The Ontario Securities Commission

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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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FOR IMMEDIATE RELEASE
December 4, 2024

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CYNTHIA PETION,
File No. 2023-20

TORONTO – The Tribunal issued its Reasons and Decision and an Order in the above-named matter.

A copy of the Reasons and Decision and Order both dated December 3, 2024 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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FOR IMMEDIATE RELEASE
December 5, 2024

OASIS WORLD TRADING INC.,
ZHEN (STEVEN) PANG, AND
RIKESH MODI,
File No. 2023-38

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

A copy of the Order dated December 5, 2024 is available at capitalmarketstribunal.ca.

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FOR IMMEDIATE RELEASE
December 6, 2024

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DAVID SHARPE,
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ANDREW MUSHORE,
File No. 2022-9

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

A copy of the Order dated December 6, 2024 is available at capitalmarketstribunal.ca.

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A.3
Orders

A.3.1 Nova Tech Ltd and Cynthia Petion – ss. 127(1), 127.1

IN THE MATTER OF
NOVA TECH LTD AND
CYNTHIA PETION

File No. 2023-20

Adjudicators: M. Cecilia Williams (chair of the panel)
Sandra Blake
Jane Waechter

December 3, 2024

ORDER
(Subsection 127(1) and section 127.1 of
the *Securities Act,* RSO 1990, c S.5)

WHEREAS on October 2, 2024, the Capital Markets Tribunal held a hearing by videoconference, to consider the sanctions and costs that the Tribunal should impose on Nova Tech Ltd and Cynthia Petion as a result of the findings in the Reasons and Decision on the merits issued July 19, 2024;

ON READING the materials filed by the Ontario Securities Commission, and on hearing the submissions of the representative for the Commission and no one appearing on behalf of the respondents;

IT IS ORDERED THAT:

1. with respect to the respondents, Nova Tech and Petion:

   a. pursuant to paragraph 2 of s. 127(1) of the *Act*, trading in any securities by the respondents shall cease permanently;

   b. pursuant to paragraph 2.1 of s. 127(1) of the *Act*, the acquisition of any securities by the respondents is prohibited permanently;

   c. pursuant to paragraph 3 of s. 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply permanently to the respondents;

   d. pursuant to paragraph 8.5 of s. 127(1) of the *Act*, the respondents are permanently prohibited from becoming or acting as a registrant or a promoter;

   e. pursuant to paragraph 9 of s. 127(1) of the *Act*, the respondents shall jointly and severally pay to the Commission an administrative penalty of $2,500,000;

   f. pursuant to paragraph 10 of s. 127(1) of the *Act*, the respondents shall jointly and severally disgorge to the Commission $31,000; and

   g. pursuant to s. 127.1 of the *Act*, the respondents shall jointly and severally pay $193,333.52 to the Commission for the costs of the investigation and hearing; and

2. with respect to Petion:

   a. pursuant paragraph 7 of s. 127(1) of the *Act*, Petion shall resign any position that she holds as a director or officer of any issuer;

   b. pursuant to paragraph 8 of s. 127(1) the *Act*, Petion is permanently prohibited from becoming or acting as a director or officer of any issuer;

   c. pursuant to paragraph 8.1 of s. 127(1) of the *Act*, Petion shall resign any position that she holds as a director or officer of any registrant; and

   d. pursuant to paragraph 8.2 of s. 127(1) of the *Act*, Petion shall be prohibited permanently from becoming or acting as a director or officer of any registrant.

"M. Cecilia Williams"

"Sandra Blake"

"Jane Waechter"

A.3.2 Oasis World Trading Inc. et al.

IN THE MATTER OF
OASIS WORLD TRADING INC.,
ZEHN (STEVEN) PANG, AND
RIKESH MODI

File No. 2023-38

Adjudicator: Mary Condon

December 5, 2024

ORDER

WHEREAS on December 5, 2024, the Capital Markets Tribunal held a hearing by videoconference;

ON HEARING the submissions of the representatives for the Ontario Securities Commission and for the respondents;

IT IS ORDERED THAT:

1. each party shall serve the other parties with a book of documents containing copies of the documents, and identifying the other things that the party intends to produce or enter as evidence at the merits hearing by 4:30 p.m. on March 20, 2025;

2. each party shall advise all other parties of any issues about the authenticity or admissibility of documents contained in the books of documents by 4:30 p.m. on March 28, 2025;

3. each party shall provide to the Registrar a completed copy of the *Hearing Participant Checklist* by 4:30 p.m. on March 28, 2025;

4. a further case management hearing in this matter is scheduled for April 3, 2025, at 10:00 a.m., by videoconference, or as may be agreed to by the parties and set by the Governance & Tribunal Secretariat;

5. the Commission shall serve and file the affidavit of Yu Chen by 4:30 p.m. on April 8, 2025; and

6. each party shall provide to the Registrar electronic versions of their book of documents containing the documents that the party intends to rely on or enter as evidence at the merits hearing by 4:30 p.m. on April 29, 2025.

"Mary Condon"

A.3.3 Bridging Finance Inc. et al.

IN THE MATTER OF
BRIDGING FINANCE INC.,
DAVID SHARPE,
NATASHA SHARPE AND
ANDREW MUSHORE

File No. 2022-9

Adjudicator: Russell Juriansz

December 6, 2024

ORDER

WHEREAS on December 6, 2024, the Capital Markets Tribunal held a hearing by videoconference to set a schedule for a sanctions and costs hearing in this proceeding;

ON HEARING the submissions of the representatives for the Ontario Securities Commission, Receiver for Bridging Finance Inc., Natasha Sharpe and Andrew Mushore, no one appearing for David Sharpe, and on considering that all parties in attendance agree to the schedule below;

IT IS ORDERED THAT:

1. The Commission shall serve and file written evidence, if any, and written submissions on sanctions and costs, by 4:30 p.m. on February 7,2025;

2. the respondents shall each serve and file written evidence, if any, and written submissions on sanctions and costs, by 4:30 p.m. on March 26, 2025;

3. the Commission shall serve and file reply written evidence, if any, and reply written submissions on sanctions and costs, if any, by 4:30 p.m. on April 16, 2025; and

4. the hearing with respect to sanctions and costs shall commence on April 28, 2025 at 10:00 a.m., at the Capital Markets Tribunal located at 20 Queen Street West, 17th Floor, Toronto, Ontario, and continue on April 29 and 30, 2025, commencing at 10:00 a.m. on each day, or as may be agreed to by the parties and set by the Governance & Tribunal Secretariat.

"Russell Juriansz"

A.4
Reasons and Decisions

A.4.1 Nova Tech Ltd and Cynthia Petion – ss. 127(1), 127.1

Citation: *Nova Tech Ltd (Re)*, 2024 ONCMT 28
Date: 2024-12-03
File No. 2023-20

IN THE MATTER OF
NOVA TECH LTD AND
CYNTHIA PETION

REASONS AND DECISION
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

Adjudicators:	M. Cecilia Williams (chair of the panel) Sandra Blake Jane Waechter
Hearing:	October 2, 2024
Appearances:	Brian Weingarten For the Ontario Securities Commission
	No one appearing for Nova Tech Ltd or Cynthia Petion

REASONS AND DECISION

1. OVERVIEW

[1] In a decision on the merits dated July 19, 2024 (the **Merits Decision**),[1] the Capital Markets Tribunal found that Nova Tech Ltd breached the *Securities Act* (the ***Act***)[2] through unregistered trading, illegal distribution of securities, and breaching the Tribunal's temporary cease trade order. The Tribunal also found that Cynthia Petion violated Ontario securities law by authorizing Nova Tech's violations of the *Act.*

[2] The Ontario Securities Commission asks the Tribunal to impose a broad range of sanctions against Nova Tech and Petion pursuant to s. 127(1) of the *Act,* and for an order requiring them to pay the Commission's costs of the investigation and this proceeding. The respondents did not respond or otherwise participate.

[3] For the reasons set out below, we conclude that it is in the public interest to order that Nova Tech and Petion be subject to permanent bans from participating in Ontario's capital markets, pay an administrative penalty of $2.5 million, disgorge $31,000 and pay costs of $193,333.52.

2. BACKGROUND

[4] Nova Tech told investors that it would earn three percent per week returns for them by trading in foreign exchange and crypto assets using pooled investor funds.[3] It promoted these returns over YouTube, its website, and a Telegram channel with 30,000 subscribers.[4]

[5] Ultimately, Nova Tech stopped allowing investors to make withdrawals and later stopped communicating with investors. Investors lost the money they continued to hold in accounts with Nova Tech.[5]

[6] In the Merits Decision, the Tribunal found that Nova Tech violated Ontario securities law because:

a. it did not file a prospectus with the Commission pertaining to the securities it was offering to investors;

1 *Nova Tech Ltd (Re)*, 2024 ONCMT 18 (**Merits Decision**)
2 RSO 1990, c S.5
3 Mertis Decision at para 5
4 Mertis Decision at para 9
5 Merits Decision at paras 57-60

b. it did not register with the Commission; and

c. it continued to accept new investments despite a Tribunal cease trade order prohibiting Nova Tech from doing so.

[7] Petion is the founder, sole director, and CEO of Nova Tech. She oversaw its operations and promoted its investments.[6] The Tribunal found that Petion authorized Nova Tech's breaches of Ontario securities law and, therefore, personally violated Ontario securities law.

3. ANALYSIS

3.1 Introduction

[8] The Tribunal may impose sanctions under s. 127(1) of the *Act* where it is in the public interest to do so. The Tribunal's exercise of that jurisdiction must be consistent with the purposes of the *Act*, which include protecting investors from unfair, improper, and fraudulent practices, and fostering fair and efficient capital markets and confidence in the capital markets.

[9] Sanctions are protective and are intended to prevent future harm to investors and to the capital markets.[7]

[10] In this case, the Commission seeks the following sanctions and costs against Nova Tech and Petion:

a. permanent prohibitions on their participation in Ontario's capital markets;

b. an administrative penalty of $2,500,000, on a joint and several basis;

c. disgorgement of $31,000, on a joint and several basis; and

d. costs of $193,333,52, on a joint and several basis.

[11] We agree that the requested sanctions and costs are appropriate for the reasons below.

3.2 Sanctioning factors

[12] The Tribunal has identified various sanctioning factors that may be relevant when assessing breaches of Ontario securities law.[8] We will focus on the seriousness of Nova Tech and Petion's misconduct and on specific and general deterrence.

[13] We find that the circumstances of this case weigh heavily in favour of significant sanctions. Furthermore, we find that there are no mitigating factors to consider for Nova Tech's and Petion's misconduct. Rather, we find that the broad-based solicitation of investors, the failure to provide required information to investors, and the blatant breach of the temporary cease trade order all served as aggravating factors in determining sanctions.

3.2.2 Seriousness of the misconduct

[14] The Commission submits that Nova Tech's and Petion's misconduct was egregious. We agree. It was far from the behaviour that Ontario investors have a right to expect when dealing with legitimate market participants. They:

a. accessed the Ontario capital markets virtually through a broad-based solicitation of investors through Nova Tech's website, a YouTube channel, an active Telegram channel, and a web-based investment platform;

b. promoted a security to investors without disclosure of the risks involved, securing at least 8,500 Ontario investors;

c. gave financial incentives to investors to bring other investors to Nova Tech;

d. stopped communicating with investors when faced with an influx of investor withdrawal requests; and

e. did not return either invested funds or promised returns to investors.

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6 Merits Decision at para 52

7 *Bradon Technologies Ltd (Re)*, 2016 ONSEC 19 at para 27 citing *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37

8 *Norshield Asset Management (Canada) Ltd (Re),* 2010 ONSEC 16 at para 73; *Mughal Asset Management Corporation (Re)*, 2024 ONCMT 14 (***Mughal***) at para 33

[15] All these activities were done outside Ontario's cornerstone framework of regulatory licensing and prospectus disclosure. This denied Ontario investors access to a prospectus that they were entitled to receive under Ontario securities law. A prospectus could have provided sufficient information to help them realistically assess their investments.

[16] Nova Tech's investors also did not receive the protections that are available to investors who use investment professionals authorized by the Commission to act on behalf of investors. Those protections include proficiency, integrity, and financial solvency requirements, all of which could have shielded investors from financial loss.

[17] We find that, by denying investors these critical protections of Ontario securities law, Nova Tech and Petion engaged in serious misconduct deserving significant sanctions.

[18] Additionally, we find that Nova Tech and Petion were flagrant in their disregard for the Tribunal's temporary cease trade order. The Tribunal found that Nova Tech made an illusory change to its website to remove Canada from a list of jurisdictions where eligible investors could reside. The change was illusory because:

a. Nova Tech told investors in a YouTube video how to circumvent jurisdictional restrictions that applied to them by simply choosing another jurisdiction listed on Nova Tech's website;[9]

b. a Commission investigator demonstrated that following those instructions allowed him to invest from Ontario while the Tribunal's cease trade order was in effect;[10] and

c. Investor C also testified about learning this evasive strategy from a Nova Tech YouTube video.[11]

[19] The Commission also urged us to consider as an aggravating factor the fact that Nova Tech solicited investors by promising astonishing returns or extraordinary wealth. We have not taken these facts into account in determining sanctions, since the Commission did not allege in the Statement of Allegations any statutory breach or raise any other addressable concern related to the purported returns.

