a money services business (**MSB**) and expertise in blockchain technology. All of the Filer's personnel have passed, and new personnel will have passed, criminal records and credit checks. The Filer will not have any dealing representatives.
7. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.
8. The Filer will be registered as a restricted dealer in the Jurisdictions.
9. The Filer is not in default of securities legislation of any of the Jurisdictions.

*The Platform*

10. The Platform will enable clients to trade Crypto Contracts through the Filer.
11. The Filer's role under the Crypto Contracts will be to hold Crypto Assets to allow it to perform its obligations under Crypto Contracts held in accounts on the Platform.
12. The Filer's trading of Crypto Contracts is consistent with activities described in Staff Notice 21-327 and constitutes the trading of securities or derivatives as described in Staff Notice 21-327.
13. The Filer will not
  - (a) offer or provide clients with advice or recommendations regarding transactions in Crypto Contracts or Crypto Assets,
  - (b) act on a discretionary basis on behalf of clients, or
  - (c) offer or provide discretionary investment management services relating to Crypto Assets.
14. Each transaction executed on the Platform results in a Crypto Contract. A Crypto Contract imposes rights and obligation on the Filer and each client. These rights and obligations are set out in the terms of service that govern the Platform (the **Terms of Service**). A client is required to review and accept the Terms of Service at the time the client opens an account. When the Filer wishes to make a change to the Terms of Service, the Filer will provide client with advance notice of the revised Terms of Service.
15. Under the Terms of Service, the Filer maintains certain controls over Crypto Assets relating to Crypto Contracts to ensure compliance with applicable law and provide secure custody of the Crypto Assets.

16. The Filer will operate the Platform in accordance with the terms and conditions of the Decision granting the Requested Relief.
17. The Filer is not a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets custodied on the Platform and with third parties do not qualify for CIPF coverage. The Risk Statement (as defined below) includes disclosure that there is no CIPF coverage for the Crypto Assets and clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.
18. Upon the Filer's registration as a restricted dealer, the Filer will make available to clients the services of the Ombudsman for Banking Services and Investments to resolve complaints made by clients in each Jurisdiction other than Québec, and in Québec, the Filer will comply with sections 168.1.1 to 168.1.8 of the *Securities Act* (Québec).

*Crypto Assets Made Available through the Platform*

19. The Filer has established and applies written policies and procedures to review Crypto Assets and to determine whether to allow clients on the Platform to enter into Crypto Contracts on the Platform in accordance with the know-your-product (**KYP**) provisions in NI 31-103 (**KYP Policy**). Such review will include, but will not be limited to, publicly-available information concerning:
  - (a) the creation, governance, usage and design of the Crypto Assets, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Assets;
  - (b) the supply, demand, maturity, utility and liquidity of the Crypto Assets;
  - (c) material technical risks associated with the Crypto Assets, including any code defects, security breaches and other threats concerning the Crypto Assets and their supporting blockchains (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them;
  - (d) legal and regulatory risks associated with the Crypto Assets, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Assets.
20. As of the date of the Decision, the Filer only offers and only allows clients to enter into Crypto Contracts in relation to Crypto Assets that are not each themselves a security and/or a derivative but may, in the future, offer and allow clients to enter into Crypto Contracts in relation to Value-Referenced Crypto Assets in compliance with paragraph 4 of the Conditions.
21. The Filer does not allow clients to enter into a Crypto Contract unless the Filer has taken steps to
  - (a) assess the relevant aspects of the Crypto Asset, including the information specified in paragraph 19 of the Representations, to determine whether it is appropriate for its clients,
  - (b) approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to clients, and
  - (c) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
22. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset or Affiliates or associates of such persons.
23. As set out in the Filer's KYP Policy, the Filer determines whether a Crypto Asset available to be bought and sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include, but are not limited to:
  - (a) consideration of statements made by any regulators or securities regulatory authorities of the Jurisdictions, other regulators of the International Organization of Securities Commissions jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and
  - (b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security or derivative under securities legislation of the Jurisdictions.



24. The Filer monitors ongoing developments related to Crypto Assets available on its Platform that may cause a Crypto Asset's status as a security and/or derivative or, the determination made by the Filer pursuant to its KYP Policy and as described in paragraphs 19 and 23 of these Representations, above, to change.
25. The Filer acknowledges that any determination made by the Filer, as set out in paragraphs 19 and 23 of these Representations, does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a client may enter into a Crypto Contract to buy and sell is a security or derivative.
26. As set out in the Filer's KYP Policy, the Filer applies written policies and procedures to promptly stop the trading of any Crypto Asset available on the Platform and to allow clients to liquidate, in an orderly manner, their positions in Crypto Contracts based on Crypto Assets that the Filer ceases to make available on its Platform.

*Account Opening and Risk Disclosure*

27. Each client must open an account (a **Client Account**) using the Filer's website or mobile application to access the Platform. Client Accounts are governed by the Terms of Service that are accepted by clients at the time of account opening.
28. In addition to the factors that the Filer considers in determining that it is appropriate for a Client Account to be opened, the Filer has adopted eligibility criteria for the onboarding of all Canadian clients. All Canadian clients must: (a) successfully complete the Filer's know-your-client (**KYC**) process which satisfies the requirements applicable to a MSB under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations (**Canadian AML/ATF Law**), and (b) hold an account with a Canadian Financial Institution. Each Canadian client who is an individual, and each individual who is authorized to give instructions for a Canadian client that is a legal entity, must be a Canadian citizen or permanent resident, and 18 years or older.
29. The Filer does not provide recommendations or advice to clients nor does it conduct a trade-by-trade suitability determination for clients, but rather performs product assessments pursuant to the KYP Policy and account appropriateness assessments taking into account the following factors (the **Account Appropriateness Factors**):
  - (a) the client's experience and knowledge in investing in Crypto Assets;
  - (b) the client's financial circumstances (for example, financial assets and income);
  - (c) the client's risk tolerance as established by the client's risk profile; and
  - (d) the Crypto Assets approved to be made available to a client by entering into Crypto Contracts on the Platform.
30. In order for a prospective client to open and operate a Client Account, the Filer uses the Account Appropriateness Factors to evaluate whether it is appropriate for the prospective client to use the Platform to enter into Crypto Contracts with the Filer.
31. The Filer has adopted and will apply written policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client that is not a permitted client or registered dealer (as each term is defined in NI 31-103) can incur and what loss limits will apply to such client based on the Account Appropriateness Factors (the **Client Limit**) and what steps the Filer will take when the client approaches or exceeds the Client Limit. After completion of the assessment, the Filer will implement controls to monitor and apply Client Limits.
32. After completion of the account-level appropriateness assessment, the Filer will provide a prospective client with appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the client, will include prominent messaging to the client that this is the case and that the client will not be permitted to open an account with the Filer.
33. Additionally, the Filer monitors and will continue to monitor Client Accounts after opening to identify activity inconsistent with the client's account appropriateness and product assessment. If warranted, the client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about his, her or its activity. The Filer will monitor compliance with the Client Limits established in paragraph 31 of these Representations. If warranted, the client will receive messaging when his, her or its account is approaching its Client Limit and will receive information on how to implement a stop loss order to prevent further losses.

34. As part of the account opening process:
- (a) the Filer will collect KYC information to verify the identity of the client in accordance with Canadian AML/ATF Law;
  - (b) the Filer will provide a prospective client with a statement of risks (the **Risk Statement**) that includes the following, in plain language:
    - (i) a description of the Crypto Contracts;
    - (ii) a description of the risks associated with the Crypto Contracts;
    - (iii) prominently, a statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;
    - (iv) a description of the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
    - (v) a statement that the Filer has prepared a plain language description of each Crypto Asset made available through the Platform and the risks of the Crypto Asset, with instructions as to where on the Platform the client may obtain the descriptions (each, a **Crypto Asset Statement**);
    - (vi) a description of the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients;
    - (vii) a description of the location and manner in which Crypto Assets are held for the client and the risks and benefits to the client of the Crypto Assets being held in that location and manner, including the impact of insolvency of the Filer or an Acceptable Third-Party Custodian;
    - (viii) a description of the manner in which the Crypto Assets are accessible by the Filer and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner;
    - (ix) a statement that the Filer is not a member of CIPF and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;
    - (x) a statement that the statutory rights in section 131 and 132.2 of the *Securities Act* (British Columbia) (the **Act**), and, if applicable, similar statutory rights under securities legislation of the other Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief;
    - (xi) the date on which the information was last updated.
35. In order for a prospective client to open and operate a Client Account with the Filer, the Filer will obtain an electronic acknowledgement from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.
36. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform. The most recent Risk Statement will be available on the Platform.
37. Before a client is able to enter a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Filer's website or mobile application.
38. The Crypto Asset Statement will include, in plain language, the following:

- (a) a prominent statement that no securities regulatory authority in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;
  - (b) a description of the Crypto Asset, including the background of the creation of the Crypto Asset, and any risks specific to the Crypto Asset;
  - (c) a description of the due diligence performed by the Filer with respect to the Crypto Asset;
  - (d) a description of any risks specific to the Crypto Asset;
  - (e) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the Platform;
  - (f) a statement that the statutory rights in section 131 and 132.2 of the Act, and, if applicable, similar statutory rights under securities legislation of other Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief; and
  - (g) the date on which the information was last updated.
39. The Filer has written policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material change to the disclosure or to include any material risk that may develop with respect to the Crypto Contracts, Crypto Assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing clients of the Filer will be promptly notified through website and in-mobile app disclosures, with links provided to the updated Crypto Asset Statement.
40. If the Filer determines that it is reasonable to do so, the Filer will also periodically prepare and make available to its client educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

*Deposit of Assets*

41. Clients can fund their accounts with fiat currencies (currently, CAD) or supported Crypto Assets, and can use those funds to execute transactions of Crypto Contracts related to Crypto Assets made available through the Platform. A client cannot execute a transaction until they have deposited sufficient assets to fund their obligations under the Crypto Contract transacted.
42. The Filer allows clients to fund their accounts with fiat currency by way of e-transfers and, electronic fund transfers (EFTs).
43. Additionally, the Platform is an “open loop” system. Clients are permitted to deposit Crypto Assets acquired outside the Platform into their accounts with the Filer. Crypto Assets deposited will be promptly delivered to the Filer’s custodian to be held in trust for the benefit of the client. Clients also have the right to obtain delivery of Crypto Assets to which they have an interest in pursuant to their Crypto Contracts with the Filer by requesting that the Filer deliver the Crypto Assets.

*Operation of the Platform*

44. The Platform operates 24 hours a day, seven days a week.
45. Clients on the Platform enter orders to transact Crypto Contracts with the Filer through the Platform.
46. A Crypto Contract is a bilateral contract between a client and the Filer. Accordingly, the Filer will be the counterparty to each transaction initiated by a client. For each client transaction, the Filer will also enter into a transaction to buy or sell corresponding Crypto Assets relating to Crypto Contracts with a crypto asset trading firm or marketplace (a **Liquidity Provider**). The Filer will transact as a riskless principal, in that the Filer will not take any proprietary positions when trading with clients or with a Liquidity Provider.
47. The Filer relies upon multiple Liquidity Providers. The Filer has a written agreement in place with each of its Liquidity Providers which govern the commercial terms of the relationship and set out the duties and obligations of each party. Liquidity Providers will also buy any Crypto Assets from the Filer that the Filer has purchased to facilitate the Filer’s obligations to its clients or that a client has deposited onto the Platform and wishes to sell.
48. When a client enters an order in relation to a Crypto Contract they will receive a price. The client will then have approximately 10 seconds to confirm that they want to enter into the Crypto Contract at that price. If the client

does not confirm within a 10 second period, the price will automatically refresh using updated information from the Liquidity Providers. If the client finds the price agreeable, the client has the option to accept the price and agree to the trade.

49. When a client initiates a transaction with the Filer, the Filer will in turn enter into a corresponding transaction with the Liquidity Provider, on a contemporaneous basis, in order to offset the risk to the Filer. The price of the Crypto Contract is equal to an aggregate amount of the cost to the Filer to complete the corresponding transaction with the Liquidity Provider and the spread or transaction fees that the Filer charges to the client. As part of the transaction's reconciliation process, once the transaction is confirmed and settled, the Filer instructs the Liquidity Provider to transfer the Crypto Asset to the Filer's custodian for safekeeping or, if application instructs the Filer's custodian to transfer Crypto Assets to the Liquidity Provider, or in the case of cash, to the Filer to be held in a trust account with a Canadian Financial Institution, in the Filer's name, in trust for the benefit of its clients.
50. The Filer does not offer margin, credit or other forms of leverage to clients in connection with trading of Crypto Assets or Crypto Contracts on the Platform and will not offer derivatives based on Crypto Assets to clients other than Crypto Contracts. Additionally, the Filer will not allow clients to enter into Crypto Contracts that would result in a "short position" with respect to any Crypto Assets.
51. In accordance with the Filer's written policies and procedures, the Filer evaluates and will continue to evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks to provide fair and reasonable pricing to clients.
52. The Filer has verified or will verify, and has established, and will maintain and apply, written policies and procedures that are reasonably designed to verify on an ongoing basis, that each Liquidity Provider is appropriately registered and/or licensed to transact in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in the Jurisdictions.
53. The Filer has taken or will take reasonable steps to verify that each Liquidity Provider has effective written policies and procedures to address concerns relating to fair price, fraud and market manipulation.
54. The Filer confirms the transaction with the Liquidity Providers.
55. The Filer records in its books and records the particulars of each transaction.
56. The Filer promptly, and no later than two days after the Crypto Contract transaction, settles the related Crypto Asset transactions with a Liquidity Provider on a net basis. Where transactions of Crypto Contracts result in a net increase in a client's rights in relation to Crypto Assets, the Filer arranges for the cash to be transferred to the Liquidity Provider and related Crypto Assets to be sent by the Liquidity Provider to the Filer's custodian. Where transactions of Crypto Contracts result in a net decrease in a client's rights in relation to Crypto Assets, the Filer arranges for the related Crypto Assets to be sent from the Filer's custodian to the Liquidity Provider and will deposit the cash received by the Filer from the Liquidity Providers in the account referred to in paragraph 86 below.
57. Each client will be charged a withdrawal fee when transferring Crypto Assets out of his, her or its Client Account to a blockchain address specified by the client. The withdrawal fee will vary by Crypto Asset and, in accordance with paragraph 60 of these Representations, will be disclosed on the Platform. The total withdrawal fee payable in respect of a withdrawal will be disclosed to the client prior to confirmation of the withdrawal.
58. Prior to transferring Crypto Assets out of a Client Account, the Filer will conduct second verification of the blockchain address and will screen the blockchain address specified by the transferring client using blockchain forensics software. The Filer will develop anti-fraud and anti-money laundering monitoring systems for Crypto Assets to reduce the likelihood of fraud, money laundering.
59. Clients will be able to transfer fiat currency out of their Client Accounts by electronic funds transfer, subject to a withdrawal fee, disclosed on the Platform in accordance with paragraph 60 of these Representations. Part of the withdrawal fee covers fees charged by the Filer's payment processor to process the withdrawal transaction. The total withdrawal fee payable in respect of a fiat currency withdrawal is disclosed to the client prior to confirmation of the withdrawal.