[20] Nova Tech's and Petion's flagrant disregard for a Tribunal order warrants significant sanctions.

3.2.3 Specific and general deterrence

[21] Sanctions play a key role in specific deterrence, which involves discouraging future misconduct by the respondents to an enforcement proceeding – in this case, Nova Tech and Petion. Sanctions are also designed for general deterrence, that is to dissuade other like-minded individuals or companies from carrying out similar activities. Both specific and general deterrence are designed to protect Ontario investors from future misconduct.

[22] We find that, given their serious wrongdoing, Nova Tech and Petion should be subject to substantial sanctions to promote specific deterrence. Those sanctions should also speak to others who consider preying on Ontario investors and, as a result, promotes general deterrence as well.

3.3 Monetary Penalties

3.3.1 Disgorgement

[23] The Commission requests that the respondents be ordered to disgorge $31,000 on a joint and several basis. Such an order is authorized by paragraph 10 of s. 127(1) of the *Act*, which refers to disgorgement of "any amounts obtained" because of non-compliance with Ontario securities law. A disgorgement order also may be made joint and several between a corporation and the directing minds of that corporation when the corporation receives funds through a contravention of the *Act*.[12]

[24] Although there was not an explicit finding in the Merits Decision that Petion was a directing mind of Nova Tech, that does not preclude such a finding now.[13] The Merits Decision found that as the founder, sole director and CEO of Nova Tech, Petion was credited with "creating, planning, implementing and integrating the strategic direction" of Nova Tech and for overseeing the operations of the company.[14] Therefore, we find that Petion was the directing mind of Nova Tech and should be joint and severally liable for the disgorgement order.

[25] The Tribunal has developed a non-exhaustive list of factors to determine both whether disgorgement is appropriate and what amount should be disgorged:

9 Merits Decision at para 44
10 Merits Decision at para 43
11 Merits Decision at para 44
12 *Quadrexx Hedge Capital Management Ltd (Re)*, 2018 ONSEC 3 at para 46
13 *MOAG Copper Gold Resources Inc (Re)*, 2020 ONSEC 29 (***MOAG***) at para 57
14 Merits Decision at para 52

a. whether an amount was obtained by a respondent because of non-compliance with Ontario securities law;

b. the seriousness of the misconduct and whether that misconduct caused serious harm, whether directly to investors or otherwise;

c. whether the amount obtained because of the non-compliance is reasonably ascertainable;

d. whether those who suffered losses are likely to obtain redress; and

e. the deterrent effect of a disgorgement order on the respondents and other market participants.[15]

[26] The Commission bears the onus of proving on a balance of probabilities the amounts obtained by a respondent because of their non-compliance with Ontario securities law. Once a disgorgement figure has been established, the onus shifts to the respondent to disprove the reasonableness of that number. Any risk of uncertainty in calculating disgorgement falls on the respondent whose breach of the *Act* is the basis of that uncertainty.[16]

[27] The Commission was unable to present a comprehensive disgorgement amount pertaining to all Ontario Nova Tech investors. Nova Tech and Petion caused the Commission's inability to demonstrate a comprehensive disgorgement amount by not participating in the investigation or proceeding.

[28] The Commission's requested disgorgement order relates to the $31,000 invested by the three Ontario residents who testified in this proceeding. Those proven investments were obtained by Nova Tech because of the respondents' non-compliance with Ontario securities law. During the sanctions hearing, we asked about the $2,250 that Investor B was able to withdraw from their Nova Tech account after Nova Tech started restricting withdrawals. The Commission argued that we should apply the principle in *Mughal* where the Tribunal found that in the context of a Ponzi scheme, it may not be appropriate to reduce a disgorgement order by amounts returned to investors.[17] The Tribunal's rationale in *Mughal* was that "[t]he payments to investors in a Ponzi scheme are not intended to make investors whole or to repair harm done by the fraud; rather, they are a necessary element of the Ponzi scheme to allow it to continue."[18] While we agree with that approach for a proven Ponzi scheme, Nova Tech and Petion were not alleged to operate a Ponzi scheme. As such, the rationale that applied in *Mughal* does not apply to these facts.

[29] While it was not alleged that Nova Tech and Petion operated a Ponzi scheme, we read the *Act* broadly and purposively and find that $31,000 represents amounts obtained by the respondents because of their non-compliance. Considering all the factors in making an order for disgorgement, and in particular the seriousness of the misconduct, the fact that one investor received a small return on investment does not weigh in favour of reducing the disgorgement order sought in these circumstances. We find that it is more likely than not that the respondents obtained significantly more than the requested disgorgement amount, given that there were at least 8,500 Nova Tech investors in Ontario and that Nova Tech was entitled to a $25 monthly fee from each investor's account.

[30] For those reasons, we exercise our discretion to order $31,000 in disgorgement against the respondents, jointly and severally. In doing so, we rely on our earlier conclusion about the seriousness of the respondents' misconduct, together with specific and general deterrence.

3.3.2 Administrative penalties

3.3.2.a Introduction

[31] The Commission seeks an administrative penalty of $2.5 million, to be paid jointly and severally by Nova Tech and Petion.

[32] Paragraph 9 of s. 127(1) of the *Act* provides that if a person or company has not complied with Ontario securities law, the Tribunal may require the person or company to pay an administrative penalty of not more than $1,000,000 for each failure to comply.

[33] The requested administrative penalty is broken down by the Commission as follows:

a. $1,000,000 for the breach of s. 25(1);

b. $1,000,000 for the breach of s. 53(1); and

c. $500,000 for the breach of the cease trade order.

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15 *First Globa Data Ltd (Re)*, 2023 ONCMT 25 at para 86, citing *Pro-Financial Asset Management Inc (Re)*, 2018 ONSEC 18 at para 56; *Limelight Entertainment Inc (Re)*, 2008 ONSEC 28 at para 52

16 *Polo Digital* at para 118

17 *Mughal* at para 91

18 *Mughal* at para 87

3.3.2.b Breach of ss. 25(1) and 53(1) of the *Act*

[34] The Commission asks for a total administrative penalty of $2 million for Nova Tech's breaches of s. 25(1) and s. 53(1), together with joint and several liability for Petion because she authorized Nova Tech's breaches. The Commission submits that this was not merely a technical breach of s. 25(1) and s. 53(1), but serious misconduct circumventing the gatekeeper provisions of the *Act*. We agree.

[35] The Commission has drawn our attention to recent decisions involving unregistered trading and illegal distributions through online trading platforms. In *Mek Global Limited (Re)*,[19] the respondents, like Nova Tech, engaged in unregistered trading and illegal distributions of securities through a crypto asset trading platform. The *Mek Global* respondents and Nova Tech both operated global platforms and their misconduct was recurring. The Tribunal imposed a $2 million administrative penalty.

[36] In *Mek Global*, the Tribunal held that when determining the appropriate administrative penalty, it was appropriate to consider the fact that disgorgement was not possible since the respondents did not cooperate with the Commission and because of their offshore character. This prevented the collection of information about the fees or other amounts received through the respondents' operations in Ontario.[20]

[37] *Polo Digital Assets, Ltd (Re)*[21] involved unregistered trading and an illegal distribution of securities through the operation of an online crypto asset trading program.[22] It had approximately 9,300 Ontario accounts,[23] which is similar in scope to Nova Tech's Ontario presence of approximately 8,500 accounts. The Tribunal imposed a $1.5 million administrative penalty.

[38] In *Polo Digital*, the Tribunal explained that "there is a need for regulatory sanctions to create economic incentives to foster compliance or alternatively, remove economic incentives for non-compliance."[24] In other words, sanctions were necessary to create an economic disincentive for future misconduct by Polo Digital. In *Polo Digital,* an ascertainable amount was proven in support of a disgorgement order for more than $1.8 million.[25] Even with this sizeable disgorgement amount, the Tribunal ordered an administrative penalty of $1.5 million.[26]

[39] Unlike this case, neither *Mek Global* nor *Polo Digital* involved a breach of a Tribunal temporary cease trade order.

[40] The economic incentives seen in *Mek Global* and *Polo Digital* are equally applicable in this case. The Commission submits, and we agree, that because a comprehensive disgorgement order is unavailable, we should promote specific and general deterrence by ordering an administrative penalty against Nova Tech of $1 million for unregistered trading plus $1 million for illegal distribution of securities to Ontario investors. The same economic incentives apply to Petion, who we order is jointly and severally liable with Nova Tech to pay administrative penalties. This aspect of the sanctions will prevent the respondents from reaping a windfall from their illegal conduct in Ontario.

3.3.2.c Breach of the cease trade order

[41] The Commission is seeking a joint and several administrative penalty of $500,000 for Nova Tech's breach of the cease trade order and Petion authorizing this breach.

[42] The Commission referred us to *MOAG Gold Resources Inc (Re)*, a case where the only allegation was that the respondents breached a cease trade order. In *Moag*, the individual respondents were ordered to pay administrative monetary penalties of $200,000 and $400,000 for misconduct involving trading in debentures while a Tribunal cease trade order was in effect. The Tribunal found that the conduct was serious and recurring and affected many investors.[27]

[43] The Commission asks us to find that the misconduct in this case was more egregious than that in *MOAG* because of Nova Tech's illusory compliance efforts. As stated above, we find flagrant misconduct in Nova Tech's breach of the Tribunal's temporary cease trade order and Petion's authorization of that breach. Their efforts to circumvent the Tribunal's order should attract a substantial penalty, and we find that an administrative penalty of $500,000, joint and several as against Nova Tech and Petion, is appropriate in the circumstances.

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19 2022 ONCMT 15 (***Mek Global***) at para 125
20 *Mek Global* at para 122
21 2022 ONCMT 32 (***Polo Digital***) at para 134
22 *Polo Digital* at para 10
23 *Polo Digital* at para 15
24 *Polo Digital* at para 132
25 *Polo Digital* at para 131
26 *Polo Digital* at para 134
27 *MOAG* at para 86

3.4 Market participation and director and officer prohibitions

3.4.1 Permanent market participation prohibition upon Nova Tech and Petion

[44] The Commission asks that we impose permanent restrictions on the respondents' participation in Ontario's capital markets. Specifically, the Commission asks for an order that:

a. trading in any securities by the respondents cease permanently;

b. the acquisition of any securities by the respondents cease permanently;

c. any exemptions in Ontario securities laws do not apply to the respondents permanently; and

d. the respondents be prohibited permanently from becoming or acting as a registrant or a promoter.

[45] The Commission submits, and we agree, that participation in the capital markets is a privilege and not a right.

[46] The Commission relies on *Mek Global* and *Polo Digital*, where the Tribunal imposed permanent market participation bans on the corporate respondents. In those cases, no individuals were named as respondents.

[47] We agree that the proposed permanent bans from participating in Ontario's capital markets are necessary. *Mek Global* and *Polo Digital* involved similar violations of registration and prospectus requirements. Permanent bans are needed to reflect the serious nature of the respondents' violations of cornerstone provisions of Ontario securities law and to guard against potential harm that the respondents may cause to Ontario investors in future.

[48] The respondents have misused Ontario's capital markets and should not be permitted to do so again. Anything less than a permanent ban would result in a loss of confidence in the integrity of Ontario's capital markets and expose investors to the elevated risks that Nova Tech, Petion, and like-minded persons pose.

3.4.2 Permanent director and officer prohibitions upon Petion

[49] With respect to Petion, the Commissions asks for an order that:

a. Petion resigns any positions as a director and/or officer of any issuer or registrant; and

b. Petion be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant.

[50] We agree that these sanctions are appropriate for Petion. She was the sole director, chief executive officer and public face of Nova Tech, was responsible for the serious and repeated breaches of the *Act*, and bears responsibility for the illusory jurisdictional restrictions used in the face of the Tribunal's temporary cease trade order.

[51] We find that Petion cannot be trusted to engage in corporate governance appropriately or lawfully. It is important that Ontario investors are permanently protected against any future venture involving Petion.

3.5 Costs

[52] Section 127.1 of the *Act* authorizes the Tribunal to order a respondent to pay the costs of an investigation or a hearing if the Tribunal is satisfied that the person or company has not complied with Ontario securities law or has not acted in the public interest. Costs are not a sanction, but rather a tool for recovery of costs incurred in an investigation and enforcement proceeding.

[53] The Commission seeks costs of $193,333.52 against the respondents jointly and severally. This amount is comprised of $189,647.50 for fees and $3,686.02 for disbursements.

[54] We have reviewed the Commission's bill of costs and have considered the reductions that the Commission has made to its bill of costs. The investigation involved multi-jurisdictional cooperation by regulators, and a significant volume of social media material and YouTube videos to review. The Commission received no cooperation from Nova Tech and Petion, who are not entitled to further reductions in the Commissions costs. We find that the costs requested were fairly and reasonably incurred to investigate Nova Tech and Petion, and to prove the Commission's allegations against them. We order that the respondents jointly and severally pay the Commission $193,333.52 in costs.

4. CONCLUSION

[55] For the above reasons, we order that:

a. with respect to the respondents, Nova Tech and Petion:

i. pursuant to paragraph 2 of s. 127(1) of the *Act*, trading in any securities by the respondents shall cease permanently;

ii. pursuant to paragraph 2.1 of s. 127(1) of the *Act*, the acquisition of any securities by the respondents is prohibited permanently;

iii. pursuant to paragraph 3 of s. 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply permanently to the respondents;

iv. pursuant to paragraph 8.5 of s. 127(1) of the *Act*, the respondents are permanently prohibited from becoming or acting as a registrant or a promoter;

v. pursuant to paragraph 9 of s. 127(1) of the *Act*, the respondents shall jointly and severally pay to the Commission an administrative penalty of $2,500,000;

vi. pursuant to paragraph 10 of s. 127(1) of the *Act*, the respondents shall jointly and severally disgorge to the Commission $31,000; and

vii. pursuant to s. 127.1 of the *Act*, the respondents shall jointly and severally pay $193,333.52 to the Commission for the costs of the investigation and hearing.

b. with respect to Petion:

i. pursuant paragraph 7 of s. 127(1) of the *Act*, Petion shall resign any position that she holds as a director or officer of any issuer;

ii. pursuant to paragraph 8 of s. 127(1) the *Act*, Petion is permanently prohibited from becoming or acting as a director or officer of any issuer;

iii. pursuant to paragraph 8.1 of s. 127(1) of the *Act*, Petion shall resign any position that she holds as a director or officer of any registrant; and

iv. pursuant to paragraph 8.2 of s. 127(1) of the *Act*, Petion shall be prohibited permanently from becoming or acting as a director or officer of any registrant.

Dated at Toronto this 3rd day of December, 2024

“M. Cecilia Williams”

“Sandra Blake”

“Jane Waechter”

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B. Ontario Securities Commission

B.1
Notices

B.1.1 CSA Staff Notice 11-312 (Revised) National Numbering System

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA STAFF NOTICE 11-312 (REVISED)
NATIONAL NUMBERING SYSTEM

December 12, 2024[1]

The Canadian Securities Administrators (CSA) follows a system in which securities regulatory instruments are assigned numbers that indicate the type and subject matter of the instrument.

The numbering system was designed so as to:

(i) convey as much information as possible about the particular instrument so that a user knows what type of instrument it is, whether the instrument is national, multilateral or local and what subject matter it relates to;

(ii) permit all National[2] Instruments/Multilateral Instruments, National Policies/Multilateral Policies and CSA Notices to have the same numbers in all jurisdictions (as is currently the case); and

(iii) be flexible enough to permit Local Rules, Policies, Notices and implementing instruments of all jurisdictions to be numbered in accordance with the numbering system without affecting the numbering of National Instruments/Multilateral Instruments, National Policies/Multilateral Policies and CSA Notices[3].

Under the numbering system, each instrument is assigned a five-digit number, with a hyphen appearing between the second and third digit. There are four components to the number assigned to a document:

- The first digit represents the broad subject area.
- The second digit represents a sub-category of the broad subject area.
- The third digit represents the type of the document.
- The last two digits represent the number of the document within its document type in its sub-category (in sequential order starting at 01).

More specifically, these four components may be described as follows:

- The **first** digit relates to the subject matter category into which the instrument has been classified. The nine subject matter categories are:

  1. Procedures and Related Matters
  2. Certain Capital Market Participants (Self-Regulatory Organizations, Exchanges and Market Operations)

[1] This Notice adds information on the numbering of CSA coordinated blanket orders and is a revised version of CSA Staff Notice 11-312, as published on February 6, 2009 and revised on February 19, 2010 and on January 29, 2015.
[2] A National Instrument or Policy is an instrument or policy that has been adopted by all CSA jurisdictions, whereas a Multilateral Instrument or Policy is an instrument or policy that has not been adopted by one or more CSA jurisdictions.
[3] In Québec, all National Instruments, Multilateral Instruments and Rules are referred to as Regulations and all National Policies and Companion Policies are referred to as Policy Statements.

3. Registration Requirements and Related Matters (Dealers, Advisers and other Registrants)

4. Distribution Requirements (Prospectus Requirements and Prospectus Exemptions)

5. Ongoing Requirements for Issuers and Insiders (Continuous Disclosure)

6. Take-over Bids and Special Transactions

7. Securities Transactions Outside the Jurisdiction

8. Investment Funds

9. Derivatives

For example, in the context of 54-101, the number "5" indicates that the instrument relates to Ongoing Requirements for Issuers and Insiders.

- The **second** digit relates to the sub-category of the subject matter category into which the instrument has been classified (see the "sub-category" column of the table below).

  Using the 54-101 example, within the Ongoing Requirements for Issuers and Insiders category, a sub-category for instruments dealing with Proxy Solicitation is denoted by the number "4". Accordingly, all instruments dealing with this matter commence with the numbers "54".

- The **third** digit classifies the document as one of nine types of documents:

  1. National Instrument/Multilateral Instrument and any related Companion Policy or Form(s)

  2. National Policy/Multilateral Policy

  3. CSA Notice

  4. CSA Concept Proposal or Discussion Paper

  5. Local Rule, Regulation or Blanket Order or Ruling and any related Companion Policy or Form(s), except an Implementing Instrument described below.

  6. Local Policy

  7. Local Notice

  8. Implementing Instrument[4]

  9. Miscellaneous

  Using the same example, the third digit in 54-101 indicates that the type of instrument is a National Instrument or Multilateral Instrument (or a related Companion Policy or Form).

- The **fourth** and **fifth** digits represent a number assigned to instruments of the same type in consecutive order from 01 to 99 within a particular sub-category.

  Again, using the example 54-101, the number "01" indicates that the instrument is the first document of its type in the sub-category "Proxy Solicitation".

A Companion Policy or Form that is related to an Instrument or Local Rule will have the same number as the Instrument or Local Rule to which it relates, followed by "F" in the case of a Form. If there is more than one Form related to a particular instrument, the Forms will be numbered consecutively (F1, F2, F3, etc.).

In 2023, the CSA introduced a Coordinated Blanket Order format, which is used to reflect the fact that all or several CSA members are issuing the same (or similar) exemptive relief. The coordinated CSA blanket orders are designated by the third digit (document type) 9, for example, Coordinated Blanket Order 13-932, *Exemptions from certain filing requirements in connection with the launch of the System for Electronic Data Analysis and Retrieval +*. In this number, the first two digits represent the subject matter category and sub-category, the third digit represents the document type (coordinated blanket order), and the last two digits represent the consecutive number assigned to this instrument in this category and document type. Generally, CSA coordinated blanket order

[4] For this purpose, an Implementing Instrument is a local rule making consequential changes relating to the implementation of a National Instrument/Multilateral Instrument.

numbers will start with xx-930 because the document type number 9 could have been previously used for miscellaneous documents.

Category, Sub-Category and Document Type Numbers

Category (1st digit)	**Sub-Category** (2nd digit)	**Document Type** (3rd digit)
1 - Procedure and Related Matters	1 - General 2 - Applications 3 - Filings with Securities Regulatory Authority 4 - Definitions 5 - Hearings and Enforcement	1 - National or Multilateral Instrument (Rule) and any related Companion Policy and Form 2 - National or Multilateral Policy 3 - CSA Notice or CSA Staff Notice 4 - CSA Concept Proposal or Discussion Paper 5 - Local Rule, Regulation or Blanket Order or Ruling and any related Companion Policy or Form 6 - Local Policy 7 - Local Notice 8 - Implementing Instrument (Local Rule that gives effect to a National or Multilateral Instrument) 9 - A CSA Coordinated Blanket Order or Miscellaneous item (e.g., a Form that does not relate to another Instrument or Policy)
2 - Certain Capital Market Participants	1 - Stock Exchanges 2 - Other Markets 3 - Trading Rules 4 - Clearing and Settlement 5 - Other Participants	
3 - Registration and Related Matters	1 - Registration Requirements 2 - Registration Exemptions 3 - Ongoing Requirements Affecting Registrants 4 - Fitness for Registration 5 - Non-Resident Registrants	
4 - Distribution Requirements	1 - Prospectus Contents - Non-Financial Matters 2 - Prospectus Contents - Financial Matters 3 - Prospectus Filing Matters 4 - Alternative Forms of Prospectus 5 - Prospectus Exempt Distributions 6 - Requirements Affecting Distributions by Certain Issuers 7 - Advertising and Marketing 8 - Distribution Restrictions	
5 - Ongoing Requirements for Issuers and Insiders	1 - Disclosure - General 2 - Financial Disclosure 3 - Timely Disclosure 4 - Proxy Solicitation 5 - Insider Reporting 6 - Restricted Shares 7 - Cease Trading Orders 8 - Corporate Governance	
6 - Take-Over Bids and Special Transactions	1 - Special Transactions 2 - Take-over Bids	
7 - Securities Transactions Outside the Jurisdictions	1 - International Issuers 2 - Distributions Outside the Jurisdiction	
8 - Investment Funds	1 - Investment Fund Distributions	

9 - Derivatives[5]	1 - General 2 - Trading 3 - Registration and Regulation of OTC Derivatives Market Participants 4 - Clearing and Cleared Derivatives 5 - Uncleared Derivatives 6 - Data Reporting	

Questions

Please refer your questions to any of the following people:

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[5] Please note that in Québec, derivatives regulations are made under the *Derivatives Act* (Québec) and not the *Securities Act* (Québec).

B.1.2 OSC Staff Notice 33-757 – Review of Restricted Dealer Crypto Asset Trading Platforms' Compliance with the Account Appropriateness, Investment Limits and Client Limits Requirements

OSC STAFF NOTICE 33-757 –
REVIEW OF RESTRICTED DEALER CRYPTO ASSET TRADING PLATFORMS' COMPLIANCE WITH THE ACCOUNT APPROPRIATENESS, INVESTMENT LIMITS AND CLIENT LIMITS REQUIREMENTS

December 10, 2024

What's in the Notice

Staff of the Ontario Securities Commission (**Staff** or **we**) conducted a focused compliance review (the **Sweep**) of the know-your-client (**KYC**), account appropriateness assessment, and Client Limit (defined below) practices of crypto asset trading platforms (**CTPs**) based in Ontario and registered as restricted dealers. This notice summarizes our findings from the Sweep and provides guidance (including Staff's views as to practices that may be considered to be "suggested practices") to CTPs to assist them in meeting their regulatory obligations (the **Notice**).

We strongly encourage CTPs to use this Notice to improve their understanding of, and compliance with, their KYC, account appropriateness assessment, and Client Limit obligations. We also suggest that CTPs use this Notice as a self-assessment tool to strengthen their compliance with Ontario securities law.

Highlights of the Notice

We expect CTPs to comply with the letter and spirit of the conditions set out in the exemptive relief decisions (**Decisions**)[1] granting them relief from certain securities law requirements, including those conditions related to account appropriateness assessments, investment limits and Client Limits for clients.[2] Among other areas, CTPs are expected to:

- ensure that the maximum amount of crypto assets, excluding Specified Crypto Assets (defined below), that a client, except those clients resident in Alberta, British Columbia, Manitoba, and Quebec, may purchase and sell (calculated on a net basis and is an amount not less than $0) in the preceding 12 months does not exceed the investment limit.
- conduct a meaningful account appropriateness assessment that takes into account the Account Appropriateness Factors (defined below) specific for each client, as described in the Decision.
- assign a Client Limit to each client which considers all the Account Appropriateness Factors and is used to monitor the client's ongoing trading activity.
- ensure actions taken when a client meets or exceeds their Client Limit are timely, meaningful, and proportional to the client's activity to ensure that the client is made aware that their activity is likely subjecting their investments to excessive risk given their individual circumstances.

Outline of this Notice

The following is an outline of this Notice:

- Background
- Purpose of the Sweep
- Account Appropriateness Assessments
- Investment Limits
- Client Limits
  - What are Client Limits?
  - Determination of Client Limits
  - Monitoring & Application of the Client Limits

[1] Available at https://www.osc.ca/en/industry/registration-and-compliance/registered-crypto-asset-trading-platforms.
[2] See Joint Canadian Securities Administrators/Investment Industry Regulatory Organization of Canada Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* https://www.osc.ca/sites/default/files/2021-03/csa_20210329_21-329_compliance-regulatory-requirements.pdf.

Background

KYC and suitability determination obligations are fundamental obligations owed by registrants to their clients and are cornerstones of our investor protection regime. As outlined in CSA Staff Notice: 31-336 *Guidance for Portfolio Managers, Exempt Market Dealers and Other Registrants on the Know-Your-Client, Know-Your-Product and Suitability Obligations*, we expect registrants to comply not only with the letter of the requirements themselves, but also with the spirit of the requirements.