*Fees Payable by Clients*

60. The Filer is compensated through trading fees and withdrawal fees on withdrawals of Crypto Assets and fiat currency. All fees charged to clients will be clearly disclosed on the Platform and incorporated by reference into the terms and conditions in the Decision granting the Requested Relief.

*Reports to Clients*

61. Clients will have access to information relating to their Crypto Contract transactions. The Platform has a transaction history screen that provides detailed information about all transactions completed by a client. The Filer will, during each calendar month, send an electronic communication to each client that indicates that information relating to their account is available to the client through the Platform.
62. Clients will receive electronic transaction confirmations and monthly statements setting out the details of the transaction history in their account with the Filer.
63. Clients will, on a continuous basis, except during periods where the Platform is not available due to systems maintenance, have access to information relating to their accounts with the Filer, including:
- (a) a list of all positions in Crypto Assets under Crypto Contracts, including the value of the Crypto Assets;
  - (b) transaction details and history;
  - (c) the amount of all fiat currency in the client's account denominated in Canadian fiat currency (**CAD**);
  - (d) value of all Crypto Assets deposited to the client's account determined based on the current market price of the Crypto Asset; and
  - (e) the fees paid per transaction.
64. The information made available to clients through the Platform will provide clients with information regarding the transactions conducted through the Platform and their accounts with the Filer, including the following information:
- (a) the quantity and description of each Crypto Asset that is the underlying interest related to a Crypto Contract transacted;
  - (b) the amount, denominated in CAD, paid or received by the client under the transaction, including the price paid or received for each Crypto Asset that is the underlying interest of the Crypto Contract;
  - (c) the amount of each transaction charge, deferred sales charge or other charge in respect of the transaction and the total amount of all charges in respect of the transaction denominated in CAD;
  - (d) the date on which the transaction took place;
  - (e) the name and quantity of each Crypto Asset that is the underlying interest related to a Crypto Contract in the client's account;
  - (f) the market value of each Crypto Asset that is the underlying interest related to a Crypto Contract in the client's account;
  - (g) any cash balance in the client's account; and
  - (h) the total market value of all cash and Crypto Assets that are the underlying interest related to a Crypto Contract in the account denominated in CAD.
65. The Filer will provide clients with real-time, continuous access to information relating to each transaction executed by the client on the Platform, including information related to the price for each transaction. The Filer will also provide clients with access to real-time, continuous information relating to assets held in the clients account, including Crypto Assets and fiat currency. This information will be available to the client through the Filer's Platform.

*Custody of Crypto Assets, Cash and Other Assets*

66. The Filer will hold client cash in a designated trust account with a Canadian Financial Institution. Initially the Filer will use Tetra Trust Company (**Tetra**) as its cash custodian but may use other Canadian Financial

- Institutions, when appropriate, considering the interest of the Filer's clients. Despite the forgoing requirement to use a Canadian Financial Institution, the Filer may hold client cash in a designated trust account with a Foreign Custodian if a reasonable person would conclude, considering all of the relevant circumstances, including, for greater certainty, the nature of the regulation and the sufficiency of the equity of the Foreign Custodian, that using the Foreign Custodian is more beneficial to the client than using a Canadian Financial Institution.
67. The Filer holds Crypto Assets (i) in an account clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from the assets of non-Canadian clients and (iii) separate and apart from its own assets and from the assets of any custodial service provider. The Filer will not pledge, re-hypothecate or otherwise use any Crypto Assets held for the benefit of clients.
  68. The Filer has retained, and will continue to retain, the services of one or more Acceptable Third-Party Custodians to hold not less than 80% of the total value of Crypto Assets that are the underlying interest of Crypto Contracts. These Crypto Assets will be held in the Acceptable Third-Party Custodians cold storage system. Initially the Filer will primarily use Tetra as custodian but may, after carrying out reasonable due diligence, use other Acceptable Third-Party Custodians. Up to 20% of the Filer's total client Crypto Assets may be held online in a multi-party computation (**MPC**) wallet services system (i.e., hot wallets) secured by Fireblocks Inc. (**Fireblocks**).
  69. Tetra is licensed as a trust company in Alberta regulated by the Alberta Treasury Board and Finance and is a Qualified Custodian, as defined in section 1.1 of NI 31-103.
  70. Tetra has completed SOC 2 - Type 2 examination by a leading global audit firm. Additionally Tetra's security technology provider has completed a SOC 3 examination. The Filer has conducted due diligence on Tetra, including reviewing a copy of the SOC 2 - Type 2 audit reports prepared by Tetra's auditors, and the SOC 3 audit report for Tetra's security technology services provider and has not identified any material concerns. The Filer has also reviewed the SOC 2 – Type 2 audit report completed by Fireblocks' auditors regarding the multi-party computation (**MPC**) wallet services system (i.e., hot wallets) offered by Fireblocks., and has not identified any material concerns.
  71. Tetra maintains an appropriate level of insurance for Crypto Assets held by it. The Filer has assessed Tetra's insurance policies and has determined, based on information that is publicly available and on information provided by Tetra and considering the controls of Tetra's business, that the amount of insurance is appropriate.
  72. The Crypto Assets held by Tetra will be held in trust for the benefit of the clients of the Filer in a segregated omnibus account in the name of the Filer. The Crypto Assets in this account are held in this manner to ensure that they are separate and distinct from the assets of the Filer, the Filer's Affiliates and Tetra's other clients.
  73. When a client opens a Client Account with the Filer, the Filer creates a new hot wallet secured by Fireblocks for such Client Account. The wallet will have a unique address to receive deposits of Crypto Assets from such client. Upon receipt of any Crypto Assets into the hot wallet by the Filer from a client, the Filer immediately transfers at least 80% of the Crypto Assets into the segregated omnibus account with Tetra in accordance with paragraph 72 of these Representations. A client will be able to track their interest in the specific Crypto Asset deposited with the Filer through the unique address generated for their Client Account in the hot wallet secured by Fireblocks.
  74. Tetra has established, and will maintain and apply, written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents.
  75. Tetra has established and applies written disaster recovery and business continuity plans.
  76. The Filer has established, and will maintain and apply, written policies and procedures that are reasonably designed to ensure Tetra's records related to Crypto Assets that Tetra holds in trust for clients of the Filer are accurate and complete.
  77. The Filer has licensed software from Digital Assets Services Limited (operating as Coincover) (**Coincover**) to provide additional security for keys to Crypto Assets held by the Filer in its Fireblocks hot wallets, including key pair creation, key pair storage, device access recovery and account access recovery. Coincover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.
  78. Backup key material, consisting of the encrypted three key shards used to access the Filer's Fireblocks hot wallets and the recovery passphrase to decrypt the key shards in the case that the Filer is required to regain access to the hot wallet, for the Filer's Fireblocks hot wallets is secured by Coincover. Coincover provides a guarantee against theft or loss of the backup key material. This guarantee is backed by an insurance policy

- issued by a leading global insurance provider. Coincover also acts as a backup provider ensuring access to hot wallets secured by Fireblocks should access to these wallets be compromised.
79. Where the Filer holds Crypto Assets for operational purposes, it does so separate and distinct from the assets held for its clients.
  80. Any person that provides services to the Filer relating to the Filer holding Crypto Assets for operational purposes will have obtained a SOC report under the SOC 2 – Type 1 or SOC 2 – Type 2 standards from a leading global audit firm. The Filer will review a copy of the SOC report prepared by the auditors of the service provider to ensure that it does not identify any material concerns.
  81. The Filer will establish and apply written policies and procedures that manage and mitigate custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer will also maintain appropriate written policies and procedures related to IT security, cyber resilience, disaster recovery capabilities and business continuity plans.
  82. The Filer has obtained, and will maintain, third-party insurance that includes coverage for the Crypto Assets held by the Filer in cold storage and for the Crypto Assets held by the Filer in its hot wallets secured by Fireblocks, in the event of loss or theft in accordance with the terms of the insurance policy in question.
  83. Any hot wallet service provider and technology security provider that will be used by the Filer will have insurance coverage in the event of loss or theft of Crypto Assets.
  84. The Filer is proficient and experienced in holding Crypto Assets and has established and applied written policies and procedures that manage and mitigate custodial risks, including but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets and a mechanism for the return of Crypto Assets to clients in the event of bankruptcy or insolvency of the Filer. The Filer also maintains appropriate written policies and procedures related to information technology – security, cyber-resilience, disaster recovery capabilities and a business continuity plan.
  85. Crypto Assets held by the Filer in its hot wallets are secured by using MPC provided by Fireblocks. In addition to the insurance coverage available through the Filer’s insurance provider and through Fireblocks, the Filer has obtained a guarantee through Coincover for the backup key material for the hot wallets. The funds from the Coincover guarantee, the Filer’s insurance coverage or the insurance coverage of its hot wallet service provider will, in the aggregate, be sufficient to cover the value of Crypto Assets held in the Filer’s hot wallets and will be available in the event of the loss of assets held in these wallets.
  86. All fiat currency owned by clients that is being held by the Filer will be held by Tetra or such other Canadian Financial Institution in a designated trust account, in the name of the Filer in trust for the benefit of the Filer’s clients.

*Marketplace and Clearing Agency*

88. The Filer does not operate a “marketplace” as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the *Securities Act* (Ontario).
89. The Filer will not operate a “clearing agency” as defined in securities legislation. Any clearing or settlement activity conducted by the Filer is incidental to the Filer engaging in the business of a Crypto Contract dealer and related to the Filer arranging or providing for settlement of obligations resulting from Crypto Contracts entered into on a bilateral basis and without a central clearing counterparty.

**Decision**

- ¶ 5 The Dual Exemption Decision Makers are satisfied that the Decision satisfies the test set out in the Legislation for the Dual Exemption Decision Makers to make the Decision and each Coordinated Review Decision Maker is satisfied that the Decision in respect of the Trade Reporting Relief satisfies the test set out in the securities legislation of its jurisdiction for the Coordinated Review Decision Maker to make the Decision in respect of the Trade Reporting Relief.

The Decision of the Dual Exemption Decision Makers under the Legislation is that the Requested Relief is granted, and the Decision of each Coordinated Review Decision Maker under the securities legislation of its jurisdiction is that the Trade Reporting Relief is granted, provided that:

1. Unless otherwise exempted by a further decision of the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other jurisdiction of Canada, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities

- legislation, including the applicable securities legislation in the jurisdiction of the Principal Regulator, and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.
2. The Filer is registered as a restricted dealer or investment dealer in the Jurisdiction and in each Jurisdiction in which a client is a resident.
  3. The Filer, and any representatives of the Filer, will not provide recommendations or advice to any client or prospective client on the Platform.
  4. The Filer will only engage in the business of trading Crypto Contracts based on Crypto Assets that (a) are not themselves securities or derivatives, or (b) are Value-Referenced Crypto Assets in accordance with paragraph 31 of these Conditions, and performing its obligations under those contracts, and will not offer derivatives based on Crypto Assets to clients other than Crypto Contracts. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Jurisdiction, prior to undertaking any other activity governed by securities legislation.
  5. The Filer will not operate a “marketplace” as the term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, in subsection 1(1) of the *Securities Act* (Ontario) or a “clearing agency” or “clearing house” as the terms are defined or referred to in securities legislation.
  6. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of clients with an Acceptable Third-Party Custodian, unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with an Acceptable Third-Party Custodian.
  7. The Filer will, before allowing an Acceptable Third-Party Custodian to hold Crypto Assets relating to obligation under Crypto Contracts, take reasonable steps to verify that the Acceptable Third-Party Custodian:
    - (a) will hold the Crypto Assets for its clients (i) in an account clearly designated for the benefit of clients or in trust for clients, (ii) separate and apart from the assets of non-Canadian clients, and (iii) separate and apart from its own assets and from the assets of any custodial service provider;
    - (b) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;
    - (c) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as the Acceptable Third-Party Custodian; and
    - (d) has obtained a SOC 2 - Type 2 report within the last 12 months, unless the Filer has obtained the prior written approval of the Principal Regulator to alternatively verify that the Acceptable Third-Party Custodian has obtained a SOC 1 - Type 1 or Type 2 or a SOC 2 - Type 1 report within the last 12 months.
  8. The Filer will promptly notify the Principal Regulator if the Alberta Treasury Board and Finance makes a determination that Tetra is not permitted by that regulatory authority to hold client Crypto Assets. In such case, the Filer will retain the services of a suitable alternative custody provider that meets the definition of an Acceptable Third-Party Custodian;
  9. For the Crypto Assets held by the Filer, the Filer:
    - (a) will hold the Crypto Assets
      - (i) in an account designated for the benefit of clients or in trust for clients,
      - (ii) separate and distinct from the assets of any non- Canadian clients and
      - (iii) separate and distinct from the assets the Filer;
    - (b) will ensure there is appropriate insurance for the loss of Crypto Assets held by the Filer; and
    - (c) has established and will maintain and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
  10. To ensure that the Filer has reasonable access to liquidity in relation to Crypto Assets, the Filer will use multiple Liquidity Providers, at least two, that are not Affiliates of the Filer and verify that each Liquidity Provider is