As set out in CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**Staff Notice 21-327**) and Joint Canadian Securities Administrators (CSA) / Investment Industry Regulatory Organization of Canada Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (**Staff Notice 21-329**), securities legislation applies to 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 may itself constitute a security and/or a derivative (**Crypto Contract**).

Exemptive relief from the prospectus requirement has been granted to allow registered CTPs to purchase, hold, stake, deposit, withdraw and sell crypto assets for clients through Crypto Contracts. In addition, certain registered CTPs that do not provide recommendations or advice to clients, or do not conduct trade-by-trade suitability determination for clients, have been granted exemptive relief from the trade-by-trade suitability determination requirements under section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**). As a condition of the relief, among others, CTPs are required to perform account appropriateness assessments (see *Account Appropriateness Assessments* below), and apply investment limits (see *Investment Limits* below) and Client Limits (see *Client Limits* below).

Staff conducted a Sweep of six registered CTPs whose principal regulator is the Ontario Securities Commission, to assess their compliance with the terms and conditions of their Decisions. These terms and conditions included obligations in the following areas:

- custody arrangements over clients' crypto assets,
- account appropriateness of client accounts, or suitability determination, for trading in Crypto Contracts,
- corporate governance structures,
- insurance bonding policies, and
- management of material conflicts of interest.

Four of the six registered CTPs obtained relief from the trade-by-trade suitability determination requirement in section 13.3 of NI 31-103 and were conducting account appropriateness assessments (**account appropriateness model**). The remaining two CTPs did not obtain relief from the suitability determination requirements and were subject to the trade-by-trade suitability determination for clients, including the enhanced suitability requirements as a result of the client-focused reforms in respect of s. 13.3 of NI 31-103 (**suitability model**).

Purpose of the Sweep

The purpose of the Sweep was to:

- review and assess the CTPs' compliance with KYC and account appropriateness or suitability determination obligations (as applicable),
- enhance Staff's knowledge regarding CTPs' compliance with KYC, account appropriateness assessments or suitability determination obligations, and to determine whether there is a need for additional guidance, and
- highlight to registered CTPs and those applying for registration, the importance of these obligations and improve the level of compliance and investor protection.

This Notice will focus on our findings from the Sweep and provide guidance to CTPs to assist them in meeting their regulatory obligations in the areas of account appropriateness assessments, investment limits, and Client Limits.

For guidance on our findings from the other areas reviewed as part of the Sweep, please refer to our *Summary Report for Dealers, Advisers and Investment Fund Managers* under OSC Staff Notice 33-755 and OSC Staff Notice 33-756.

Account Appropriateness Assessments, Investment Limits, and Client Limits

1. Account Appropriateness Assessments

CTPs operating under the account appropriateness model are required to consider all the following factors (the **Account Appropriateness Factors**) in conducting the account appropriateness assessment:

(i) the client's experience and knowledge in investing in crypto assets

(ii) the client's financial circumstances

(iii) the client's risk tolerance

(iv) the crypto assets approved to be made available to a client on the platform

Pursuant to the conditions of their exemptive relief, CTPs must perform an account appropriateness assessment prior to opening a client account, on an ongoing basis, and at least every twelve months. The account appropriateness assessment should be performed more frequently than every twelve months if there is a significant change in a client's circumstances or a significant change in market conditions.

To meet the account appropriateness assessment obligation, CTPs are expected to take reasonable steps to collect information and establish the Account Appropriateness Factors for each prospective client. CTPs may use an onboarding questionnaire and any such questionnaire should be developed and designed with this in mind. CTPs should use the collected information to conduct a meaningful account appropriateness assessment using all the Account Appropriateness Factors for each client and determine whether it is appropriate for the CTP to enter into a Crypto Contract with the client.

During the Sweep, Staff found instances where a CTP took a mechanical "tick box" approach to collecting Account Appropriateness Factors without following up on any inconsistencies or otherwise conducting a meaningful assessment of the Account Appropriateness Factors. In addition, Staff observed that some CTPs did not update clients' Account Appropriateness Factors on an ongoing basis, thereby assessing account appropriateness on outdated information. These failures sometimes resulted in accounts being opened or maintained for clients where the account was not appropriate for the client.

In circumstances where the CTP has determined that entering into a Crypto Contract with and opening an account for the client is not appropriate, this should be clearly communicated to the client and the CTP should not open an account for the client at that time. In addition, CTPs should establish policies and procedures for handling situations where the CTP has determined that it is not appropriate for the prospective client to open an account, including preventing a client from gaming the onboarding process.

In reference to record keeping, CTPs must maintain books and records that evidence any changes in a client's information (or a confirmation that there are no changes). In addition, CTPs should establish policies and procedures for collecting, documenting, and reviewing information necessary to conduct a meaningful account appropriateness assessment.

Suggested practices for conducting the account appropriateness assessment:

- **Develop and design any onboarding questions to meaningfully capture the Account Appropriateness Factors for each prospective client.** CTPs should follow up with the client where any inconsistencies are identified in the information collected.
- **Conduct a meaningful account appropriateness assessment, rather than a mechanical "tick box" approach, that considers all the Account Appropriateness Factors for each client at the onboarding stage and on an ongoing basis**.
- **Update their account appropriateness assessment for each client at least annually or more frequently** if there is a significant change in a client's circumstances or a significant change in market conditions.
- **Maintain books and records that evidence any changes in a client's information** (or a confirmation that there are no changes).
- **Establish policies and procedures for collecting, documenting, and reviewing information** necessary to conduct a meaningful account appropriateness assessment.
- **Establish policies and procedures for handling situations where the CTP has determined that it is not appropriate for the prospective client to open an account,** including preventing a client from gaming the onboarding process.

2. Investment Limits

Except for clients resident in Alberta, British Columbia, Manitoba and Québec, and permitted clients (as defined under NI 31-103), CTPs must limit a client's purchases of crypto assets (that are not Specified Crypto Assets[3]) to a maximum amount on the CTP's platform. This is referred to as the investment limit.

For CTPs operating under the account appropriateness model, the maximum amount of crypto assets that a client may purchase and sell (calculated on a net basis) in the preceding 12 months must not exceed a net acquisition cost of $30,000.

For CTPs operating under the suitability model, the maximum amount of crypto assets that a client may purchase and sell (calculated on a net basis) in the preceding 12 months must not exceed:

- $30,000 for a client that does not meet the definition of an eligible crypto investor,
- $100,000 for a client that meets the definition of an eligible crypto investor, and
- no investment limit for a client that meets the definition of an accredited crypto investor.

The investment limit cannot be less than $0 and excludes purchases and sales of Specified Crypto Assets.

During the Sweep, Staff did not identify any instances where CTPs failed to discharge their obligation to limit a client's purchases of crypto assets (that are not Specified Crypto Assets) to the applicable maximum amount on the CTP's platform.

3. Client Limits

What are Client Limits?

CTPs operating under the account appropriateness model are required to establish Client Limits as a condition of their Decision[4]:

> …[t]he Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a Client can incur, what 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 their Client Limit. This assessment of the Client Limit takes into consideration the Account Appropriateness Factors. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limits.

Referred to as the loss limit in some earlier Decisions, the purpose of the Client Limit is to mitigate the risk of clients incurring significant realized and unrealized losses while trading in Crypto Contracts on CTPs (the **Client Limit**). It is meant to:

- be an appropriate and tailored limit on the losses that a client can incur,
- help clients understand the losses they have incurred to date on their investments in Crypto Contracts, and
- initiate meaningful action to help limit further losses the client can incur.

It is also used to help deter "gambling-like" or excessively risky actions taken by clients when losses are experienced, such as "doubling down" on existing crypto asset positions.

Determination of Client Limits

When assigning a Client Limit for each client, the CTP is required to consider all Account Appropriateness Factors of the respective client and determine a Client Limit that is appropriate for the client in light of their individual circumstances.

During the Sweep, however, Staff noted numerous instances where CTPs assigned Client Limits that were not meaningfully tailored to each client's individual circumstances. For example:

- Client Limit was determined based on consideration of only one or a few Account Appropriateness Factors. For example, Staff noted that some firms used risk tolerance as the sole Account Appropriateness Factor in determining a tailored Client Limit, which does not provide a complete picture of the client's circumstances.
- Client Limit was based on arbitrary and dynamic factors such as (a) a specific change in the trailing price of each crypto asset offered by the CTP (e.g., 20% drop in the price of Bitcoin over a trailing 60-day period), (b) a specific change in the market value of a client's portfolio, or (c) a specific change in the market value of a client's

[3] As of the date of this Notice, these assets include Bitcoin, Ether, Bitcoin Cash, Litecoin, and Value-Referenced Crypto Assets that comply with the conditions as set out in the CTP's Decision (the **Specified Crypto Assets**).

[4] While the wording presented may have slight variations between Decisions, the general premise and context have not changed as of the writing of this Staff Notice.

portfolio relative to the adjusted book value of a client's crypto asset holdings (e.g., market drop causing a 20% (un)realized loss calculated using a client's adjusted book value).

In Staff's view, such approaches do not appropriately consider and reflect the client's ability to tolerate losses and are not meaningfully tailored to each client's individual circumstances.

To comply with the conditions of the Decisions, CTPs should assign Client Limits that are tailored to each client based on the respective client's Account Appropriateness Factors (e.g., setting a dollar amount that reflects what the client can afford to lose, which may be expressed as a percentage of the client's net financial assets).

Monitoring & Application of the Client Limits

During the Sweep, Staff also found instances where CTPs did not effectively monitor the Client Limits or perform any meaningful action once a Client Limit was met or exceeded. In those instances, clients were able to freely pursue further transactions after exceeding their Client Limit, without any meaningful action taken by the CTPs to deter further losses.

As a condition of the Decisions, CTPs are required to monitor clients' accounts against their Client Limit. As the client begins to incur losses, this should trigger progressive layers of intervention by the CTP to help warn the client that they are approaching their Client Limit and notify the client of their accumulated losses to date. Staff do not expect trading activity for the client to be immediately blocked or limited as they approach their Client Limit.

If the Client Limit is reached, the CTP should inform the client and provide them with appropriate tools to mitigate further losses. Staff expect this deterrence to be proportionate to the losses incurred by the client with the expectation that the CTP would inform the client that further trading activity may be detrimental and provide steps the client should consider. Part of this deterrence may include temporarily limiting activities related to pursuing further transactions in Crypto Contracts given the losses incurred to date. CTPs should also conduct a reassessment on whether the account remains appropriate for the client.

Client notifications should be timely to ensure that clients are made aware of the losses they have incurred to date relative to their Client Limit. Clients that continue to exceed their Client Limit should continue to receive notifications intermittently to meaningfully make clients aware of their losses. However, CTPs should ensure the notifications are not so frequent (e.g., daily) that the clients disregard the persistent notifications.

As a condition of the Decisions, CTPs cannot provide recommendations or advice to any client or prospective client. Thus, CTPs should refrain from using language in the notifications that may be construed as advice. Notifications should be used to point to the losses accumulated to date at the time of the notification and educate clients on how they can reduce further losses.

The design of an appropriate Client Limit system should ensure that the outcomes taken as a client approaches, meets, or exceeds their Client Limit makes the client aware of their accumulated losses and reassesses the client's appropriateness for continued trading in Crypto Contracts. CTPs are expected to demonstrate on a reasonable efforts basis that meaningful interventions have been added to protect clients in situations where their losses on the platform appear to be disproportionately detrimental relative to their individual circumstances.

Suggested practices for a Client Limit system:

- **Develop an onboarding process to collect sufficient information to allow the CTP to develop an appropriate Client Limit for each client.**
- **Consider all Account Appropriateness Factors to understand the client's individual situation and assign an appropriate Client Limit during the onboarding process and on an ongoing basis.** One factor alone is not sufficient to obtaining an understanding of the client's individual situation and properly evaluating an individual Client Limit as required under the Decision.
- **Establish a Client Limit that considers the client's individual situation and is based on a dollar value which can be used in monitoring the client's ongoing trading activity.** Using a value or calculation for the Client Limit that does not consider all the client's Account Appropriateness Factors and is based on elements that dynamically change does not result in a meaningful consideration of the client's individual situation.
- **Make sure language contained in the Client Limit notifications makes the client aware that their current trading activity is approaching their Client Limit and direct them to educational materials on the risks of excessive trading.** Refrain from using language in Client Limit notifications that conveys any messaging that could be construed as advice.
- **Monitor the Client Limit based on the trading activity of the client and take appropriate actions when a client meets or exceeds their Client Limit, including**:
  - issuing timely and meaningful notifications to the client, and
  - making sure any action taken is proportional to the client's activity and that the client is aware their activity to date is putting the client at excessive risk.
- **Ensure adequate policies and procedures are in place to evaluate, monitor and apply the Client Limit to individual clients as required by the terms of their Decision.**

Conclusion

The suggested practices identified in this Notice are intended to provide additional Staff guidance on how we expect CTPs to comply with the conditions related to account appropriateness, investment limits and Client Limits in the Decisions. CTPs are encouraged to use this Notice as a self-assessment tool to assess their compliance with these obligations and make any appropriate adjustments to their compliance program.

Staff will continue to monitor CTPs' compliance with the conditions of their respective Decisions alongside compliance with other fundamental registrant obligations in securities legislation. Where instances of non-compliance are noted, we will take appropriate action.

Questions

If you have any questions regarding this Notice, please refer them to any of the following:

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B.1.3 Ontario Securities Commission Staff Notice 51-736 – Corporate Finance Division 2024 Annual Report

Ontario Securities Commission Staff Notice 51-736 ***Corporate Finance Division 2024 Annual Report*** is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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OSC

ONTARIO
SECURITIES
COMMISSION

OSC Staff Notice 51-736

Corporate Finance Division
2024 Annual Report

December 6, 2024

Ontario

Message from the Senior Vice President

We are pleased to share our first annual report as the Corporate Finance Division (**Division**). The Report provides an overview of our operational and policy work for the 2023-2024 fiscal year and guidance about our expectations and interpretation of regulatory requirements in certain areas.

In May 2024, the OSC released its six-year Strategic Plan setting out its vision of working together to make Ontario's capital markets inviting, thriving and secure. This vision is underpinned by six strategic goals that set out a robust response to changes in today's capital markets including rapid technological innovation, changing investor demographics, and shifting preferences in how investors interact with our market. The OSC is taking important steps to become a more agile, responsive and proactive regulator.

With the plan's strategic goals in mind, three operating departments - Corporate Finance, the Chief Accountant (led by Cameron McInnis, Chief Accountant) and Mergers & Acquisitions (led by Jason Koskela, Vice President) – now form the Division. The Division remains focused on improving the transparency, trustworthiness and efficiency of capital markets through our regulatory oversight of Ontario's reporting issuers and other important market participants.

Throughout fiscal 2023-2024, the Division, with its partners in the Canadian Securities Administrators, continued to advance its policy work, including projects related to climate disclosures, prospectus exemptions to promote capital formation and reducing regulatory burden.

These initiatives continue to be part of the Division's main policy focus in fiscal 2025. In addition, we continue to monitor and consider new market trends and potential areas of concern that may warrant a regulatory response.

We hope that this report provides insight into our work during the past year and the work we will conduct under our newly implemented structure. Further, we hope that the report serves as a guide to better understand disclosure and other regulatory obligations under applicable Ontario securities law. We welcome any questions or feedback that you may have.

Best regards,

Winnie Sanjoto
Senior Vice President, Corporate Finance Division
Ontario Securities Commission

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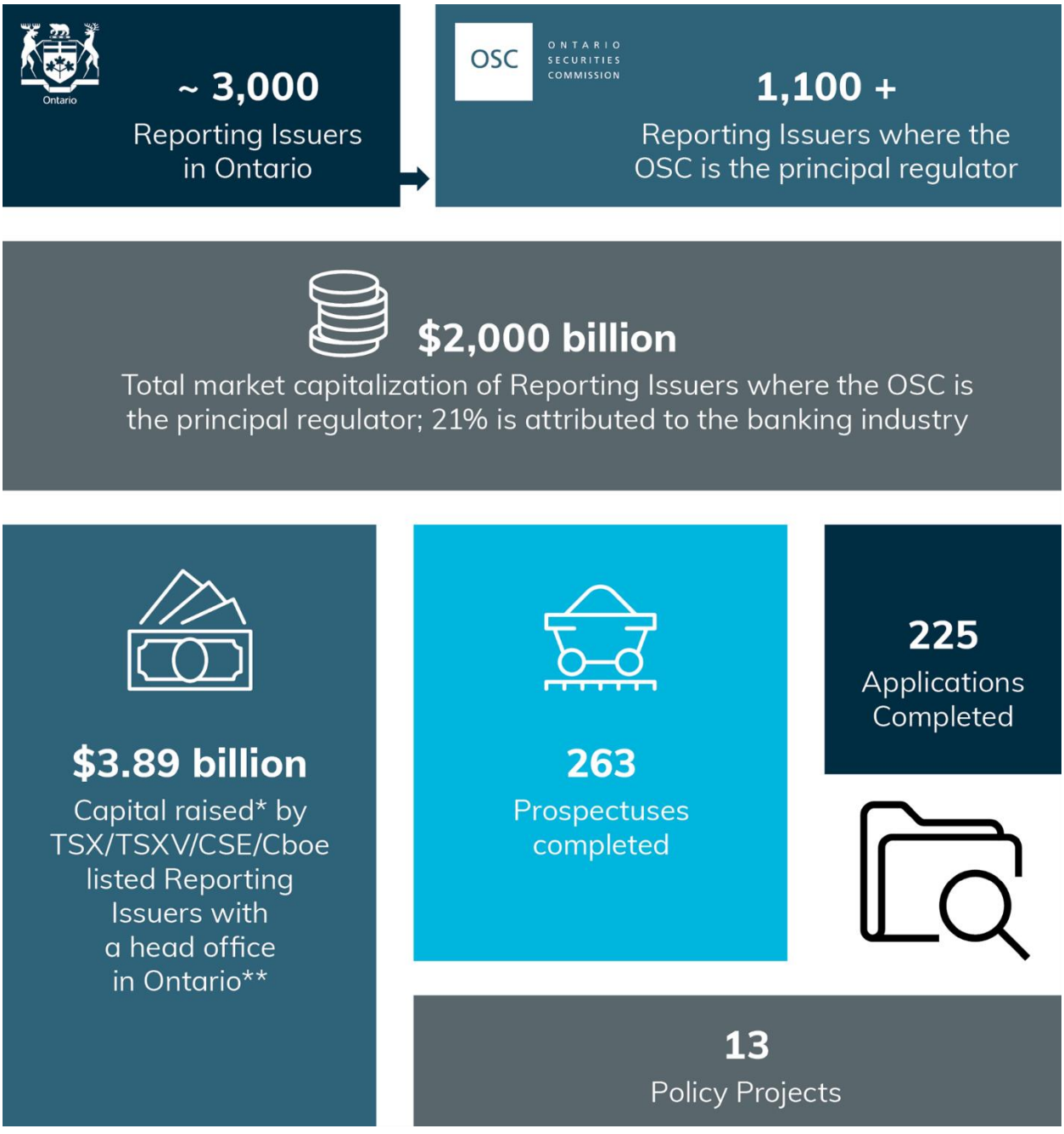
Fiscal 2024 Snapshot



* Note: all figures are as at / for Fiscal 2024 and are approximate or rounded.

** Includes public offerings and private placements of equity and convertible debentures.

Introduction

This Corporate Finance Division 2024 Annual Report (**Report**) provides an overview of the Division's operational and policy work during the fiscal year ended March 31, 2024 (**Fiscal 2024**), including a summary of key findings and outcomes from our regulatory oversight programs and a status report of ongoing Issuer-related policy initiatives. The report is intended for entities and individuals we regulate, their advisors, as well as investors.

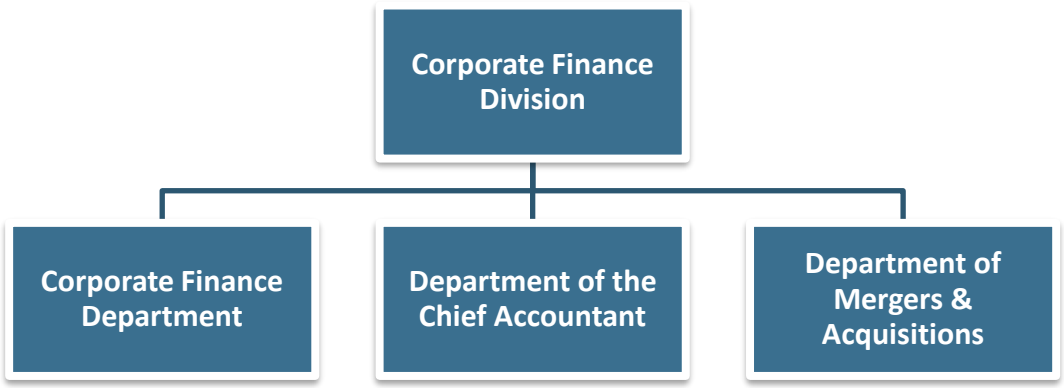
In publishing this report we aim to

- **REINFORCE** the importance of complying with regulatory obligations;
- **PROVIDE GUIDANCE** to improve compliance;
- **HIGHLIGHT** trends in the capital markets; and
- **INFORM AND UPDATE** stakeholders on new and ongoing policy initiatives.

Corporate Finance Division: Who We Are & What We Do

Through our oversight role, we support the OSC's goal to improve transparency, trustworthiness, and efficiency in Ontario's capital markets.

The Corporate Finance Division comprises the following three departments:



Corporate Finance Department

The Corporate Finance Department focuses on the oversight of Reporting Issuers in Ontario.

To do this, our operational work includes:

- ✓ assessing, using risk-based criteria, whether Reporting Issuers in Ontario are providing the required level of disclosure of material information to investors so they can make informed investment decisions, including through the review of
  - public offerings of securities;
  - capital raising activities in the exempt market;
  - continuous disclosure (**CD)** filed by Reporting Issuers;
- ✓ reviewing and considering applications for exemptive relief from regulatory requirements;
- ✓ responding to inquiries and complaints;
- ✓ reviewing insider reporting;
- ✓ reviewing credit rating agencies that are designated rating organizations;
- ✓ overseeing designated benchmarks and benchmark administrators;
- ✓ overseeing the listed Issuer function for OSC-recognized exchanges;
- ✓ engaging with stakeholders, including external advisory committees;
- ✓ providing guidance to stakeholders through staff notices that communicate expectations and interpretations of regulatory requirements in certain areas; and
- ✓ delivering Issuer education and outreach programs.

Department of the Chief Accountant

The Department of the Chief Accountant (**DCA**) provides advisory services relating to accounting and assurance for all divisions in the OSC and is involved with policy initiatives focussed on financial reporting. The DCA also engages with various external stakeholders that are involved with financial reporting, including standard setters, audit regulators, and professional accounting firms.

Its operational work includes:

- ✓ overseeing securities rules and regulations related to financial reporting frameworks (e.g., IFRS Accounting Standards);
- ✓ providing advisory services to the OSC for complex accounting or assurance issues;
- ✓ advising the OSC on the impact of new financial reporting developments; and
- ✓ engaging with external stakeholders on significant financial reporting matters.

Department of Mergers & Acquisitions

The Department of Mergers and Acquisitions (**DM&A**) is responsible for the regulation of mergers and acquisition (**M&A**) transactions and the unique risks faced by shareholders in evolving capital markets. The department focuses on take-over bid requirements, issuer bid requirements, early warning requirements, conflict of interest transactions, defensive tactics and minority shareholder rights.

Its operational work includes:

- ✓ real-time monitoring and supervising M&A transactions;
- ✓ responding to complaints regarding M&A transactions;
- ✓ responding to inquiries;
- ✓ reviewing and considering exemptive relief applications;
- ✓ participating in M&A hearings, including making submissions and working with parties to narrow issues and navigate procedural matters; and
- ✓ engaging with stakeholders on emerging trends and policy issues.

Part A: Corporate Finance Department

1. Continuous Disclosure Review Program

2. Other Ongoing Regulatory Oversight

3. Public Offerings

4. Exemptive Relief Applications

5. Insider Reporting

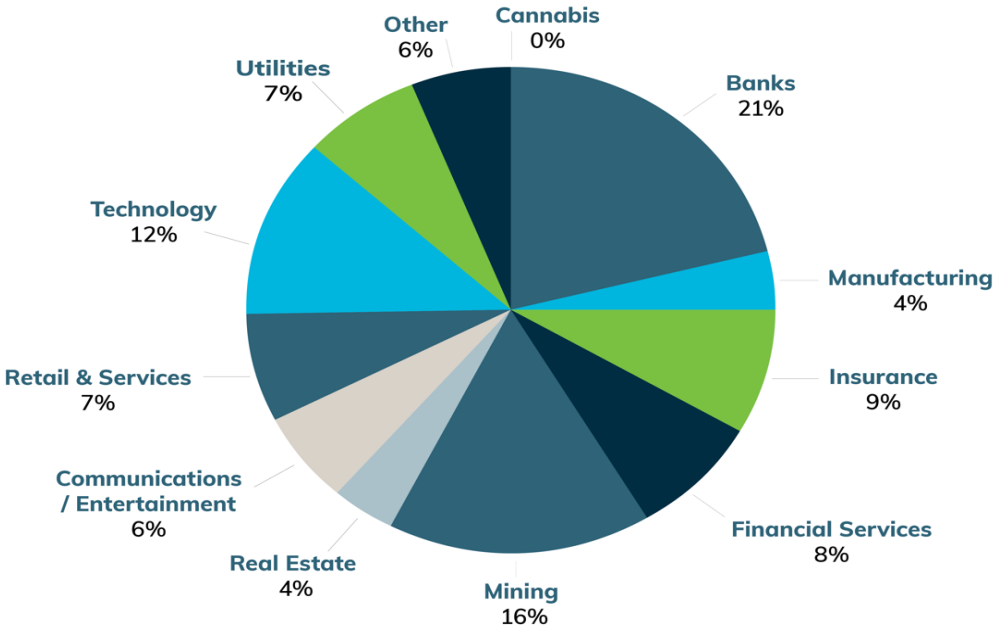
1. Continuous Disclosure Review Program

This section provides an overview of the key findings and outcomes from our Fiscal 2024 continuous disclosure review program (**CDR Program**). We discuss key or novel issues, suggest best practices, and specify applicable legislation and relevant guidance to assist Issuers in addressing each of the topic areas.