- (a) registered and/or licensed, to the extent required, in the jurisdiction or foreign jurisdiction, as applicable, where their head office or principal place of business is located, to execute transactions in the Crypto Assets,
  - (b) not a Liquidity Provider in respect of a Crypto Asset promoted or issued by the Liquidity Provider, and
  - (c) not in default of securities legislation in any of the Jurisdictions.
11. The Filer will cease using a Liquidity Provider upon the direction of the Principal Regulator when the Principal Regulator has concerns relating to the Liquidity Provider, including but not limited to concerns relating to the Liquidity Provider's compliance with securities legislation.
12. The Filer will establish, maintain and apply written policies and procedures to ensure that Liquidity Providers that it uses are able to provide adequate liquidity for the Crypto Assets which are the basis for the Crypto Contracts traded by the Filer.
13. The Filer has established, and will maintain and apply, written policies and procedures reasonably designed to provide fair and reasonable prices to its clients, including policies and procedures to evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and transition to new Liquidity Providers, as appropriate.
14. Before each prospective client opens a Client Account, the Filer will deliver to the client a Risk Statement, and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
15. The disclosures referred to in paragraph 14 of these Conditions will be prominent and separate from other disclosures given to the client at that time, and the acknowledgement will be separate from other acknowledgements by the client at that time.
16. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
17. Before a client enters into a Crypto Contract to buy a Crypto Asset the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Filer's website and mobile application and includes the information set out in paragraph 38 of the Representations, above. The instructions will include a link to the Crypto Asset Statement on the Filer's website or mobile application.
18. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts or Crypto Assets, including for greater certainty Value-Referenced Crypto Assets, if applicable, and,
- (a) in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the updated Risk Statement, and
  - (b) in the event of any update to a Crypto Asset Statement, will promptly notify clients through electronic disclosures on the Platform, with links provided to the updated Crypto Asset Statement.
19. Prior to the Filer delivering a Risk Statement to a client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the client to the Principal Regulator.
20. For each client, the Filer will perform an account appropriateness assessment as described in paragraphs 28 to 32 of the Representations above, prior to opening an account and on an ongoing basis at least annually.
21. The Filer will monitor client activity and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.
22. The Filer will ensure that the maximum amount of Crypto Contracts based on Crypto Assets, other than Crypto Contracts based on Bitcoin, Ether, Bitcoin Cash, or Litecoin (**Specified Crypto Assets**), that a client, except a client resident in Alberta, British Columbia, Manitoba and Québec, may enter into Crypto Contracts to purchase and sell on the Platform (calculated on a net basis and is an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.

23. The Filer has established and will apply and monitor the Client Limits set out in paragraph 31 of the Representations above. If applicable, the Filer will establish the limits of losses for each client before account opening and on an ongoing basis, at least annually.
24. In the jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that jurisdiction.
25. The Filer will establish, maintain and apply written policies and procedures that establish a system of controls and supervision sufficient to
  - (a) provide reasonable assurance that the Filer and each individual acting on its behalf complies with securities legislation, and
  - (b) manage the risks associated with its business, including operations that are not related to trading securities or derivatives, in accordance with prudent business practices.
26. Further to paragraph 25(a) of the Conditions, the Filer's written policies and procedures will reflect that the Filer has obtained exemptive relief from certain regulatory requirements under the Filer's Application for Relief.
27. The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any
  - (a) change of or use of a new custodian, and
  - (b) material changes to the Filer's ownership or its business, activities, operations, including its systems, or its business model.
28. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of its or its Acceptable Third-Party Custodian's system of controls or supervision, and, if a material breach or failure does occur, what steps have been taken by the Filer [or the Acceptable Third-Party Custodian] to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.
29. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of the Filer's system of controls or supervision, the system of controls or supervision or each Affiliate of the Filer that could have a material impact on the Filer, and if a breach or failure does occur, what steps taken to address such breach or failure. The loss of any amount of Crypto Asset or of any fiat currency held on behalf of a client will be considered a material breach or failure.
30. If, in the future, the Filer has Affiliates located outside of Canada that trade Crypto Assets or Crypto Contracts as a part of their business or that provide services to or have an intercompany arrangement with the Filer, the Filer will provide the following:
  - (a) relevant information, as determined by the Principal Regulator, about Affiliates and material service providers to the Filer. For greater certainty, relevant information includes written policies and procedures relating to how existing or potential conflicts with the Filer are addressed and material contracts pertaining to each Affiliate and entity that provides material services to the Filer;
  - (b) disclosure of any and all transactions involving Affiliate and confirmation that any transactions and services with Affiliate are for appropriate business reasons; and
  - (c) confirmation that the Principal Regulator may contact and discuss the Filer and its Affiliates with other international regulators.
31. The Filer will not permit its clients to buy or deposit a Value-Referenced Crypto Asset or trade a Crypto Contract based on a Value-Referenced Crypto Asset without the prior written consent of the Principal Regulator and the regulator or securities regulatory authority of the other Jurisdiction(s) and subject to such terms and conditions as may be imposed on the Filer and the issuer of the Value-Referenced Crypto Assets by the regulator or securities regulatory authority.
32. The Filer will not offer Crypto Asset lending products or services or Staking Services to clients without the prior written consent of the Principal Regulator and the regulator or securities regulatory authority of any Jurisdiction(s) in which such products or services are offered. The Filer will evaluate Crypto Assets as set out in its KYP Policy and described in paragraphs 19 to 24 of the Representations above.
33. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a customer in a Jurisdiction, without the prior written consent of the regulator or securities regulatory authority of the Jurisdiction, where the Crypto Asset was issued by or on behalf of a person or company that is or has in the last five years

been the subject of an order, judgment, decree, sanction, fine or administrative penalty imposed by, or has entered into a settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of anti-money laundering laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct. For the purposes of this condition, the term “Specified Foreign Jurisdiction” means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, Republic of Korea, New Zealand, Singapore, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America, or any other jurisdiction that the Principal Regulator shall advise.

34. The Filer will not engage in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer or Affiliates or associates of such persons unless it has obtained the prior written approval of and subject to such terms and conditions as may be imposed by the Principal Regulator.
35. Except to allow clients to liquidate their positions in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the client, the Filer will promptly stop trading Crypto Contracts where the underlying is a Crypto Asset if (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, a security and/or derivative.
36. The Filer will ensure that clients have access to information relating to their accounts and to past transaction activity that is updated continuously. The Filer will notify the Principal Regulator if the information is not available to a client for a material period of time.
37. The Filer will not be liable for the debt of an Affiliate or Affiliates that could have a material negative effect on the Filer.
38. The Filer will exclude from the excess working capital calculation all the Crypto Assets it holds for which there is no offsetting by a corresponding current liability.

#### *Data Reporting*

36. The Filer will provide the Principal Regulator for each client, and each securities regulatory authority or regulator in each of the other Jurisdictions with respect to clients in those jurisdictions individually, within 30 days of the end of each March, June, September and December, the data described in Appendix B.
37. If applicable, within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Jurisdictions, a report of all accounts for which the Client Limits that may be established pursuant to paragraph 31 of the Representations were exceeded during that month.
38. The Filer will deliver to the Principal Regulator within 30 days of the end of each March, June, September and December, either:
  - (a) blackline copies of changes made to the written policies and procedures on the operations of its wallets that were previously delivered to the Principal Regulator; or
  - (b) a nil report stating no changes have been made to its written policies and procedures on the operations of its wallets in the quarter.
39. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's custodian(s) and the Crypto Assets held by the Filer's custodian(s), that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.
40. Upon request, the Filer will provide the Principal Regulator, the Coordinated Review Decision Makers with aggregated and/or anonymized data concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading Crypto Assets.

### B.3: Reasons and Decisions

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41. The Filer will promptly make any changes to its business practices or written policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.
42. The Filer will, if it intends to operate the platform in Ontario and Québec after the date of the Decision, take the following steps:
  - (a) submit an application to the Principal Regulator, the OSC and the Autorité des marchés financiers (**AMF**) to become registered as an investment dealer no later than 12 months after the date of the Decision;
  - (b) submit an application to become a CIRO dealer member no later than 12 months after the date of the Decision;
  - (c) work actively and diligently with the Principal Regulator, the OSC, AMF and CIRO to transition the platform to investment dealer registration and obtain CIRO membership.
43. This Decision shall expire two years following the date of this Decision.
44. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

“Mark Wang”  
Director, Capital Markets Regulation  
British Columbia Securities Commission

### Appendix A - Local Trade Reporting Rules

In this Decision the “Local Trade Reporting Rules” collectively means each of the following:

- a. Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**), and the power to grant exemption orders set out in Section 42 of OSC Rule 91-507;
- b. Part 3, Data Reporting, of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**), and the power to grant exemption orders set out in Section 42 of MSC Rule 91-507; and
- c. Part 3, Data Reporting, of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**), and the power to grant exemption orders set out in Section 43 of MI 96-101.

## Appendix B – Reporting Requirements

### Part A - Data Reporting

1. Commencing with the quarter ending September 30, 2023, the Filer will deliver the following information to the Principal Regulator and each of the Coordinated Review Decision Makers in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers with respect to Clients residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December:
  - (a) aggregate reporting of activity conducted pursuant to the Platform's operations that will include the following:
    - i. number of Client Accounts opened each month in the quarter;
    - ii. number of Client Accounts frozen or closed each month in the quarter;
    - iii. number of Client Account applications rejected by the platform each month in the quarter based on the account appropriateness factors described in paragraph 29 of the Representations;
    - iv. number of trades each month in the quarter;
    - v. average value of the trades in each month in the quarter;
    - vi. number of Client Accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter;
    - vii. number of Client Accounts that in the preceding 12 months, excluding Specified Crypto Assets, exceeded a net acquisition cost of \$30,000 at the end of each month in the quarter;
    - viii. number of Client Accounts at the end of each month in the quarter;
    - ix. number of Client Accounts with no trades during the quarter;
    - x. number of Client Accounts that have not been funded at the end of each month in the quarter;
    - xi. number of Client Accounts that hold a positive amount of Crypto Assets at end of each month in the quarter;
    - xii. number of Client Accounts that exceeded their Client Limit at the end of each month in the quarter.
  - (b) the details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
  - (c) a listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of Clients, including all hot and cold wallets;
  - (d) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future;
  - (e) the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.
2. The Filer will deliver to the Principal Regulator and each of the Coordinated Review Decision Makers, in an agreed form and manner specified by the Principal Regulator and each of the Coordinated Review Decision Makers, a report that includes the anonymized account-level data for the Platform's operations for each client residing in the Jurisdiction of such Coordinated Review Decision Maker, within 30 days of the end of each March, June, September and December for data elements outlined below in Part B.

## Part B. - Data Element Definitions, Formats and Allowable Values

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
<b>Data Elements Related to each Unique Client</b>					
1	Unique Client Identifier	Alphanumeric code that uniquely identifies a customer.	Varchar(72)	An internal client identifier code assigned by the CTP to the client. The identifier must be unique to the client.	ABC1234
2	Unique Account Identifier	Alphanumeric code that uniquely identifies an account.	Varchar(72)	A unique internal identifier code which pertains to the customer's account. There may be more than one Unique Account Identifier linked to a Unique Client Identifier.	ABC1234
3	Jurisdiction	The Province or Territory where the client, head office or principal place of business is, or under which laws the client is organized, or if an individual, their principal place of residence.	Varchar(5)	Jurisdiction where the client is located using ISO 3166-2 - See the following link for more details on the ISO standard for Canadian jurisdictions codes. <a href="https://www.iso.org/obp/ui/#iso:code:3166:CA">https://www.iso.org/obp/ui/#iso:code:3166:CA</a>	CA-ON
<b>Data Elements Related to each Unique Account</b>					
4	Account Open Date	Date the account was opened and approved to trade.	YYYY-MM-DD, based on UTC.	Any valid date based on ISO 8601 date format.	2022-10-27
5	Cumulative Realized Gains/Losses	Cumulative Realized Gains/Losses from purchases, sales, deposits, withdrawals and transfers in and out, since the account was opened as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in, transfers out, deposits and withdrawals of the Digital Token to determine the cost basis or the realized gain or loss.	205333
6	Unrealized Gains/Losses	Unrealized Gains/Losses from purchases, deposits and transfers in as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in or deposits of the Digital Token to determine the cost basis.	-30944
7	Digital Token Identifier	Alphanumeric code that uniquely identifies the Digital Token held in the account.	Char(9)	Digital Token Identifier as defined by ISO 24165. See the following link for more details on the ISO standard for Digital Token Identifiers. <a href="https://dtif.org/">https://dtif.org/</a>	4H95J0R2X

<sup>1</sup> Note: Digital Token refers to either data associated with a Digital Token, or a Digital Token referenced in an investment contract.

**B.3: Reasons and Decisions**

Number	Data Element Name	Definition for Data Element <sup>1</sup>	Format	Values	Example
<b>Data Elements Related to each Digital Token Identifier Held in each Account</b>					
8	Quantity Bought	Number of units of the Digital Token bought in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	4358.326
9	Number of Buy Transactions	Number of transactions associated with the Quantity Bought during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	400
10	Quantity Sold	Number of units of the Digital Token sold in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	125
11	Number of Sell Transactions	Number of transactions associated with the Quantity Sold during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3325
12	Quantity Transferred In	Number of units of the Digital Token transferred into the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	10.928606
13	Number of Transactions from Transfers In	Number of transactions associated with the quantity transferred into the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3
14	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603
15	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
16	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461
17	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788



**B.3: Reasons and Decisions**

<b>Number</b>	<b>Data Element Name</b>	<b>Definition for Data Element<sup>1</sup></b>	<b>Format</b>	<b>Values</b>	<b>Example</b>
18	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
19	Client Limit Type	The type of limit as reported in (18).	Char(3)	AMT (amount) or PER (percent).	PER

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## 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
Nevada Vanadium Mining Corp.	August 14, 2023	September 12, 2023
Liquid Meta Capital Holdings Ltd.	September 12, 2023	
Eddy Smart Home Solutions Ltd.	July 7, 2023	September 18, 2023

### 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	
Sproutly Canada, Inc.	June 30, 2022	
iMining Technologies Inc.	September 30, 2022	
Alkaline Fuel Cell Power Corp.	April 4, 2023	
mCloud Technologies Corp.	April 5, 2023	
Element Nutritional Sciences Inc.	May 2, 2023	
CareSpan Health, Inc.	May 5, 2023	
Canada Silver Cobalt Works Inc.	May 5, 2023	
FenixOro Gold Corp.	July 5, 2023	
Minnova Corp.	August 02, 2023	
HAVN Life Sciences Inc.	August 30, 2023	

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# B.5

## Rules and Policies

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### B.5.1 OSC Rule 52-503 Exemption from Disclosure of a Specified Financial Measure

#### ONTARIO SECURITIES COMMISSION RULE 52-503 EXEMPTION FROM DISCLOSURE OF A SPECIFIED FINANCIAL MEASURE

##### PART 1 DEFINITIONS

###### 1. Definitions

###### (1) In this Rule,

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

“**Bank Act**” means the *Bank Act* (Canada);

“**eligible issuer**” means a reporting issuer that is, or that has a subsidiary or an affiliate that is, a federal financial institution subject to OSFI Guidelines;

“**federal financial institution**” has the same meaning as in the *Bank Act*;

“**NI 14-101**” means National Instrument 14-101 *Definitions*;

“**NI 52-112**” means National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*;

“**OSFI**” means the Office of the Superintendent of Financial Institutions of the Government of Canada; and

“**OSFI Guideline**” means any guideline or advisory guidance of OSFI that includes “best” or “prudent” practices that OSFI expects a federal financial institution to follow, clarifies OSFI’s position regarding certain policy issues applicable to the federal financial institution or describes how OSFI administers and interprets provisions of the *Bank Act* or other applicable federal financial institution legislation.

###### (2) Terms used in this Rule that are defined in the Act, NI 14-101 and NI 52-112 have the same meaning if used in this Rule, unless otherwise defined in this Rule.

##### PART 2 EXEMPTION FROM DISCLOSURE OF A SPECIFIED FINANCIAL MEASURE

###### 2. NI 52-112 does not apply to an eligible issuer in respect of disclosure of a specified financial measure pursuant to an OSFI Guideline, if

(a) the OSFI Guideline specifies the composition of the measure, and the measure was determined in compliance with that OSFI Guideline, and

(b) in proximity to the measure, the eligible issuer discloses the OSFI Guideline under which the measure is disclosed.

##### PART 3 EFFECTIVE DATE

###### 3. This Rule comes into force on October 3, 2023.

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# B.6 Request for Comments

## B.6.1 CSA Notice and Request for Comment – Proposed Amendments to National Instrument 44-102 Shelf Distributions Relating to Well-known Seasoned Issuers



### CSA Notice and Request for Comment

#### Proposed Amendments to National Instrument 44-102 *Shelf Distributions* Relating to Well-known Seasoned Issuers

September 21, 2023

#### Part 1 – Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period

- proposed amendments to National Instrument 44-102 *Shelf Distributions* (**NI 44-102**), as set out in Annex A,
- proposed changes to Companion Policy 44-102CP to NI 44-102, as set out in Annex B,
- proposed changes to National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (**NP 11-202**), as set out in Annex C,
- proposed amendments to local securities laws as set out in Annex D

(collectively, the **Proposed Amendments**).

The public comment period expires on **December 20, 2023**.

The text of the Proposed Amendments is contained in Annexes A through D of this Notice and will also be available on websites of CSA jurisdictions, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

[www.albertasecurities.com](http://www.albertasecurities.com)

[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

[nssc.novascotia.ca](http://nssc.novascotia.ca)

[www.fcncb.ca](http://www.fcncb.ca)

[www.osc.ca](http://www.osc.ca)

[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)

[mbsecurities.ca](http://mbsecurities.ca)

## Part 2 – Substance and Purpose

The Proposed Amendments would permit issuers that satisfy the qualification criteria and certain conditions to:

- file a final base shelf prospectus and be deemed to receive a receipt for that prospectus without first filing a preliminary base shelf prospectus or undergoing any regulatory review,
- omit certain disclosure from the base shelf prospectus (for example, the aggregate dollar amount of securities that may be raised under the prospectus), and
- benefit from receipt effectiveness for a period of 37 months from the date of its deemed issuance, subject to the requirement for the issuer to reassess its qualification to use the WKSI regime annually.

The Proposed Amendments would introduce an expedited shelf prospectus regime for well-known seasoned issuers (**WKSI**s) in Canada. Regulatory costs and other restrictions on the business and investment activities of market participants should be proportionate to the significance of the regulatory objectives sought. The costs involved in the regulatory review of a prospectus filed in connection with a public offering of securities may be significant. In general, these costs are necessary and proportionate to the regulatory objectives of the prospectus requirement and securities legislation, particularly for offerings by newer reporting issuers. However, for mature, well-established and closely followed reporting issuers, the benefits of a full regulatory review of base shelf prospectuses may not justify the costs. The Proposed Amendments aim to reduce unnecessary regulatory burden for issuers that are well-known reporting issuers, have a strong market following, complete public disclosure record and sufficient public equity. The Proposed Amendments are also intended to foster capital formation by such issuers in the Canadian public markets.

In our experience, the review of base shelf prospectuses filed by WKSI are unlikely to identify substantive deficiencies that require regulatory intervention. Eligible reporting issuers will have more flexibility in structuring a base shelf prospectus offering, have improved certainty regarding transaction timing and be permitted to forgo certain requirements that do not, in this context, provide meaningful disclosure to investors. The Proposed Amendments will also more closely align the timing of Canadian prospectus filings with those applicable in the United States and better facilitate cross-border offerings.

## Part 3 – Background

NI 44-102 permits qualified issuers to omit “shelf information” from a base shelf prospectus, if not known on the date the base shelf prospectus is filed. Such information is required to be included in a prospectus supplement, which is not subject to review. Shelf information consists of information such as the variable terms of the securities that may be distributed under the base shelf prospectus, the dollar amount, size and other specific terms of each tranche of securities that may be distributed, the variable terms of the plan of distribution, and any other information that is not known and cannot be ascertained at the time of filing the base shelf prospectus.

The CSA received feedback to its Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*<sup>1</sup> that certain prospectus requirements in the base shelf context create unnecessary regulatory burden for large, established reporting issuers that have strong market following and up-to-date disclosure records. The feedback recommended enhancing the current prospectus system by amending the base shelf prospectus rules to implement a Canadian WKSI regime.

In early 2018, the CSA undertook a research project on potential alternative offering models that included research of the United States’ WKSI regime<sup>2</sup> and targeted consultations with market participants. During our consultations, we continued to receive recommendations to implement a Canadian WKSI regime.

In response to stakeholder feedback, on December 6, 2021, the CSA published temporary exemptions from certain base shelf prospectus requirements for qualifying WKSI through local blanket orders that are substantively harmonized across the country (collectively, the **Blanket Orders**).

The Blanket Orders allow an issuer that meets the WKSI qualifications and certain conditions to file a final base shelf prospectus with its principal regulator and obtain a receipt for that prospectus on an accelerated basis without first filing a preliminary base shelf prospectus.

<sup>1</sup> See CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*.

<sup>2</sup> In the United States, the WKSI regime is codified in the *General Rules and Regulations, Securities Act of 1933*, and has been in regular use for several years.



## **B.6: Request for Comments**

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Since the Blanket Orders came into effect<sup>3</sup>, we have had an opportunity to evaluate the appropriateness of the eligibility criteria and other conditions, consider feedback from various stakeholders and determine how best to implement a Canadian WKSI regime through rule amendments.

### **Part 4 – Summary of the Proposed Amendments**

Annex E to this notice summarizes the principal differences between the Blanket Orders and the Proposed Amendments.

Under the Proposed Amendments, the requirement to file and receive a receipt for a preliminary prospectus would not apply to a distribution under a WKSI base shelf prospectus. Instead of requiring the payment of fees that would otherwise be due on filing a preliminary short form prospectus, some jurisdictions may adopt specific fees for WKSI base shelf prospectus filings in parallel with the Proposed Amendments.

Under the Proposed Amendments, upon the filing of a WKSI base shelf prospectus or an amendment to a WKSI base shelf prospectus in compliance with all requirements, a receipt would be deemed to be issued in all jurisdictions in Canada where the prospectus has been filed. A receipt deemed to be issued for a WKSI base shelf prospectus would generally be effective for a period of 37 months from the date of its deemed issuance, subject to the requirement for the issuer to reassess its qualification to use the WKSI regime annually.

In addition, the Proposed Amendments contain an annual confirmation requirement. Under the Proposed Amendments, an issuer that has filed a WKSI base shelf prospectus would be required to confirm whether it continues to qualify as a WKSI on an annual basis and evidence that fact by including a statement confirming its WKSI status in its annual information form or by filing an amendment to its WKSI base shelf prospectus indicating that it continues to be a WKSI. If an issuer no longer qualifies as a WKSI, the issuer would be required to publicly announce that it would not distribute securities under a prospectus supplement to the WKSI base shelf prospectus and withdraw the WKSI base shelf prospectus.

### **Part 5 – Proposed Text**

The text of the Proposed Amendments is published with this Notice in the following annexes:

- Annex A – Proposed Amendments to NI 44-102
- Annex B – Proposed Changes to Companion Policy 44-102CP to NI 44-102
- Annex C – Proposed Changes to NP 11-202
- Where applicable, Annex D – Local Matters (including any local amendments)

### **Part 6 – Consequential Amendments**

We are proposing changes to NP 11-202 to clarify that the procedures described in NP 11-202 are not applicable to WKSI base shelf prospectuses. Please see Annex C.

### **Part 7 – Proposed Legislative Amendments**

Certain jurisdictions are contemplating amendments to their local securities legislation to provide rule-making authority for the automatic receipt mechanism contemplated by the Proposed Amendments. Where applicable, please see details in Annex D.

### **Part 8 – Local Matters**

Where applicable, Annex D is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

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<sup>3</sup> The Blanket Orders came into effect on January 4, 2022.

**Part 9 – Request for Comments**

We welcome your comments on the Proposed Amendments. In addition to any general comments you may have, we also invite comments on the following specific questions.

1. Do you agree with the WSKI qualification criteria proposed in the definition of “well-known seasoned issuer”? If not, please identify the requirements that could be eliminated or modified to improve the criteria. For example, are the proposed qualifying public equity and qualifying public debt thresholds appropriate?
2. Under the Blanket Orders, an issuer does not qualify to file a WSKI base shelf prospectus unless it has been a reporting issuer in at least one jurisdiction of Canada for at least 12 months immediately preceding the date of the WSKI base shelf prospectus. We are concerned that an issuer that has been a reporting issuer for only 12 months may not have a sufficient continuous disclosure record to justify participation in the WSKI regime. To address this concern, we propose extending the length of this seasoning period to three years. Is a three-year seasoning period appropriate? Should we consider a reduced seasoning period? If so, what is an appropriate seasoning period and why?
3. Do you agree with the eligibility criteria proposed in the definition of “eligible issuer”? If not, please identify the requirements that could be eliminated or modified to improve the criteria. In particular, do you agree with the requirements relating to (i) penalties and sanctions and (ii) outstanding asset-backed securities?
4. The definition of “eligible issuer” excludes issuers that have been the subject of a cease trade order or order similar to a cease trade order in any Canadian jurisdiction within the previous three years. Should this exclusion contain an exception for issuers that were the subject of a cease trade order or similar order in any Canadian jurisdiction within the previous three years that was revoked within 30 days of its issuance, to align with the disclosure requirements for directors and executive officers in Form 41-101F1 *Information Required in a Prospectus*, Form 51-102F2 *Annual Information Form* and Form 51-102F5 *Information Circular*?
5. Are there other eligibility criteria that should disqualify an issuer from the WSKI regime? If so, please explain.
6. Under the Proposed Amendments, issuers would be required to deliver personal information forms with the WSKI base shelf prospectus. However, the receipt for the prospectus would be deemed to be issued prior to any review of these personal information forms. Do you agree with requiring issuers to deliver personal information forms with the WSKI base shelf prospectus? If not, please explain.

Please submit your comments in writing on or before December 20, 2023.

Address your submission to all of the CSA as follows:

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

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA jurisdictions.

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

## B.6: Request for Comments

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Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
Fax: 514 864-8381  
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We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at [www.albertasecurities.com](http://www.albertasecurities.com), the Autorité des marchés financiers at [www.lautorite.qc.ca](http://www.lautorite.qc.ca) and the Ontario Securities Commission at [www.osc.ca](http://www.osc.ca). Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

### Part 10 - Questions

Please refer your questions to any of the following:

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ANNEX A

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

1. ***National Instrument 44-102 Shelf Distributions is amended by this Instrument.***
2. ***Part 2 is amended by adding the following after section 2.7:***

**2.7.1 Lapse Date – Ontario – WKSJ Base Shelf Prospectus**

In Ontario, the lapse date prescribed by securities legislation for a receipt deemed to be issued for a WKSJ base shelf prospectus, as defined in subsection 9B.1(1), is extended to the date 37 months from the date of deemed issuance of the receipt.