Under Ontario securities law, a Reporting Issuer must provide timely and periodic CD about its business and affairs. The CDR Program seeks to assess whether Reporting Issuers are complying with disclosure obligations and to identify material deficiencies that may affect the reliability and accuracy of a Reporting Issuer's disclosure record. For further information about the CDR Program, refer to CSA Staff Notice 51-312 and our website.

The Division has primary responsibility as principal regulator[1] over approximately **1,100** Reporting Issuers with an aggregate market capitalization of approximately **$2,000 billion** as at March 31, 2024. The three largest industries by market capitalization were banking, mining, and technology.

Market capitalization of Ontario Reporting Issuers by industry as at March 31, 2024



[1] For a prospectus filing, pursuant to NP 11-202, an Issuer's principal regulator is the regulator of the jurisdiction in which the Issuer's head office is located. If the regulator identified is not in a specified jurisdiction, the principal regulator is the regulator in the specified jurisdiction with which the Issuer has the most significant connection. See subsections 3.4(4) – 3.4(8) of NP 11-202.

A) CDR Program outcomes for Fiscal 2024

Our CDR Program is risk-based and outcome-focused. It includes planned full reviews and issue-oriented reviews (**IORs**) based on risk criteria as well as ongoing monitoring through news releases, media articles, complaints, and other sources. The CDR Program is conducted pursuant to the powers in subsection 20.1(1) of the *Securities Act* (Ontario) (**Act**) and is part of a harmonized CDR Program conducted by the CSA.[2]

We track several categories of outcomes of the CDR Program:

- Immediate corrective action is required
    - Includes the refiling of a previously filed CD document or the filing of a document that should have been previously filed, a referral to the Enforcement division or the issuance of a cease trade order.
- Prospective enhancements are required
    - Changes or enhancements are required in the next filing as a result of deficiencies identified but they do not rise to the level of immediate action.
- No action is required
    - Instances where the Issuer does not need to make any corrective changes or additional filings as a result of our review.
- Ongoing Oversight
    - This type of outcome is specific to IORs where we conduct an initial high-level review of a Reporting Issuer's disclosure to determine whether direct engagement with the Reporting Issuer is required or conclude that no further action is required. Examples of this type of IOR include our ongoing monitoring of Reporting Issuers and the regular high-level reviews of technical reports filed on SEDAR+ which are intended to monitor disclosure compliance in real-time with the requirements of NI 43-101 and Form 43-101F1. Similarly, reviews triggered by significant industry developments fall into this category of IORs. If potentially significant disclosure deficiencies are identified, a formal IOR file will be opened, and we will engage with the Reporting Issuer.
    - These types of IORs enable us to take a staged approach to CD reviews and more efficiently allocate staff resources in a timely manner.

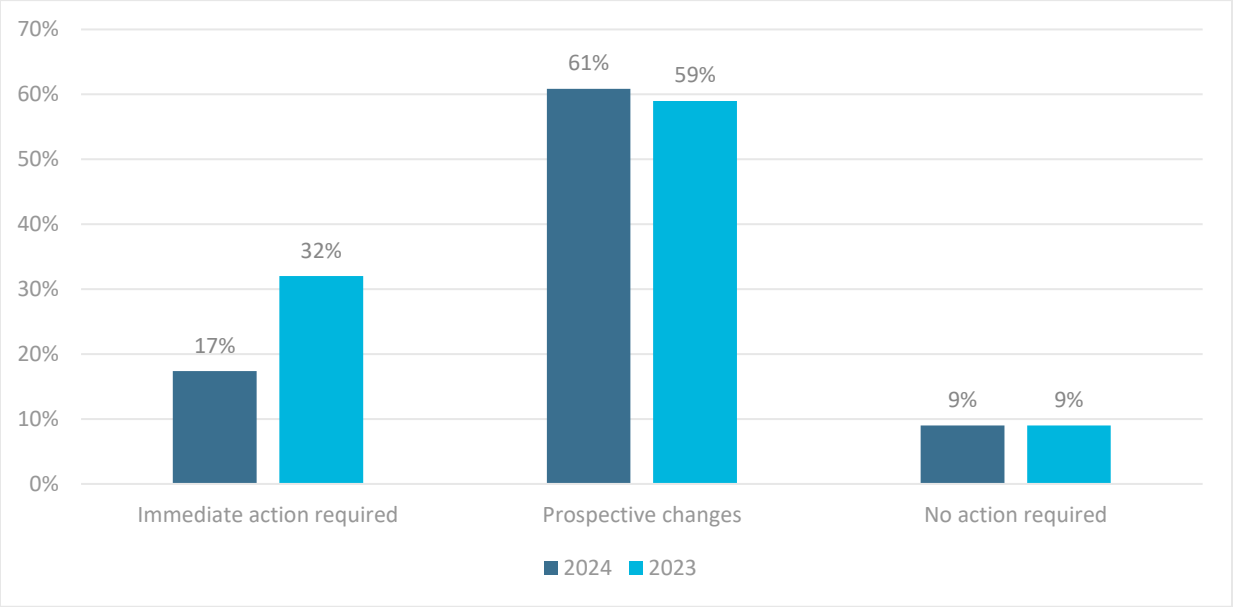
[2] For more information see CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program*.

A CD review may result in more than one outcome. For example, a Reporting Issuer may be required to refile certain CD documents while also committing to prospective disclosure enhancements. Tracking these outcomes assists us in planning the CDR Program in subsequent years, including the re-evaluation of existing risk-based factors.

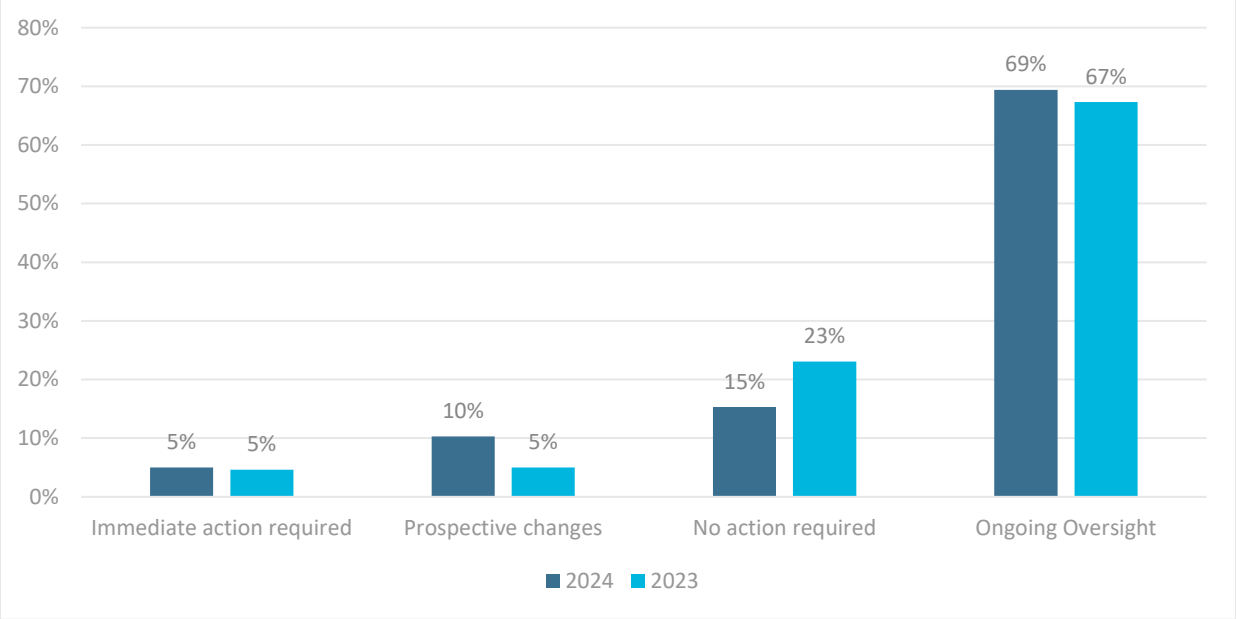
Given our risk-based criteria to identify Reporting Issuers for review, the outcomes on a year-over-year basis should not necessarily be interpreted as trends since the issues and Reporting Issuers reviewed each year are generally different. The nature of the review and the issues identified may impact the number of Reporting Issuers selected for review in any given year. For example, a broad topic (e.g., non-GAAP financial measure disclosure compliance) may result in a larger number of Reporting Issuers being selected for review whereas other topics (e.g., Technical Report compliance) may be more focused or specific to an industry. Similarly, reviews may be issue-specific, focusing on a particular CD requirement for which we have noted widespread deficiencies**.** These reviews may result in an increased number of outcomes categorized as "prospective changes" or "immediate action required" if deficiencies identified are prevalent among several Reporting Issuers.

The following is the summary of the CD review outcomes for Fiscal 2024 and the fiscal year ended March 31, 2023 (**Fiscal 2023**).

Outcomes of full CD reviews



Outcomes of IORs



The most common types of immediate action required from Reporting Issuers were amendments made to their continuous disclosure record, including the following:

- Refiling of financial statements to correct material misstatements;
- Refiling of a Form 51-102F1 where the form was materially deficient and did not meet the form requirements of Form 51-102F1;
- Refiling of management's discussion and analysis (**MD&A**) to address materially deficient disclosure for non-GAAP financial measures;
- Refiling or filing (in instances when documents were not filed in the first place) of material contracts and material change reports (**MCR**);
- Filing of executive compensation and corporate governance disclosure that was required to be filed at an earlier date;
- Refiling of a Technical Report where the report filed was not in compliance with NI 43-101; and
- Failure to file notice of change of auditor.

Reporting Issuers that refile CD documents during our review are placed on the Refilings and Errors List found on our website.

B) Trends and Guidance

This section highlights some of the common deficiencies and areas for improvement that were observed during our CD reviews in Fiscal 2024 and includes best practices and guidance to assist Reporting Issuers and their advisors in meeting their regulatory obligations. We encourage Reporting Issuers to continue to review and improve the quality of their CD, including with reference to the guidance below. We also direct readers to previously published Corporate Finance Annual Reports for further guidance as many of the issues previously noted continue to be areas for improvement.

I) Management's Discussion & Analysis

The MD&A is the cornerstone of an Issuer's overall financial disclosure and is intended to provide an analytical and balanced discussion of the Issuer's results of operations and financial condition through the eyes of management. MD&A disclosure should be specific, useful, and understandable. The MD&A requirements are set out in Part 5 of NI 51-102 and Form 51-102F1.

Over the past year, our markets continued to be impacted by relatively higher interest rates, inflationary pressures, geopolitical tensions, global trade disruptions and overall slower economic growth. These events have generally had a significant negative impact on the economy and continue to pose challenges for many Issuers. It is critical that Issuers provide meaningful disclosure about the impact of these events on their business. An Issuer should consider its specific business and operations, providing clear, transparent and balanced disclosure of the business impacts and potential uncertainties regarding these events in its MD&A. Such information is necessary to meet Ontario securities law requirements and enable investors to make informed investment decisions. It is important that each Issuer tailors its disclosure to provide investors with insight into the specific and material operational challenges, financial impacts, and risks faced, and its related responses. Issuers should also keep in mind that the financial statements may also need to reflect and disclose the impacts of these events.

We discuss certain MD&A deficiencies below and refer Issuers to previous Corporate Finance Annual Reports for information on other MD&A matters that remain relevant.

Issue	Best Practice
Deficiencies discussed in the Corporate Finance 2023 Annual Report	We saw the following issues that we have previously discussed and provided guidance on in the Corporate Finance 2023 Annual Report: 1. Boilerplate discussion of operations (Variance Analysis) (pg. 16); 2. Forward-Looking Information- Lack of disclosure of material factors and assumptions (pg. 19); 3. Non-GAAP Financial Measures (pg. 22 and Corporate Finance 2022 Annual Report pg. 24); and 4. Lack of clear disclosure of business and operations (pg. 40).
Expected credit loss (ECL) and accompanying fair value information	Some Issuers incorrectly apply the impairment requirements when estimating the loss allowance for ECLs, and do not disclose enough information to enable users to evaluate the nature and extent of credit risks arising from such financial assets (i.e. recognition and measurement of ECLs), including information about whether a portion of the cash flows supporting an ECL calculation reflects cash flows from underlying collateral. Issuers are reminded that disclosure about these calculations, including any significant inputs and assumptions, provide important information about the significant judgements and estimates management has applied as part of its financial reporting. For a more detailed discussion on this topic area, including disclosure expectations for an Issuer's financial statements and MD&A, refer to the CSA CD Staff Notice 51-365 published on November 7, 2024.
Liquidity and capital resources	Some Issuers provided incomplete or boilerplate discussion of their liquidity and capital resources or simply reproduced numbers from their financial statements without providing helpful contextual information. Examples of such disclosure include: • "management believes the Issuer has adequate working capital to fund operations"; • "we have adequate cash resources to finance future foreseeable capacity expansions"; and • "we have negative working capital of $2 million".