3. ***The Instrument is amended by adding the following part after Part 9A:***

**PART 9B: DISTRIBUTIONS UNDER WELL-KNOWN SEASONED ISSUER BASE SHELF PROSPECTUSES**

**9B.1 Definitions**

- (1) In this Part,

“annual filing date” means the date on which an issuer is required to file its audited annual financial statements under NI 51-102 or National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, as applicable;

“eligible issuer” means an issuer to which the following apply:

- (a) the issuer has filed all periodic and timely disclosure documents that it is required to have filed under the following:
  - (i) securities legislation;
  - (ii) an order made by the regulator or securities regulatory authority;
  - (iii) an undertaking given by the issuer to the regulator or securities regulatory authority;
- (b) during the preceding 3 years, neither the issuer, nor any person or company that completed a restructuring transaction with the issuer, was either of the following:
  - (i) a person or company whose operations have ceased;
  - (ii) a person or company whose principal asset is cash, cash equivalents or its exchange listing or any similar person or company, including, for greater certainty, a capital pool company, a special purpose acquisition company or a growth acquisition corporation;
- (c) during the preceding 3 years, the issuer
  - (i) did not become bankrupt,
  - (ii) did not make a proposal under any legislation relating to bankruptcy or insolvency, and
  - (iii) was not subject to or did not institute any proceeding, arrangement or compromise with creditors or was not subject to an appointment of a receiver, receiver manager or trustee to hold its assets;
- (d) during the preceding 3 years, neither the issuer, nor any of its subsidiaries, has been the subject of an order, judgment, decree, sanction or administrative penalty imposed by, or has entered into a settlement agreement with or approved by, a court in Canada or a foreign jurisdiction, or a securities regulatory authority or a similar authority in a foreign jurisdiction, related to a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, insider trading, unregistered activity or illegal distribution;

- (e) during the preceding 3 years, the issuer has not been the subject of
  - (i) a cease trade order or order similar to a cease trade order in a jurisdiction of Canada, or
  - (ii) a suspension of trading under the 1934 Act;

“qualifying public debt” means the aggregate principal amount of non-convertible debt securities, other than equity securities, distributed by an issuer under a prospectus in respect of primary offerings for cash within the preceding 3 years;

“qualifying public equity” means the aggregate market value of the listed equity securities of an issuer, excluding listed equity securities held by an affiliate or a reporting insider of the issuer, calculated using the simple average of the daily closing price of the securities on a short form eligible exchange for each of the trading days on which there was a daily closing price for the preceding 20 trading days;

“reporting insider” has the meaning ascribed to that term in National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;

“well-known seasoned issuer” means an issuer to which the following apply:

- (a) on at least one day during the preceding 60 days, the issuer had
  - (i) qualifying public equity of at least \$500 000 000, or
  - (ii) qualifying public debt of at least \$1 000 000 000;
- (b) the issuer is and has been a reporting issuer in a jurisdiction of Canada for the preceding 3 years;
- (c) the issuer is qualified to file a short form prospectus under section 2.2, 2.3, 2.4 or 2.5 of NI 44-101;
- (d) for an issuer that has a mineral project, the issuer’s most recent audited annual financial statements disclose
  - (i) gross revenue, derived from mining operations, of at least \$55 000 000 for the issuer’s most recently completed financial year, and
  - (ii) gross revenue, derived from mining operations, of at least \$165 000 000 in the aggregate for the issuer’s 3 most recently completed financial years;
- (e) the issuer has no outstanding asset-backed securities;

“WKSI base shelf prospectus” means a base shelf prospectus prepared in accordance with subsections 9B.2(2) and (3).

- (2) For the purpose of this Part, the terms “cash” and “cash equivalents” have the same meanings as in Canadian GAAP applicable to publicly accountable enterprises.

### **9B.2 Requirements for Issuers Filing a WKSI Base Shelf Prospectus**

- (1) An issuer may file a WKSI base shelf prospectus if, as of the date of filing the prospectus, the following apply:
  - (a) the issuer is a well-known seasoned issuer;
  - (b) the issuer is not an investment fund;
  - (c) the issuer is an eligible issuer.
- (2) A prospectus filed under this section shall include the following:
  - (a) on the cover page, the following statement or a statement in substantially the following words:

“This base shelf prospectus is filed under Part 9B Distributions Under Well-Known Seasoned Issuer Base Shelf Prospectuses of National Instrument 44-102 *Shelf Distributions*.

[Name of issuer] has satisfied the requirements for issuers filing a WKSI base shelf prospectus and for a receipt for this prospectus to be deemed to be issued in all jurisdictions in Canada in which this prospectus has been filed.

No regulator or securities regulatory authority has reviewed this prospectus.”;

- (b) disclosure of the date on which the issuer’s qualifying public equity or qualifying public debt met or exceeded the amount referred to in subparagraph (a)(i) or (ii) of the definition of well-known seasoned issuer, as applicable, and the amount of the issuer’s qualifying public equity or qualifying public debt on that date.
- (3) A prospectus filed under this section shall not qualify the distribution of an asset-backed security.

**9B.3 Provisions Not Applicable to a WKSI Base Shelf Prospectus**

- (1) An issuer is exempt from the prospectus requirement in respect of the requirement to file a preliminary prospectus relating to the WKSI base shelf prospectus if the following apply:
  - (a) the issuer is qualified to file a WKSI base shelf prospectus under subsection 9B.2(1);
  - (b) the issuer files a WKSI base shelf prospectus;
  - (c) the issuer has filed all documents otherwise required to be filed under securities legislation in connection with the filing of a base shelf prospectus.
- (2) The following provisions do not apply to an issuer in respect of a WKSI base shelf prospectus:
  - (a) section 5.4;
  - (b) item 5 of section 5.5.
- (3) An issuer that files a WKSI base shelf prospectus may omit from the prospectus the following disclosure:
  - (a) the number of securities qualified for distribution referred to in item 1.4 of Form 44-101F1;
  - (b) a plan of distribution referred to in item 5 of Form 44-101F1, other than to state that the plan of distribution will be described in the shelf prospectus supplement for any distribution of securities;
  - (c) a description of the securities being distributed referred to in item 7 of Form 44-101F1, other than as necessary to identify the types of securities;
  - (d) the disclosure regarding any selling securityholder referred to in item 8 of Form 44-101F1.
- (4) An issuer that omits information from a WKSI base shelf prospectus under subsection (3) shall include the omitted information in any shelf prospectus supplement used to supplement the disclosure in the WKSI base shelf prospectus.

**9B.4 Filing Requirements for a WKSI Base Shelf Prospectus**

- (1) An issuer that files a WKSI base shelf prospectus shall file, with the WKSI base shelf prospectus, a certificate in accordance with subparagraph 4.1(1)(a)(ii) of NI 44-101 as if the WKSI base shelf prospectus were a preliminary short form prospectus.
- (2) An issuer that files a WKSI base shelf prospectus shall file, with the WKSI base shelf prospectus, any technical report that is required to be filed with a preliminary short form prospectus under NI 43-101.
- (3) An issuer that files a WKSI base shelf prospectus shall deliver to the regulator, concurrently with the filing of the WKSI base shelf prospectus, any personal information form that is required to be delivered with a preliminary prospectus under section 4.1 of NI 44-101.
- (4) An issuer that files a WKSI base shelf prospectus shall pay the fee otherwise required for the filing of a preliminary short form prospectus.

**9B.5 Receipts**

- (1) A receipt for a WKSI base shelf prospectus is deemed to be issued if, at the time of filing of the WKSI base shelf prospectus, the issuer has
  - (a) complied with section 9B.2, and
  - (b) filed or delivered, as the case may be, all documents required to be filed or delivered in connection with the filing of a base shelf prospectus.

- (2) A receipt for an amendment to a WKSI base shelf prospectus is deemed to be issued if
- (a) as of the date of filing of the amendment to the WKSI base shelf prospectus, the following apply:
    - (i) the issuer is a well-known seasoned issuer;
    - (ii) the issuer is not an investment fund;
    - (iii) the issuer is an eligible issuer,
  - (b) the amendment to the WKSI base shelf prospectus includes the following:
    - (i) on the cover page, the following statement or a statement in substantially the following words:

“This amendment is filed under Part 9B Distributions Under Well-Known Seasoned Issuer Base Shelf Prospectuses of National Instrument 44-102 *Shelf Distributions*.

[Name of issuer] has satisfied the requirements for issuers filing an amendment to a WKSI base shelf prospectus and for a receipt for this amendment to be deemed to be issued in all jurisdictions in Canada in which this amendment has been filed.

No regulator or securities regulatory authority has reviewed this amendment.”;
    - (ii) disclosure of the date on which the issuer’s qualifying public equity or qualifying public debt met or exceeded the amount referred to in subparagraph (a)(i) or (ii) of the definition of well-known seasoned issuer, as applicable, and the amount of the issuer’s qualifying public equity or qualifying public debt on that date,
  - (c) the amendment to the WKSI base shelf prospectus does not qualify the distribution of an asset-backed security, and
  - (d) the issuer has filed or delivered, as the case may be, all documents required to be filed or delivered in connection with the filing of an amendment to a base shelf prospectus.

**9B.6 Period of Effectiveness of a Deemed Receipt for a WKSI Base Shelf Prospectus**

- (1) Within 60 days preceding the annual filing date in each financial year of an issuer following the filing by the issuer of a WKSI base shelf prospectus and until the date, under subsection (2), on which the issuer is no longer permitted to distribute a security under the WKSI base shelf prospectus, the issuer shall
- (a) include a statement in its AIF for the financial year ended immediately before the annual filing date, or in an amendment to the WKSI base shelf prospectus, that explains that the issuer is eligible to file a WKSI base shelf prospectus, if the issuer satisfies the conditions under subsection 9B.2(1), or
  - (b) withdraw the WKSI base shelf prospectus and issue a news release announcing that the issuer will not distribute securities under a prospectus supplement to the WKSI base shelf prospectus.
- (2) An issuer may distribute a security under a WKSI base shelf prospectus, with respect to which a receipt is deemed to have been issued under subsection 9B.5(1), until the earliest of
- (a) the date that is 37 months from the date a receipt is deemed to be issued under subsection 9B.5(1),
  - (b) the annual filing date, unless the issuer has included the statement referred to in paragraph (1)(a) in
    - (i) its AIF for the financial year ended immediately before the annual filing date, or
    - (ii) an amendment to the WKSI base shelf prospectus filed during the 60 days preceding the annual filing date,
  - (c) in the case of an issuer that is qualified to file a short form base shelf prospectus under
    - (i) section 2.2 of NI 44-101, the time referred to in paragraph 2.2(3)(b) of this Instrument,
    - (ii) section 2.3 of NI 44-101, the time referred to in paragraph 2.3(3)(b) of this Instrument,
    - (iii) section 2.4 of NI 44-101, the time referred to in paragraph 2.4(3)(b) of this Instrument, and

## B.6: Request for Comments

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- (iv) section 2.5 of NI 44-101, the time referred to in paragraph 2.5(3)(b) of this Instrument, and
  - (d) in Ontario, the lapse date prescribed by securities legislation.
- (3) An issuer that is required to withdraw a WKSJ base shelf prospectus under paragraph (1)(b) shall not distribute a security under that prospectus.

### Effective date

- 4.
  - (1) This Instrument comes into force on \*.
  - (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after \* this Instrument comes into force on the day on it is filed with the Registrar of Regulations.



ANNEX B

PROPOSED CHANGES TO  
COMPANION POLICY 44-102CP SHELF DISTRIBUTIONS

1. *Companion Policy 44-102CP Shelf Distributions is changed by this Document.*

2. *Part 2 Shelf Procedures is changed by adding, after section 2.9, the following:*

**2.10 Distributions Under Well-Known Seasoned Issuer Base Shelf Prospectuses**

(1) Meaning of WKSJ base shelf prospectus

The term WKSJ base shelf prospectus is a defined term used for ease of reference. A WKSJ base shelf prospectus is a final base shelf prospectus that has been varied in accordance with Part 9B of NI 44-102. Accordingly, any reference to a “prospectus”, a “final prospectus”, a “final short form prospectus” or a “final base shelf prospectus” in securities legislation includes a WKSJ base shelf prospectus.

For the avoidance of doubt, any reference to a “final receipt” includes a receipt deemed to be issued under sections 9B.5 of NI 44-102.

(2) Deemed receipt

No securities regulatory authority or regulator will issue a receipt for a WKSJ base shelf prospectus or an amendment to a WKSJ base shelf prospectus filed under Part 9B of NI 44-102. If the requirements in section 9B.5 of NI 44-102 are met, a receipt for a WKSJ base shelf prospectus will be deemed to be issued on the date that the WKSJ base shelf prospectus is filed. No review of the WKSJ base shelf prospectus is conducted by any securities regulatory authority or regulator for a deemed receipt.

(3) Non-application of the passport system and multiple jurisdictions prospectus review process

Part 9B of NI 44-102 provides an alternative filing option for well known seasoned issuers that is independent of the passport system and the procedures described in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*. A receipt for a WKSJ base shelf prospectus is deemed to be issued in every jurisdiction in which the prospectus is filed so the application of the passport system is not necessary. Further, an issuer that files a WKSJ base shelf prospectus would not meet the conditions to use the passport system as it does not file a preliminary prospectus and would not indicate that it is relying on Multilateral Instrument 11-102 *Passport System*.

(4) Amendments

A receipt deemed to be issued for an amendment to a WKSJ base shelf prospectus under subsection 9B.5(2) of NI 44-102 will not extend the period of effectiveness of the deemed receipt of the WKSJ base shelf prospectus.

(5) Annual confirmation

An issuer that files a WKSJ base shelf prospectus on or before its financial year-end will be required to confirm its eligibility as a well-known seasoned issuer on or before the annual filing date of each year following the filing of the WKSJ base shelf prospectus. For example, an issuer with a June 30 financial year end that files a WKSJ base shelf prospectus on June 30 would be required to confirm its eligibility as a well-known seasoned issuer on or before September 28 of that calendar year. However, if that issuer instead files a WKSJ base shelf prospectus on July 1, it would be required to confirm its eligibility on or before September 28 of the following calendar year.

(6) Exemptive relief in connection with WKSJ base shelf prospectuses

Requests for exemptive relief require staff review and consideration. A receipt deemed to be issued pursuant to section 9B.5 of NI 44-102 will not evidence the granting of an exemption as WKSJ base shelf prospectuses are not subject to staff review prior to the deemed issuance of a receipt and no receipt is actually issued.

The granting of an exemption from the provisions of securities legislation sought in connection with the filing of a WKSJ base shelf prospectus or an amendment to a WKSJ base shelf prospectus may only be evidenced by a decision to that effect, issued following a formal application for exemptive relief, by the regulator or, in Québec, the securities regulatory authority to the person that sought the exemption.

(7) Pre-marketing in connection with a WKSJ base shelf prospectus

In general, any advertising or marketing activities undertaken in connection with a prospectus prior to the issuance of a receipt for the preliminary prospectus are prohibited under securities legislation by virtue of the prospectus requirement. As an issuer filing a WKSJ base shelf prospectus is exempt from the requirement to file a preliminary prospectus, any advertising or marketing activities undertaken in connection with a WKSJ base shelf prospectus prior to the deemed issuance of a receipt for the WKSJ base shelf prospectus are prohibited.

An issuer who is filing a WKSJ base shelf prospectus would also be unable to rely on the bought deal exemption for pre-marketing provided in Part 7 of NI 44-101 as a preliminary prospectus is required to be filed to comply with such exemption.

(8) Existing preliminary short form prospectus or existing base shelf prospectus

Issuers cannot amend an existing preliminary short form prospectus or an existing base shelf prospectus to convert the same into a WKSJ base shelf prospectus. If an issuer has an existing preliminary short form prospectus or an existing base shelf prospectus, but would like to file a WKSJ base shelf prospectus, the issuer should withdraw the existing preliminary short form prospectus or the existing base shelf prospectus and file a new WKSJ base shelf prospectus.

3. These changes become effective on \*.

ANNEX C

PROPOSED CHANGES TO  
NATIONAL POLICY 11-202 *PROCESS FOR PROSPECTUS REVIEWS IN MULTIPLE JURISDICTIONS*

1. *National Policy 11-202 Process for Prospectus Reviews in Multiple Jurisdictions is changed by this Document.*

2. *Section 2.1 is amended*

(a) *by deleting “and” after the definition of “short form prospectus”,*

(b) *by replacing “.” with “; and” after the definition of “waiver application”, and*

(c) *by adding the following definition:*

“WKSI base shelf prospectus” has the meaning ascribed to that term in National Instrument 44-102 *Shelf Distributions*..

3. *Part 3 is amended by adding the following section:*

**3.6 WKSI base shelf prospectus**

An issuer that files a WKSI base shelf prospectus would not meet the conditions to use the passport system as it does not file a preliminary prospectus and would not indicate on SEDAR+ that it is relying on MI 11-102 in accordance with paragraph 3.3(1)(b) of MI 11-102. For this reason, the procedures described in this policy statement are not applicable to WKSI base shelf prospectuses. Further, since a receipt for a WKSI base shelf prospectus is deemed to be issued in every jurisdiction in which the prospectus is filed, the application of the passport system is not necessary.

4. These changes become effective on .

## ANNEX D

### LOCAL MATTERS

#### ONTARIO SECURITIES COMMISSION

##### 1. Introduction

This Annex to the accompanying CSA Notice and Request for Comment (the **CSA Notice**) sets out matters required to be addressed by the *Securities Act* (Ontario) (the **Act**). The Ontario Securities Commission (the **Commission**) is publishing this Annex to supplement the CSA Notice.

The CSA are publishing for comment (i) proposed amendments to NI 44-102 to exempt qualifying well-known seasoned issuers (**WKSIs**) from certain base shelf prospectus requirements, and (ii) consequential amendments and changes to existing rules and policies (together, the **CSA Proposed Amendments**).

Please refer to the main body of the CSA Notice.

##### 2. Overview

In Canada, reporting issuers eligible to file a short form prospectus may use the base shelf prospectus system. Under the base shelf prospectus system, an eligible reporting issuer files a preliminary base shelf prospectus, which is subject to regulatory review. However, once a final receipt has been given for a base shelf prospectus, the reporting issuer may file, and distribute securities under, one or more prospectus supplements that are not subject to any prior regulatory review. This system enables reporting issuers to respond quickly to market conditions.

The CSA has received feedback<sup>4</sup> from market participants and other stakeholders that certain base shelf prospectus requirements create unnecessary regulatory burden for large, established reporting issuers that have a strong market following and up-to-date disclosure records. The feedback included recommendations for the CSA to implement a Canadian version of the WKSI regime that exists under the Securities and Exchange Commission rules in the United States, which would allow certain reporting issuers to go to market via base shelf prospectus more quickly than the current system permits.

Exemptions from certain of the requirements under the shelf prospectus regime for WKSIs were implemented on a pilot basis by the CSA through a series of class orders (the **Blanket Orders**), effective January 4, 2022. The Blanket Orders continue to be in effect and would be replaced by the CSA Proposed Amendments, if adopted.

As described in the CSA Notice, if adopted, the CSA Proposed Amendments would permit qualifying WKSIs to:

- file a final base shelf prospectus and be deemed to receive a receipt for that prospectus without first filing a preliminary base shelf prospectus;
- omit certain disclosure from the base shelf prospectus (for example, the aggregate dollar amount of securities that may be raised under the prospectus); and
- be deemed to receive a receipt for a base shelf prospectus that would be generally effective for a period of 37 months from the date of its deemed issuance.

Under the CSA Proposed Amendments, an issuer would qualify to file a WKSI base shelf prospectus if it satisfies several conditions described in more detail in the CSA Notice. The Commission is of the view that the CSA Proposed Amendments would reduce existing cost and regulatory burden for issuers and investment dealers. The Commission is also of the view that the regulatory costs imposed by the proposed WKSI base shelf prospectus regime are proportionate to the benefits under the CSA Proposed Amendments to issuers, investment dealers and investors as a group.

The CSA Proposed Amendments are intended to foster capital formation by reducing existing cost and regulatory burden for issuers and investment dealers. Although the CSA Proposed Amendments limit participation to eligible WKSIs, the Commission is of the view that the CSA Proposed Amendments would not have a material impact on competitive markets as they would be available to a significant portion of the market (as measured by market capitalization) and would not impose an additional burden on those issuers that are not eligible to participate.

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<sup>4</sup> See CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*. See also recommendation #17 in the Capital Markets Modernization Taskforce's final report, dated January 22, 2021.

**3. Affected Stakeholders**

The major stakeholders expected to be affected by the CSA Proposed Amendments are select non-investment fund reporting issuers, institutional and retail investors and investment dealers that assist large issuers in short form prospectus offerings.

a) Qualifying short-form eligible non-investment fund reporting issuers

The CSA Proposed Amendments would affect short-form eligible non-investment fund reporting issuers that are mature and well-established, and generally have a strong market and analyst following. More specifically, under the CSA Proposed Amendments, a reporting issuer must satisfy several conditions to file a WKSJ base shelf prospectus, including, among other things, that it is not an investment fund, that it is eligible to file a short form prospectus and that it has either (i) outstanding listed equity securities that have qualifying public equity of at least \$500,000,000, or (ii) at least \$1,000,000,000 aggregate amount of non-convertible securities, other than equity securities, distributed under a prospectus in primary offerings for cash in the prior three years.

Based on available market data from January 1, 2021 to January 31, 2023, we estimate that an average of 366 active reporting issuers would satisfy the following publicly ascertainable criteria:

- the issuer is not an investment fund; and
- the issuer has either:
  - qualifying public equity of at least \$500,000,000; or
  - qualifying public debt of at least \$1,000,000,000.

In addition, as of January 31, 2023, a total of 354 reporting issuers (representing approximately 11% of all non-investment fund reporting issuers)<sup>5</sup> satisfied these criteria. These reporting issuers are comprised of:

- 311 listed reporting issuers that satisfy the qualifying public equity requirement only (representing 88% of WKSJ eligible issuers);
- 29 listed reporting issuers that satisfy both the qualifying public equity and qualifying public debt requirement (representing 8% of WKSJ eligible issuers); and
- 14 non-listed reporting issuers that satisfy the qualifying public debt requirement only (representing 4% of WKSJ eligible issuers).

The listed reporting issuers that satisfy the above criteria account for approximately 96% of the total Canadian market capitalization and all issuers in the S&P/TSX Composite Index are WKSJ eligible issuers. In addition, of the listed reporting issuers that satisfy the above criteria, 96% are listed on the Toronto Stock Exchange (**TSX**), with the remaining 4% listed on the TSX Venture Exchange or the Canadian Securities Exchange. Among TSX-listed issuers, approximately 43% of issuers satisfy the above criteria. The proportion of WKSJ eligible issuers in the top three sectors (mining, which includes oil & gas, manufacturing, and financials & insurance) closely matches that of the broader Canadian market.<sup>6</sup>

We note that, in addition to the criteria described above, under the CSA Proposed Amendments, an issuer must satisfy several other requirements to file a WKSJ base shelf prospectus, including requirements related to short-form prospectus eligibility, reporting issuer status, bankruptcy and insolvency and cease trade orders, as described more fully in the CSA Notice. The estimates presented in this Annex are based on historical data and represent the maximum number of issuers that could qualify as a WKSJ. They do not necessarily represent the number of issuers that we anticipate would file a WKSJ base shelf prospectus under the proposed WKSJ base shelf prospectus regime.

b) Investors

The CSA Proposed Amendments would affect both institutional and retail investors purchasing securities in prospectus offerings conducted under the proposed WKSJ base shelf prospectus regime. Generally, all prospectuses filed with securities regulatory authorities are reviewed for public interest concerns and a receipt for the final prospectus may be delayed or refused until such concerns are resolved. If the CSA Proposed Amendments are adopted, there would be no staff review of WKSJ base shelf prospectuses prior to a receipt being deemed to be issued.

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<sup>5</sup> The total number of reporting issuers includes 3,300 active reporting issuers, identified from Refinitiv as of February 8, 2023, and 32 non-listed reporting issuers that have issued qualifying public debt within the three-year period prior to January 31, 2023, identified from FP Advisor. The percentage calculated includes 315 active reporting issuers with no available public float data as of January 31, 2023. Excluding these active reporting issuers with unavailable public float data, WKSJ eligible issuers represent approximately 12% of all reporting issuers considered.

<sup>6</sup> Top three sectors based on number of reporting issuers from Refinitiv and issuers reported North American Industry Classification Standard (NAICs) sector.

The lack of review may affect the disclosure provided to investors in a specific offering and to the market generally. However, since the offering-specific disclosure under the shelf prospectus system is generally contained in supplements to the base shelf prospectus, that are not subject to regulatory review, the lack of regulatory review of a WKSI base shelf prospectus is expected to have a limited impact on the quality of disclosure. In addition, most of the disclosure in a base shelf prospectus is provided through incorporation by reference of the issuer's core continuous disclosure documents. Issuers eligible to file a WKSI prospectus will continue to be subject to continuous disclosure reviews in the ordinary course.

In addition, the CSA Proposed Amendments include safeguards to offset this concern as the eligibility criteria narrows the pool of qualifying issuers to those issuers whose base shelf prospectuses are generally not expected to raise public interest concerns, with approximately 69% of the listed non-investment fund reporting issuers that satisfy the qualifying public equity or qualifying public debt test under the CSA Proposed Amendments representing all issuers in the S&P/TSX Composite Index.

c) Investment dealers

Investment dealers that are involved in securities offerings under the proposed WKSI base shelf prospectus regime would benefit from the CSA Proposed Amendments. Given the profile of issuers that would qualify to file a WKSI base shelf prospectus, we anticipate that investment dealers that assist large issuers in short form prospectus offerings would be affected by the CSA Proposed Amendments. The CSA Proposed Amendments would potentially allow for accelerated transaction timing and increased certainty for investment dealers.

#### **4. Analysis of the Anticipated Costs and Benefits of the CSA Proposed Amendments**

The following section analyzes the anticipated costs and benefits to the affected stakeholders described above. When considering the costs related to adopting the CSA Proposed Amendments, it is important to recognize that the CSA Proposed Amendments provide an optional, alternative base shelf prospectus filing system for qualifying WKSIs, and that they do not impose a direct regulatory cost on affected stakeholders. Issuers are free to elect to continue to use the existing base shelf prospectus system with no additional costs.

a) Qualifying short-form eligible non-investment fund reporting issuers

As noted above, as of January 31, 2023, up to 354 reporting issuers could qualify to file a WKSI base shelf prospectus under the CSA Proposed Amendments. Use of the proposed WKSI base shelf prospectus regime is expected to result in overall net benefits for the reporting issuer conducting the distribution when compared with the traditional base shelf prospectus regime, as described below.

*Reduced transaction costs*

The CSA Proposed Amendments would permit qualifying WKSIs to file a final base shelf prospectus and be deemed to receive a receipt for that prospectus without first filing a preliminary base shelf prospectus. The securities regulatory authority would not review the WKSI base shelf prospectus prior to the deemed issuance of the final receipt and would not provide comments on the prospectus disclosure. Accordingly, there would be no requirement for an issuer's legal counsel and auditor to engage with the regulator. This reduced level of gatekeeper involvement is expected to lower costs for the reporting issuer when compared with a traditional base shelf prospectus filing.

In addition, we anticipate that a WKSI base shelf prospectus would be renewed less frequently than a traditional base shelf prospectus, for the following reasons:

- first, under the CSA Proposed Amendments, a receipt for a WKSI base shelf prospectus would be effective for a period of up to 37 months from the date of its deemed issuance (versus a period of 25 months from the date of receipt for a traditional base shelf prospectus);
- second, since there would be no obligation for a qualifying WKSI to state the aggregate dollar amount of securities that may be raised under a WKSI base shelf prospectus, qualifying WKSIs that file a WKSI base shelf prospectus would not face the possibility of exhausting a current base shelf prospectus, necessitating the filing of a new base shelf prospectus prior to expiry of the 25-month effective period.

As such, reporting issuers filing WKSI base shelf prospectuses would be required to engage their legal counsel and auditor to prepare the base shelf prospectus (and to provide comfort letters or consents) less frequently under the WKSI base shelf prospectus system than under the traditional base shelf prospectus system, resulting in cost savings compared with a traditional base shelf prospectus offering.

*Increased deal certainty and flexibility*

Market conditions can change rapidly, and we understand that, in addition to the financial cost of preparing a base shelf prospectus, there are costs associated with deal uncertainty. The time between deciding to raise funds via prospectus and receiving a final receipt for a base shelf prospectus can be unpredictable depending on the nature of regulatory review. Under the proposed WKSI base shelf prospectus regime, a receipt for a base shelf prospectus would be deemed to be issued immediately upon filing of the WKSI base shelf prospectus and satisfaction of certain conditions, without first filing a preliminary base shelf prospectus, accelerating the filing process and providing the issuer with greater agility to respond to market opportunity and with greater control over the timing of the public announcement of an offering, as compared with a traditional base shelf prospectus offering. As the increased deal certainty would reduce market risk to investment dealers as they raise capital, we anticipate that the CSA Proposed Amendments would lower the cost of capital for issuers that file a WKSI base shelf prospectus.