	Issuers should discuss material cash requirements and how they intend to fund these requirements, explain how liquidity obligations have been settled or will be settled, and quantify working capital needs and how those needs relate to future business plans or milestones. Refer to Items 1.5 and 1.6 of Form 51-102F1.

Discussion of Operations – Significant Projects Without Revenue

Some Issuers did not provide sufficient information about their significant projects that have not yet generated revenue, as required by Item 1.4(d) of Form 51-102F1. Reporting Issuers should provide information that enables the reader to understand project specific details, including the timeline and costs.

For each significant project, Reporting Issuers should disclose:

- The overall plan for the project and the current status relative to the plan;
- The expected timeline of the project, including the current progress relative to that timeline;
- Any realized or anticipated delays or cost overruns;
- The key milestones in the plan and the specific events that must occur for the completion of each milestone;
- The expenditures made to date for each milestone/phase of the project, and how these expenditures relate to anticipated timing and costs to take the project to the next stage; and
- Details of any necessary licenses or regulatory approvals (the discussion should include anticipated timing and costs associated with obtaining the license/approval, any related risks, and the impact on the project if the license or approval is not obtained).

Disclosure that would **not** meet our expectations:

The fully funded Project XYZ is currently underway with plans to launch in 2026. ABC Corp believes this venture will contribute significantly to its future profits.
☒ **Provides a cursory summary of the project and fails to disclose all required items.**

Improved disclosure that **would** meet our expectations:

Project XYZ, the construction of a new 70,000 sq ft grocery store located in Alpha Plaza in London, Ontario, commenced in July 2023 with an initial timeline to completion of three years.

ABC Corp now expects to complete construction by October 2026 and begin generating revenue starting in November 2026 (a 4-month delay from our initial estimate) through the sale of organic produce, meats, dairy, and other food products. The delay is due to unforeseen electrical issues that resulted in cost overruns of $0.3 million, which have now been resolved. Construction is approximately 30% complete.

In order for the new store to begin generating revenue, ABC Corp must:

- Complete a final inspection and receive the related approvals from the City of London. We expect to initiate this process in Summer 2026;
- Apply for and obtain licenses XYZ for the sale of food products. Initial applications were made in December 2023, and we are awaiting a response;
- Sign contracts with key produce, meat and dairy suppliers, which have not yet been identified; and
- Hire permanent and part-time employees.

We estimate total project costs of $37.8 million, of which $13.7 million has been incurred as follows:

Expense	Incurred ($)	Remaining* ($)
Project salaries	456,000	975,000
Construction		
Materials	7,653,000	10,829,000
Labour	5,244,000	8,344,000
Store fixtures	-	2,200,000
Permits	342,000	1,498,000
Initial inventory	-	250,000
Total	$13,695,000	$24,096,000

*The remaining amounts would be considered forward looking information and would need to be supported by disclosures required by sections 4A and 4B of NI 51-102.

The disclosure above includes a description of the project, the project status relative to the plan, the steps needed to complete the project, and presents the expenditures made to date.

Additional Disclosure for Venture Issuers Without Significant Revenue

Venture Issuers without significant revenue from operations are required, by section 5.3 of NI 51-102, to provide a breakdown of material components of:

- Exploration and evaluation assets or expenditures;
- Expensed research and development costs;
- Intangible assets arising from development; and
- General and administrative expenses.

This disclosure is also required for any material costs, whether expensed or recognized as assets, not covered by the above categories.

If the Venture Issuer's business primarily involves mining exploration and development, the analysis of exploration and the evaluation of assets or expenditures must be presented on a property-by-property basis.

Disclosure that would **not** meet our expectations:

Exploration and evaluation assets of $2.6 million were capitalized in the period.	
☒	**Only discloses the total expenditures.**

Improved disclosure that would **meet** our expectations:

Exploration and evaluation assets of $1.4m were capitalized in the period relating to Mining Property A and $1.2m relating to Mining Property B. These costs consisted of:

Mineral Property A	Costs ($)
Consulting	220,000
Drilling	65,000
Field equipment	687,000
Fuel	32,000
Geochemical	7,000
Salaries	289,000
Travel	92,000
Total	1,392,000

Mineral Property B	Costs ($)
Drilling	884,000
Salaries	205,000
Travel	86,000
Total	1,175,000

The improved disclosure includes a breakdown of costs by category AND a breakdown of costs by property.

NOTE: We also expect Venture Issuers to provide a discussion of the above costs and the period-over-period variances.

II) Problematic Promotional Disclosures

We observed examples of overly promotional disclosure being included in CD filings, investor presentations, Issuer's websites, and social media platforms that may be misleading to investors. Reporting Issuers should be careful about over-stating in news releases the status of their products, particularly in the development stage or emerging sectors such as artificial intelligence, and COVID-19-related health technologies, as this conduct prevents investors of the ability to make informed investment decisions and if materially misleading, may be a contravention of securities law. It is vital that investors receive complete, factual and balanced information, especially in emerging sectors.

Tip: **Providing balanced disclosure**

We remind Issuers to provide balanced disclosure, which may include:

- Avoiding misleading or untrue statements;
- Relying on factual and supportable statements;
- Disclosing bad news as promptly and completely as good news;
- Disclosing sufficient details for investors to understand the substance of what is being announced;
- Avoiding exaggerated or hyperbolic language; and
- Providing disclosure that includes statements about the barriers, time and costs involved in achieving any positive events being announced, as applicable.

Refer to CSA Staff Notice 51-356 *Problematic Promotional Activities by Issuers*

Disclosure that would **not** meet our expectations:

This is a COVID-cure style breakthrough which will be the play of the decade for early-stage investors.	
☒	**Disclosure is unbalanced and unsupported by specific facts.**

Improved disclosure that would **meet** our expectations:

The Company's drug will have a significant addressable market. We anticipate it will take 2-3 years and $100 million to complete phase 2/3 drug trials and to confirm the drug is safe and effective.	
☑	**Removes the exaggerated language and includes relevant information about the time and costs to develop the product.**

Other Examples of Problematic Promotional Activities

- Bad news buried at the end of a multi-topic press release with positive headlines;
- Overly frequent and non-substantive press releases which make negative and potentially more substantive news harder to identify;
- Announcing positive initiatives (i.e., non-binding LOIs) without subsequent disclosure when the opportunity falls through;
- Unfounded comparisons to more established companies;
- Claims that cannot be supported; and
- Failing to disclose bad news, costs, and barriers to success while favouring disclosure of good news.

III) Executive Compensation

The objective of executive compensation disclosure is to communicate the compensation the company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer (**NEO**) and director for the financial year, and the decision-making process relating to compensation. The disclosure should provide investors with insight into executive compensation as a key aspect of the overall stewardship and governance of a company allowing investors to understand how boards of directors make decisions about executive compensation.

Some Reporting Issuers provided insufficient discussion in the compensation discussion and analysis (**CD&A**) as required by Form 51-102F6, including how each element of compensation is tied to each NEO's performance. The CD&A often does not fully or accurately describe the process of making executive compensation decisions. For example, some Reporting Issuers did not quantify performance goals that were based on objective measures, such as earnings per share, EBITDA, growth in net sales, and operational targets. The requirement to quantify the objective measures applies regardless of whether the objective measures are guidelines or hard targets. In addition, Reporting Issuers should state what percentage of the NEO's total compensation is tied to each objective measure.

Disclosure that would **not** meet our expectations:

Compensation, Discussion & Analysis

The total compensation of our NEOs is comprised of a base salary and short-term incentives. In determining the total compensation of our NEOs, the Board considers the scope and complexity of each NEO's role, individual performance and specific corporate goals related to operating profit and net sales. In determining the compensation of its NEO's, the Board also considers compensation at comparable companies.

☒	**Insufficient description and explanation of all significant elements of compensation, insufficient description of benchmark group and insufficient disclosure of objective performance goals.**

Disclosure that would **meet** our expectations:

The total compensation of our NEOs is comprised of a base salary and short-term incentives.

In determining a NEO's base salary, the Board uses market data developed by its independent compensation consulting firm. The market data is based on review of compensation practices of companies identified as similar in industry, business focus, comparable revenue, revenue growth and market capitalization to the Company. The comparator group that was used to inform compensation decisions in terms of level of pay and pay mix for our NEOs consisted of the following companies:

ABC Inc., CDE Corp, DEF Limited, EFG Inc., HIJ Ltd., FGH Inc., IJK Corp, DEF Ltd., GHI Corp. and JKL Inc.

In determining the short-term incentives for our NEOs, the Board considers the individual performance and specific corporate goals related to operating profit and net sales. The standard short-term incentive bonus target is 50% of base salary for the CEO and 30% of base salary for the other NEOs of the Company. Bonus awards are based on the achievement of specific corporate goals related to operating profit levels and net sales, as well as individual performance objectives. Each measure has an assigned weighting (as a percentage of base salary), as follows:

Position	Operating Profit	Net Sales	Individual Goals
CEO	15%	15%	20%
All other NEOs	7.5%	7.5%	15%

Threshold, target and maximum levels of performance are established for operating profit and net sales measures. The Company sets the target awards to be challenging, but reasonably attainable. The threshold, target and maximum levels of performance for 202X are as follows:

Measure	Threshold	Target	Maximum
Operating profit	Increase YOY 3%	Increase YOY 6%	Increase YOY 10%
Net sales	Increase YOY 10%	Increase YOY 15%	Increase YOY 20%

The payout under threshold, target and maximum levels of performance are as follows (as a percentage of base salary):

CEO:

Measure	Threshold	Target	Maximum
Operating profit	8%	12%	15%
Net sales	8%	12%	15%

All Other NEOs:

Measure	Threshold	Target	Maximum
Operating profit	3%	5%	7.5%
Net sales	3%	5%	7.5%

The award is not pro-rated for achievement between the above ranges; achievement on operating profit and net sales must at least meet the threshold for any payout to occur.

At the beginning of each fiscal year, corporate objectives and the NEO's individual performance objectives are determined and tabled before the Board for review and approval. To accurately describe the basis upon which each NEO is compensated would require a significant level of detail and disclosing any of these individual performance objectives would seriously prejudice the Company's interests by providing competitors with information regarding the Company's business performance targets and other sensitive information and would adversely impact the Company's competitive position. The undisclosed individual performance goals are challenging, but reasonably attainable. The undisclosed performance goals were achieved in the past, and the undisclosed performance goals are incrementally more difficult to achieve based on prior year results and are intended to promote enhanced performance year over year.

Disclosure provides a description of the elements of compensation and how those elements of compensation are tied to each NEO's performance. The disclosure identifies the group of comparators in the benchmark group and describes the performance goals and how they were met to explain the NEO's compensation.

IV) Mineral Project Disclosure

NI 43-101 governs public disclosure of scientific and technical information about an Issuer's mining and mineral exploration projects including written documents, websites, and oral statements. Issuers must base their scientific and technical disclosure on information provided by a "qualified person" (**QP**), as defined in NI 43-101. NI 43-101 also requires Issuers to file a Technical Report, for significant corporate or mineral project milestones.[3] The purpose of the Technical Report is to support disclosure of the Issuer's exploration, development, and production activities with additional information to assist current and prospective investors in making investment decisions. In some circumstances, QPs authoring the Technical Report must be independent of the Issuer and the mineral project.[4]

Our disclosure reviews resulted in several Technical Reports being refiled due to material non-compliance with the disclosure obligations of NI 43-101. Any refilings during disclosure reviews will result in the Issuer being placed on the Refilings and Errors List. Common deficiencies and examples of material non-compliance with disclosure requirements in Form 43-101F1 and NI 43-101 that may result in the refiling of a Technical Report include:

Form 43-101F1 Requirements:

- **Item 3: Reliance on Other Experts** - Reliance on technical information prepared by others beyond the limited reliance allowed for legal, political, environmental, or tax matters;
- **Item 12: Data Verification** - Lack of data verification performed by the QP, or missing statements about the QP's opinion on adequacy of the data used in the Technical Report;
- **Item 11: Sample Preparation, Analyses, and Security** - Missing information about quality control and quality assurance, sample preparation, assay and analytical procedures, name of laboratory, and the QP's opinion on the adequacy of the sample preparation, security, and analytical procedures;
- **Item 10: Drilling** - Missing information about the location, azimuth, and dip of drill holes, true widths, and higher-grade intervals;
- **Items 16 to 22** on advanced properties - Missing material information related to production activities on mineral projects in operation regardless of existing mineral resources or mineral reserves; and
- **Item 23: Adjacent Properties** - Lack of required cautionary language and including properties controlled by the Issuer.