*Reduced perceived deal overhang*

As there would be no obligation for a qualifying WKSI to state the aggregate dollar amount of securities that it may raise under a WKSI base shelf prospectus, the CSA Proposed Amendments would allow for unlimited offerings during the term of the WKSI base shelf prospectus. This feature could mitigate concerns of a market overhang caused by disclosure of the actual number of securities that the issuer intends to distribute and would allow additional flexibility for the qualifying issuer to raise capital on an "as needed" basis.

*Benefits to dual-listed issuers*

By creating a WKSI base shelf prospectus regime in Canada, the CSA Proposed Amendments would more closely align the Canadian securities regulatory rules with those in the United States, where a WKSI regime currently exists. This alignment is expected to allow dual-listed issuers that meet the eligibility criteria in both jurisdictions to more easily raise funds concurrently in Canada and the United States.

*Potential offsetting costs*

The CSA Proposed Amendments would require an annual assessment that the issuer continues to meet the WKSI requirements. This assessment would be required to be made at the same time as the issuer's annual filings. Given that the annual assessment could be incorporated in the processes for compliance with the existing annual filings, we expect that the incremental costs of the annual assessment would be negligible.

The potential benefits outlined above would be offset by the initial costs required for issuers to familiarize themselves with the requirements of the CSA Proposed Amendments. We expect that these costs would be minimal and would be significantly outweighed by the benefits discussed above.

**b) Investors**

There would be no direct costs to investors from the CSA Proposed Amendments. However, the introduction of a WKSI base shelf prospectus regime may have negative effects on the quality of the disclosure provided to investors in a specific offering and to the market generally.

*Gatekeeper involvement for public interest reasons*

The Act provides the Director with the discretion to refuse to issue a receipt for a final prospectus if it appears to the Director that it is not in the public interest to do so. Since a receipt would be deemed to be issued upon filing of the WKSI base shelf prospectus and other filing material, with no prior regulatory review, the proposed WKSI base shelf prospectus regime would not provide the Director with an opportunity to identify public interest concerns and refuse to issue a receipt based on those concerns.

However, we believe this risk is low as the CSA Proposed Amendments would only apply to issuers with a sufficient public equity and operating history, that have a complete public disclosure record and that have not been subject to bankruptcy proceedings, cease trade orders or specified penalties and sanctions within the past three years. Accordingly, we expect that it would be less likely for a qualifying WKSI to file a WKSI base shelf prospectus that presents receipt refusal concerns.

*Impact on disclosure to investors compared with a traditional prospectus offering*

As discussed above, as compared with a traditional base shelf prospectus, a WKSI base shelf prospectus would limit gatekeeper involvement due to the lack of staff review. This reduced regulatory oversight may result in reduced incentives for qualifying WKSIs to ensure that their disclosure obligations have been met. Accordingly, the quality of the disclosure in a WKSI base shelf prospectus may be lower than that in a traditional base shelf prospectus.

Conversely, we note that the CSA Proposed Amendments would allow issuers to omit certain disclosure from the WKSI base shelf prospectus, provided that it be included in any prospectus supplement filed under the WKSI base shelf prospectus. By omitting

such disclosure from the WKSI base shelf prospectus, qualifying WKSIs could reduce the amount of boilerplate disclosure that is not meaningful for investors.

Ultimately, it is not possible to predict the overall impact of the CSA Proposed Amendments on the quality of disclosure in a WKSI base shelf prospectus and the associated prospectus supplement(s). However, since a WKSI base shelf prospectus and the associated prospectus supplement(s) would be required to include the same respective certificates as a conventional base shelf prospectus and prospectus supplement and would therefore carry the same standards of statutory liability for misrepresentations as a traditional prospectus, we believe that the likelihood of a misrepresentation in the proposed WKSI base shelf prospectus regime would be no different than that in the existing base shelf prospectus regime. We expect that this statutory liability, combined with reputational risk, would act as strong incentives to preserve the quality of disclosure.

c) Investment Dealers

Since investment dealers are generally not involved in the preparation of base shelf prospectuses, we do not anticipate that they would be materially affected by the CSA Proposed Amendments. However, the CSA Proposed Amendments may present some minor benefits to investment dealers that are involved in securities offerings under the proposed WKSI base shelf prospectus regime as the proposed WKSI base shelf prospectus regime would allow for greater certainty, and less market risk, in planning and effecting a prospectus offering.

d) Conclusion

The CSA Proposed Amendments would streamline the base shelf prospectus process for certain well-known reporting issuers that have a strong market following, complete public disclosure record and sufficient public equity and make it more cost-efficient for these issuers to raise capital in Canada. Although there may be indirect costs for investors associated with the proposed WKSI base shelf prospectus regime, generally stemming from the lack of regulatory review of a WKSI base shelf prospectus prior to the deemed issuance of the prospectus receipt, these costs would be mitigated by the quality of qualifying WKSIs and application of statutory liability for misrepresentations in a WKSI base shelf prospectus and prospectus supplement.

## 5. Alternatives Considered

As described in the CSA Notice, on December 6, 2021, the CSA published temporary exemptions from certain base shelf prospectus requirements for qualifying WKSIs through local Blanket Orders that are substantively harmonized across the country.

Since the Blanket Orders came into effect, the CSA has had an opportunity to evaluate the use of the Blanket Orders. In total, 79 issuers have filed WKSI base shelf prospectuses. In addition, we have had the opportunity to consider feedback from various stakeholders, which has been generally positive. We considered replicating the WKSI base shelf prospectus regime provided under the Blanket Orders rather than implementing the regime contemplated by the CSA Proposed Amendments. However, we are of the view that the CSA Proposed Amendments better respond to stakeholder feedback and would increase market efficiency to a greater extent, and present a benefit over the status quo.

## 6. Rule-making Authority

We intend to seek legislative amendments in Ontario to provide rule-making authority to adopt the CSA Proposed Amendments. Specifically, we will seek amendments to sections 53 and 143 of the Act such that the Commission may make rules providing for the deemed issuance of a receipt for a preliminary prospectus, a prospectus or a prescribed offering document (the **Legislative Proposal**).

At this time, the Ontario government has not reviewed the Legislative Proposal and has made no decision to proceed with the same. Accordingly, the Legislative Proposal is subject to change as a result of the consultation process and as a result of review by the Ontario government. It will only become law if it is enacted by the Legislative Assembly of Ontario.

The following provisions of the Act provide the Commission with the authority to make the CSA Proposed Amendments, subject to the Legislative Proposal being enacted by the Legislative Assembly of Ontario and proclaimed into force:

- Paragraph 15 of subsection 143(1) of the Act authorizes the Commission to prescribe categories or subcategories of issuers for purposes of the prospectus requirements under the Act, the regulations and the rules and classifying issuers into categories or subcategories; and
- Paragraph 16 of subsection 143(1) of the Act authorizes the Commission to regulate in respect of, or to vary the Act to facilitate, expedite or regulate in respect of, the distribution of securities or the issuing of receipts, including provisions for eligibility requirements to obtain a receipt for, or distribute under, a particular form of prospectus and the loss of that eligibility.



## ANNEX E

SUMMARY OF THE PRINCIPAL DIFFERENCES BETWEEN  
THE BLANKET ORDERS AND THE PROPOSED AMENDMENTS

Blanket Orders	Proposed Amendments	Rationale
<b>Definition of WSKI – Calculation of Public Equity</b>		
<p>Under the Blanket Orders, an issuer’s “public float” is defined as the aggregate market value of the issuer’s securities held by persons or companies that are not affiliated parties of the issuer and is calculated by using the price at which the securities were last sold in the principal market for the securities as of a date within 60 days preceding the date of filing the WSKI base shelf prospectus.</p>	<p>Under the Proposed Amendments, an issuer’s “qualifying public equity” is defined as the aggregate market value of the issuer’s listed equity securities, excluding securities held by affiliates or reporting insiders of the issuer, and is calculated using the simple average of the daily closing price of the issuer’s equity securities on a short form eligible exchange for each of the trading days on which there was a daily closing price for the 20 trading days preceding the date of calculation (which must be within 60 days of the date of filing the WSKI base shelf prospectus).</p>	<p>The definition was refined to exclude securities held by “reporting insiders”. We are of the view that excluding securities held by reporting insiders from the calculation is appropriate and provides a better approximation of an issuer’s qualifying public equity. We selected reporting insiders because these individuals will have been previously identified and their holdings are publicly available.</p> <p>The Proposed Amendments include a requirement to calculate the 20-day simple average closing price of the issuer’s securities, for consistency with other rules that refer to market price.</p> <p>Under the Proposed Amendments, an issuer should use the simple average closing price of its securities available on a “short form eligible exchange”. A “short form eligible exchange” is defined in National Instrument 44-101 <i>Short Form Prospectus Distributions (NI 44-101)</i> as the Toronto Stock Exchange, the TSX Venture Exchange, the NEO Exchange (now Cboe Canada) and the Canadian Securities Exchange. We believe the market price on a “short form eligible exchange” best reflects how the market price of issuers that are listed on more than one exchange is consolidated and publicly made available.</p>
<b>Definition of WSKI – Reporting Issuer Status</b>		
<p>Under the Blanket Orders, an issuer that files a WSKI base shelf prospectus must have been a reporting issuer in at least one jurisdiction in Canada for the previous 12 months.</p>	<p>Under the Proposed Amendments, an issuer that files a WSKI base shelf prospectus must have been a reporting issuer in at least one jurisdiction in Canada for the previous three years.</p>	<p>The Proposed Amendments increase the seasoning period to address the concern that an issuer that has been a reporting issuer for only 12 months may not have a sufficient continuous disclosure record, market following or history of participation in the capital markets to justify participation in the WSKI regime.</p>
<b>Definition of WSKI – Mining Operations</b>		
<p>Under the Blanket Orders, if an issuer that files a WSKI base shelf prospectus has mining operations, its most recent audited financial statements must disclose prescribed revenue from</p>	<p>Under the Proposed Amendments, if an issuer that files a WSKI base shelf prospectus has a mineral project, its most recent audited financial statements must disclose prescribed</p>	<p>The requirement is generally unchanged, except that the introductory language refers to “mineral project” rather than “mining operations”, to align with NI 43-101.</p>

**B.6: Request for Comments**

Blanket Orders	Proposed Amendments	Rationale
<p>mining operations, and the issuer must file any technical reports that would be required to be filed with a preliminary short form prospectus under National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects (NI 43-101)</i>.</p>	<p>revenue from mining operations, and the issuer must file any technical reports that would be required to be filed with a preliminary short form prospectus under NI 43-101.</p>	
<b>Eligibility Requirement - Periodic and Timely Disclosure</b>		
<p>Under the Blanket Orders, an issuer is ineligible to file a WKSI base shelf prospectus if it has not filed all periodic and timely disclosure documents that it is required to have filed with the securities regulator or securities regulatory authority in each jurisdiction in which it is a reporting issuer.</p>	<p>Under the Proposed Amendments, an issuer is not eligible to file a WKSI base shelf prospectus if it has not filed all periodic and timely disclosure required under applicable securities legislation, an order issued by the regulator or securities regulatory authority or an undertaking to the regulator or securities regulatory authority.</p>	<p>The Proposed Amendments expand the requirement for an issuer to have filed all periodic and timely disclosure. The change aligns with the basic qualification criteria in section 2.2 of NI 44-101.</p>
<b>Eligibility Requirement - Operating History</b>		
<p>Under the Blanket Orders, an issuer is ineligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any of its predecessors was either an issuer whose operations have ceased or an issuer whose principal asset is cash, cash equivalents or its exchange listing.</p>	<p>Under the Proposed Amendments, an issuer is not eligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any person or company with whom the issuer completed a restructuring transaction was a person or company whose operations have ceased or a person or company whose principal asset is cash, cash equivalents or its exchange listing.</p>	<p>The requirement is generally unchanged except that the Proposed Amendments replace the undefined term “predecessor” with the concept of a person or company with whom the issuer completed a “restructuring transaction”, which is defined in National Instrument 51-102 <i>Continuous Disclosure Obligations</i>.</p>
<b>Eligibility Requirement - Penalties and Sanctions</b>		
<p>Under the Blanket Orders, an issuer is ineligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any of its subsidiaries was the subject of any penalties or sanctions, including restrictions on the use of any type of prospectus, or exemption, imposed by a court relating to securities legislation or by a securities regulatory authority.</p>	<p>Under the Proposed Amendments, an issuer is not eligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any of its subsidiaries has been the subject of an order, judgment, decree, sanction, or administrative penalty imposed by, or has entered into a settlement agreement with or approved by, a court in Canada or a foreign jurisdiction or a securities regulatory authority or similar authority in a foreign jurisdiction related to a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, insider trading, unregistered activity or illegal distribution.</p>	<p>The requirement has been changed to describe with greater specificity the types of penalties and sanctions that would preclude an issuer from filing a WKSI base shelf prospectus.</p>
<b>Discretionary Exemptive Relief</b>		
<p>Exemptive relief applications are not accepted under the Blanket Orders.</p>	<p>Under the Proposed Amendments, exemptive relief applications will be considered.</p>	<p>This change would allow a more fact-specific assessment of WKSI eligibility.</p>

Blanket Orders	Proposed Amendments	Rationale
<b>Filing Requirements for a WKSI Base Shelf Prospectus</b>		
<p>Under the Blanket Orders, an issuer filing a WKSI base shelf prospectus must file a letter in place of the preliminary prospectus that states: (i) its reliance on the Blanket Orders; (ii) its public float (or the aggregate amount of non-convertible, non-equity securities distributed by prospectus in the past three years) and the date of that determination; (iii) the provision under which it is short-form eligible; and (iv) if it has mining operations, the basis on which it satisfies the applicable requirements.</p> <p>The letter must also certify that the issuer has satisfied all WKSI qualification criteria and filing requirements.</p> <p>The letter must be signed by one executive officer or director.</p>	<p>Under the Proposed Amendments, an issuer filing a WKSI base shelf prospectus must file a certificate that meets the requirements of subparagraph 4.1(1)(a)(ii) of NI 44-101.</p> <p>In addition, the WKSI base shelf prospectus must disclose: (i) the issuer's reliance on the WKSI rules; and (ii) its qualifying public equity (or qualifying public debt) that establish that the issuer is a WKSI and the corresponding date.</p>	<p>The Proposed Amendments contemplate a more streamlined filing process.</p>
<b>Receipt of a WKSI Base Shelf Prospectus</b>		
<p>The Blanket Orders contemplate an accelerated receipt mechanism for WKSI base shelf prospectuses.</p>	<p>Under the Proposed Amendments, no receipt is issued for a WKSI base shelf prospectus. Instead, a receipt is deemed to be issued.</p>	<p>The automatic receipt mechanism was introduced to provide increased certainty regarding transaction timing for issuers filing WKSI base shelf prospectuses.</p>
<b>Amendments</b>		
<p>The Blanket Orders do not address amendments to WKSI base shelf prospectuses.</p>	<p>The Proposed Amendments set out the requirements for an amendment to a WKSI base shelf prospectus and contemplate a deemed receipt for WKSI base shelf prospectus amendments.</p>	<p>This change was introduced to provide a more comprehensive and flexible regime.</p>
<b>Annual Confirmation</b>		
<p>Under the Blanket Orders, there is no requirement for an issuer that has filed a WKSI base shelf prospectus to conduct an annual confirmation.</p>	<p>Under the Proposed Amendments, an issuer that has filed a WKSI base shelf prospectus must confirm its eligibility annually, by confirming that: (i) it continues to be a WKSI; and (ii) it remains eligible. The confirmation must be performed within 60 days before the date on which the issuer's audited annual financial statements are required to be filed.</p> <p>The issuer must then signal to the market that it remains an eligible WKSI in its annual information form or in an amendment to its WKSI base shelf prospectus.</p> <p>An issuer that is no longer an eligible WKSI must publicly announce that it will not distribute securities under a</p>	<p>This change was made to better align the Canadian WKSI regime with the WKSI regime in the United States, which includes an annual reassessment requirement.</p>

**B.6: Request for Comments**

<b>Blanket Orders</b>	<b>Proposed Amendments</b>	<b>Rationale</b>
	prospectus supplement to the WKSJ base shelf prospectus and withdraw the WKSJ base shelf prospectus.	
<b>Period of Receipt Effectiveness</b>		
The Blanket Orders do not contain specific provisions relating to receipt effectiveness.	Under the Proposed Amendments, the deemed receipt for a WKSJ base shelf prospectus will be effective until the earlier of: (i) 37 months from the date of its deemed issuance; (ii) the annual filing date unless the issuer continues to be an eligible WKSJ and has complied with the annual confirmation provisions; and (iii) the relevant lapse date prescribed in NI 44-102 (which, in turn, depends on how the issuer qualifies to be short form eligible).	The Proposed Amendments extend the period of receipt effectiveness to provide additional burden reduction. These changes also build in a lapse date if the issuer does not complete the annual confirmation or is no longer an eligible WKSJ on any day in the 60 days preceding its annual filing date.

## **B.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:**

Purpose Active Balanced Fund  
Purpose Active Conservative Fund  
Purpose Active Growth Fund  
Purpose Tactical Thematic Fund  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated Sep 14, 2023  
NP 11-202 Preliminary Receipt dated Sep 15, 2023

**Offering Price and Description:**

-

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

-

**Promoter(s):**

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Filing #06026774

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**Issuer Name:**

Oak Hill NexPoint Global Merger Arbitrage Fund  
Oak Hill NexPoint Global Merger Arbitrage Plus Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated Sep 13, 2023  
NP 11-202 Preliminary Receipt dated Sep 13, 2023

**Offering Price and Description:**

-

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

-

**Promoter(s):**

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Filing #03480626

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**Issuer Name:**

Mulvihill Premium Yield Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated Sep 15, 2023  
NP 11-202 Final Receipt dated Sep 18, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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Filing #06010904

**Issuer Name:**

Franklin Martin Currie Improving Society Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated Sep 12, 2023  
NP 11-202 Preliminary Receipt dated Sep 12, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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Filing #06025124

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**Issuer Name:**

Horizons Enhanced All-Equity Asset Allocation Covered  
Call ETF  
Horizons Enhanced All-Equity Asset Allocation ETF  
Horizons Enhanced Canadian Oil and Gas Equity Covered  
Call ETF

Horizons Enhanced NASDAQ-100 Covered Call ETF

Horizons Growth Asset Allocation Covered Call ETF

Horizons Growth Asset Allocation ETF

Horizons Long-Term U.S. Treasury Premium Yield ETF

Horizons Mid-Term U.S. Treasury Premium Yield ETF

Horizons Short-Term U.S. Treasury Premium Yield ETF

Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated Sep 14, 2023

NP 11-202 Preliminary Receipt dated Sep 14, 2023

**Offering Price and Description:**

-

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

-

**Promoter(s):**

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Filing #06026346

**Issuer Name:**

BMO Canadian Equity Accelerator ETF  
BMO Canadian Equity Buffer ETF - October  
BMO Enhanced Balanced Solution ETF  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated Sep 14, 2023  
Withdrawn on Sep 14, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**03561613

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**Issuer Name:**

BMO Long Short Canadian Equity ETF  
BMO Long Short US Equity ETF  
BMO S&P/TSX 60 Index ETF  
BMO Canadian Banks Accelerator ETF  
BMO USD Cash Management ETF  
BMO US Equity Accelerator Hedged to CAD ETF  
BMO US Equity Buffer Hedged to CAD ETF – October  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated Sep 11, 2023  
NP 11-202 Final Receipt dated Sep 14, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**03561613

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**Issuer Name:**

Evolve Enhanced Yield Bond Fund  
Evolve NASDAQ Technology Enhanced Yield Index Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated Sep 13, 2023  
NP 11-202 Preliminary Receipt dated Sep 13, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**06026217

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**Issuer Name:**

Mackenzie All-Equity Allocation ETF  
Mackenzie Canadian Government Long Bond Index ETF  
Mackenzie Canadian Ultra Short Bond Index ETF  
Mackenzie US Government Long Bond Index ETF  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated Sep 12, 2023  
NP 11-202 Preliminary Receipt dated Sep 12, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**06025912

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**Issuer Name:**

CI Emerging Markets Bond Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Simplified Prospectus dated  
September 6, 2023  
NP 11-202 Final Receipt dated Sep 12, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**03552670

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**Issuer Name:**

TD Short Term Investment ETF  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Long Form  
Prospectus dated Sep 14, 2023  
NP 11-202 Preliminary Receipt dated Sep 14, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**06026554

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**Issuer Name:**

Desjardins Floating Rate Income Fund  
Desjardins Global Total Return Bond Fund  
Desjardins Money Market Fund  
Desjardins SocieTerra Cleantech Fund  
Desjardins SocieTerra Environmental Bond Fund  
Principal Regulator – Quebec

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated  
September 5, 2023  
NP 11-202 Final Receipt dated Sep 12, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**03487419

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**Issuer Name:**

NBI Active Global Equity Fund  
NBI Active International Equity Fund  
Principal Regulator – Quebec

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated  
August 29, 2023  
NP 11-202 Final Receipt dated Sep 14, 2023

**Offering Price and Description:**

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

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**Promoter(s):**

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**Filing #**03502415

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**Issuer Name:**

Invesco Global Companies Fund  
Invesco Global Diversified Income Fund  
Invesco Global Dividend Class  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Simplified Prospectus dated  
September 11, 2023  
NP 11-202 Final Receipt dated Sep 12, 2023

**Offering Price and Description:**

-

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

-

**Promoter(s):**

-

**Filing #**03547885

---

NON-INVESTMENT FUNDS

**Issuer Name:**

Marimaca Copper Corp.  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 12, 2023  
NP 11-202 Final Receipt dated Sep 13, 2023

**Offering Price and Description:**

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

**Filing #** 03508695

---

**Issuer Name:**

Brookfield Renewable Partners L.P.  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 8, 2023  
NP 11-202 Final Receipt dated Sep 11, 2023

**Offering Price and Description:**

US\$2,000,000,000.00 - Limited Partnership Units,  
Preferred Limited Partnership, Units

**Filing #** 06013662

---

**Issuer Name:**

Brookfield Renewable Power Preferred Equity Inc. Principal  
Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 8, 2023  
NP 11-202 Final Receipt dated Sep 11, 2023

**Offering Price and Description:**

US\$2,000,000,000.00 - Class A Preference Shares

**Filing #** 06013715

---

**Issuer Name:**

Brookfield Renewable Partners ULC  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 8, 2023  
NP 11-202 Final Receipt dated Sep 11, 2023

**Offering Price and Description:**

US\$2,000,000,000.00 - Debt Securities

**Filing #** 06013675

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**Issuer Name:**

Enbridge Gas Inc.  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 13, 2023  
NP 11-202 Final Receipt dated Sep 13, 2023

**Offering Price and Description:**

MEDIUM TERM NOTES (UNSECURED)

**Filing #** 06026285

---

**Issuer Name:**

Canadian Utilities Limited  
Principal Regulator – Alberta

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 14, 2023  
NP 11-202 Final Receipt dated Sep 14, 2023

**Offering Price and Description:**

Class A Non-Voting Shares, Preferred Shares, Debt  
Securities

**Filing #** 06026504

---

**Issuer Name:**

Savaria Corporation  
Principal Regulator – Québec

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 15, 2023  
NP 11-202 Final Receipt dated Sep 15, 2023

**Offering Price and Description:**

\$55,013,000.00 - 3,794,000 Common Shares  
Price: \$14.50 per Common Share

**Filing #** 06024347

---

**Issuer Name:**

Generative AI Solutions Corp.  
Principal Regulator – British Columbia

**Type and Date:**

Amendment to Preliminary Shelf Prospectus (NI 44-102)  
dated Sep 14, 2023

NP 11-202 Preliminary Receipt dated Sep 15, 2023

**Offering Price and Description:**

\$40,000,000.00 - Common Shares, Warrants, Units, Debt  
Securities, Subscription Receipts

**Filing #** 06023310

---

**Issuer Name:**

Hybrid Power Solutions Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Amendment to Final Long Form Prospectus dated Sep 13,  
2023

NP 11-202 Final Receipt dated Sep 15, 2023

**Offering Price and Description:**

\$3,000,000.00 - \$5,000,000.00

Minimum Offering: 7,500,000 Units

Maximum Offering: 12,500,000 Units

**Filing #** 03520192

---

**Issuer Name:**

West Side Square Development Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated Sep 12, 2023  
NP 11-202 Final Receipt dated Sep 13, 2023

**Offering Price and Description:**

Minimum: US\$25,000,000 of Class A Units, Class E Units,  
Class F Units and/or Class U Units

Maximum: US\$50,000,000 of Class A Units, Class E Units,  
Class F Units and/or Class U Units

**Filing #** 06026002

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**Issuer Name:**

Hertz Lithium Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Final Shelf Prospectus (NI 44-102) dated Sep 11, 2023  
NP 11-202 Final Receipt dated Sep 13, 2023

**Offering Price and Description:**

\$15,000,000.00 - Common Shares, Warrants, Subscription Receipts, Units

**Filing #** 03550551

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**Issuer Name:**

CARS and PARS Programme  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Shelf Prospectus (NI 44-102) dated Sep 12, 2023  
NP 11-202 Preliminary Receipt dated Sep 13, 2023

**Offering Price and Description:**

Up to Cdn \$5,000,000,000.00 of Debt Obligations of Various Canadian Corporations, Trusts and Partnerships

**Filing #** 06025945

---

**Issuer Name:**

Peyto Exploration & Development Corp.  
Principal Regulator – Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated Sep 12, 2023  
NP 11-202 Preliminary Receipt dated Sep 12, 2023

**Offering Price and Description:**

\$175,049,000.00 - 14,710,000 Subscription Receipts, each representing the right to receive one Common Share

**Filing #** 06024330

---

**Issuer Name:**

UGE International Ltd.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Shelf Prospectus (NI 44-102) dated Sep 11, 2023  
NP 11-202 Preliminary Receipt dated Sep 12, 2023

**Offering Price and Description:**

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

**Filing #** 06025641

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**Issuer Name:**

Medexus Pharmaceuticals Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated Sep 11, 2023  
NP 11-202 Preliminary Receipt dated Sep 12, 2023

**Offering Price and Description:**

\$10,000,205.00 - 3,389,900 Units  
Price: \$2.95 per Unit

**Filing #** 06023993

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## B.10 Registrations

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### B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Covington Capital Corporation	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	September 11, 2023
New Registration	Hibit Technology Ltd.	Restricted Dealer	September 15, 2023

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## B.12 Other Information

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### B.12.1 Approvals

#### B.12.1.1 Tralucant Asset Management Inc. and Tralucant Global Alt (Long/Short) Equity Fund

##### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from subsection 2.1(2) of NI 81-101 to file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

##### Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1(2), 6.1.

##### VIA SEDAR

September 18, 2023

Fasken Martineau DuMoulin LLP

##### Attention: Garth Foster

**Re: Tralucant Asset Management Inc. (the Filer)**

**Tralucant Global Alt (Long/Short) Equity Fund (the Fund)**

**Preliminary Simplified Prospectus, fund facts document and ETF facts document dated April 19, 2023**

**Exemptive Relief Application pursuant to Section 6.1 of National Instrument 81-101 *General Prospectus Requirements* (NI 81-101)**

**Application No. 2023/0429; SEDAR Plus Project No. 6026690**

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By letter dated September 14, 2023 (the **Application**), the Filer, the manager of the Fund, applied to the Director of the Ontario Securities Commission (the **Director**) under section 6.1 of NI 81-101 for relief from the operation of subsection 2.1(2) of NI 81-101, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Fund's prospectus, subject to the condition that the prospectus be filed no later than **October 16, 2023**.

Yours very truly,

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

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