[3] Sections 4.1 and 4.2 of NI 43-101.

[4] See the definition of "qualified person" in section 1.1 of NI 43-101.

NI 43-101 Requirements:

- **Subsection 8.1(2): Certificates of QPs** - Lack of information including a summary of the QP's experience relevant to the subject matter of the mineral project; and
- **Subsection 5.3(1): Independent QP** - Technical Report authors that are not independent in circumstances requiring independence.

V) Material Change Reports

Timing of Filing Stipulated in Agreements

We have noticed an increase in the number of transactions that include provisions in transaction documents that stipulate when the MCR should be filed. We are concerned about any provision in an agreement for a business transaction between a Reporting Issuer and a third party that provides that the Reporting Issuer will not file an MCR earlier than the 10th day after the date on which a material change occurs. In our view, such a provision is contrary to the requirement in subsection 7.1(1) of NI 51-102, that the MCR be filed *"as soon as practicable, and in any event within 10 days of the date on which the change occurs"*.

Changes to the board of directors or executive management

We have noted that certain Reporting Issuers may not have been assessing whether changes to their board of directors or executive management constitute a material change that would require a news release and a MCR to be filed under section 7.1 of NI 51-102.

Sections 4.2 and 4.3 of NP 51-201 provide guidance on materiality determinations and a list of examples of the types of events or information which may be material. These include changes to the board of directors or executive management, including the departure of the Reporting Issuer's CEO, Chief Financial Officer, Chief Operating Officer or president (or persons in equivalent positions). We remind Reporting Issuers of the importance to assess the materiality of such events to determine whether to file a news release and MCR on SEDAR+.

VI) Greenwashing

Disclosure pertaining to an Issuer's Environmental, Social and Governance (**ESG**) and/or sustainability impact in CD documents, news releases, website disclosure and voluntary documents such as sustainability or ESG reports has grown rapidly in recent years.

We have observed an increase in Issuers making potentially misleading, unsubstantiated or otherwise incomplete claims about business operations or the sustainability of a product or service being offered, conveying a false impression commonly referred to as "greenwashing".

In the context of ESG disclosure, Issuers are expected to have a reasonable basis for statements respecting future targets or plans and must disclose the material factors or assumptions underpinning those targets or plans and the material risks to achieving those targets or plans.

For a discussion and expectations on this type of disclosure, refer to the CSA CD Staff Notice 51-365 published on November 7, 2024 as well as the Corporate Finance 2023 Annual Report.

VII) Audit Committees

Procedures for the receipt, retention and treatment of complaints

NI 52-110 contains requirements for the responsibilities, composition, authority and reporting obligations of audit committees. Subsection 2.3(7) of NI 52-110, requires the audit committee of a Reporting Issuer to establish procedures for the receipt, retention and treatment of complaints received by the Reporting Issuer regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Reporting Issuer of concerns regarding questionable accounting or auditing matters.

When establishing these policies and procedures, a Reporting Issuer's audit committee must carefully consider whether such policies and procedures directly or indirectly impede a person or company's ability to communicate information about an act, internally or externally, where the person or company believes that such act may be contrary to Ontario securities law, or a by-law or other regulatory instrument of a recognized self-regulatory organization.

We have observed several instances where Reporting Issuers have established policies and procedures that require an employee to communicate their concerns or complaints solely to a senior employee of the Reporting Issuer, an officer of the Reporting Issuer, or a director of the Reporting Issuer (in most cases, the chair of the audit committee) or to first receive consent from the Reporting Issuer before the employee can communicate their concerns to the OSC, a recognized self-regulatory organization or a law enforcement agency. In our view, any such requirement is contrary to the requirement to establish policies and procedures relating to the confidential, **anonymous** submission by employees of concerns regarding questionable accounting or auditing matters.

We expect that policies and procedures established pursuant to subsection 2.3(7) of NI 52-110 will not directly or indirectly impede an employee's ability to communicate information about an act, internally or externally, where the employee reasonably believes that such act may be contrary to Ontario securities law or a by-law or other regulatory instrument of a recognized self-regulatory organization.

Policies that would **not** meet our expectations:

If an employee becomes aware of suspected improper activities or would like to report questionable accounting or auditing matters as a violation of the Code of Business Conduct, the employee should report the violation to their immediate supervisor, the supervisor's manager or the chair of the audit committee.
☒ **The policy does not facilitate confidential and anonymous submission to Issuers of concerns regarding questionable accounting or auditing matters. The policy also does not facilitate communication with the OSC, a recognized self-regulatory organization or law enforcement agency.**

Policies that would **meet** our expectations:

If an employee becomes aware of suspected improper activities or would like to report a violation of the Code of Business Conduct, the employee should report the violation to their immediate supervisor, the supervisor's manager, the Company's lead director or the third-party confidential Reporting Hotline. Nothing in this Code of Business Conduct prevents an employee from reporting improper activities or violation of the Code of Business Conduct to the OSC, a recognized self-regulatory organization or law enforcement agency.
☑ **The policy facilitates confidentiality and anonymity and communication with the OSC, a recognized self-regulatory organization or law enforcement agency.**

VIII) Disclosure considerations pertaining to geopolitical events

Geopolitical instability and risks continued to be a constant throughout Fiscal 2024. Reporting Issuers that have been or could be materially impacted by any geopolitical event should provide timely, meaningful, transparent, and balanced disclosures about the impact and the uncertainties to allow investors to make informed investment decisions. We refer Issuers to guidance provided in the Corporate Finance 2023 Annual Report regarding the disclosures relating to Russia's invasion of Ukraine, and to refer to the updated FAQs on Canadian sanctions, including interpretation of the Special Economic Measures (Russia) Regulations to consider whether their disclosure needs to be modified

2. Other Ongoing Regulatory Oversight

A) Financial Benchmarks and Designated Rating Organizations

As part of our oversight function for the financial benchmarks and designated ratings organizations (**DRO**s), we conduct risk-based compliance reviews of financial benchmarks administrators and DROs.

I) Financial Benchmarks

On July 13, 2021, MI 25-102, which establishes a comprehensive regime for the designation and regulation of financial benchmarks and those that administer them, came into force in Ontario.

In Canada, the OSC and the Autorité des marchés financiers (**AMF**) have designated Term CORRA as a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc. as its designated benchmark administrator.

II) Designated Rating Organizations

In April 2012, the CSA implemented a regulatory oversight regime for credit rating agencies (**CRAs**) through NI 25-101. There are currently five CRAs that have been designated as DROs[5] in Canada under NI 25-101.

B) Exempt Market Reviews

During Fiscal 2024, we continued our oversight of capital-raising activities in the exempt market in Ontario, including by non-reporting Issuers. Much of our focus has been on Issuers that have raised capital from Ontario investors in reliance on the offering memorandum prospectus exemption in section 2.9 of NI 45-106 (**OM Exemption**), which is primarily used by retail investors. During our reviews of offering memoranda filed in connection with the OM Exemption, we have noticed that not all Issuers are using the correct form of offering memorandum. Issuers are reminded that on March 8, 2023, amendments to the OM Exemption came into force that introduced a new Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*. The amendments also set out additional disclosure requirements for Issuers that are engaged in "real estate activities" and Issuers that are "collective investment vehicles, when those Issuers are preparing an offering memorandum.

We have also observed Issuers that fail to comply with the ongoing disclosure obligations on Issuers that rely on the OM Exemption in Ontario. Generally, subsection 2.9(17.5) of NI 45-106 requires those Issuers to deliver their annual financial statements to the OSC within 120 days

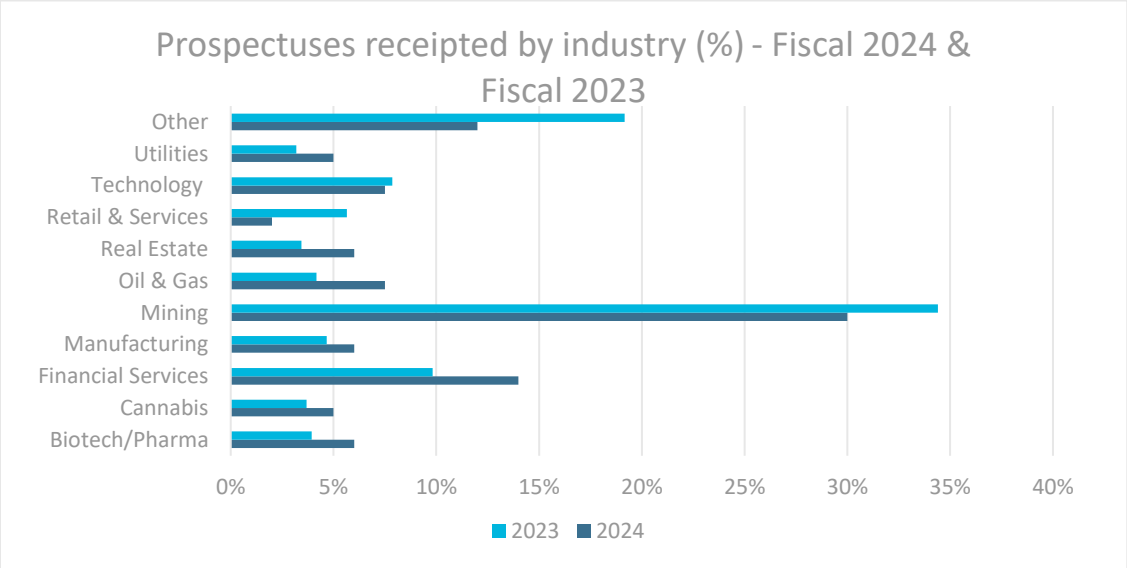
[5] DBRS Limited, Fitch Ratings, Inc., Kroll Bond Rating Agency, Moody's Canada Inc., S&P Global Ratings Canada

after the end of each financial year. The annual financial statements, which are required to be audited and prepared according to IFRS, must be made reasonably available to holders of securities acquired under the OM Exemption and must also be accompanied by a notice detailing the use of proceeds raised under the OM Exemption in accordance with Form 45-106F16 *Notice of Use of Proceeds*. Issuers that raise capital from investors in Ontario using the OM Exemption are expected to comply with these important ongoing disclosure obligations. We would have serious concerns with Issuers that are in material non-compliance with these requirements, continuing to raise capital in Ontario's exempt market, including in reliance on the accredited investor and the family, friends and business associates prospectus exemptions.

3. Public Offerings

Under Ontario securities law, to distribute securities, an Issuer must file and obtain a receipt for a prospectus or rely upon a prospectus exemption. Another key component of our compliance oversight of Issuers in Ontario's capital markets is the review of prospectuses in connection with public offerings. This section outlines data and trends with respect to public offerings and provides guidance on common issues that arise during our prospectus reviews.

In Fiscal 2024, **263** prospectuses were filed in Ontario (Fiscal 2023: 407). These filings covered a wide range of industries with mining, financial services and technology being the most active sectors[6] based on the number of offerings.



A) Trends and Guidance

Fiscal 2024 was another tumultuous year for the economy and financial markets, driven by high inflation and escalating interest rates. In response to tightening economic conditions, capital market activities continued to decline in Fiscal 2024, evidenced by lower prospectus filings as compared to Fiscal 2023.

[6] "Other" includes sectors such as communications, cryptocurrency, environmental, gaming, hospitality, SPACs, CPCs and transportation.

Key takeaways from our reviews of prospectuses in Fiscal 2024 are set out below.

> Tip: The guidance in this section also applies to prospectus-level disclosure included in an information circular in connection with a proposed significant acquisition or a restructuring transaction as required by item14.2 of Form 51-102F5.

I) Prospectus Filings

The following summary highlights some of the common deficiencies and areas for improvement that were observed during our reviews of prospectus filings. We also note that the discussion in the continuous disclosure section of this Report is also applicable to prospectus filings.

Previous Corporate Finance Annual Reports are also a good source of guidance as they contain important and relevant information about prospectus filings.

Issue	Guidance
Prospectus Issues that continue to persist in 2024	We observed issues that were previously discussed in prior years, and refer readers to the Corporate Finance 2023 Annual Report for guidance on the following topics: 1. Promoter guidance (pg. 42); 2. Filing of non-offering prospectus (pg. 36); and 3. Prospectus pre-filing vs inquiries (pg. 35)
Inactivity during Prospectus Review	We saw smaller Issuers file a non-offering preliminary prospectus that is incomplete and/or poorly prepared. This can lead to unnecessary and lengthy delays and the requirement to amend or withdraw and refile the prospectus. In addition, we have observed that Issuers have been unable to address our comments within a timeframe that meets the statutory requirements in subsection 2.3(1.2) of NI 41-101 thereby restarting the process again by filing a preliminary prospectus soon after the lapse date. In these situations, we recommend that the Issuer file a new preliminary prospectus only when it is able to fully address our comments on a timely basis.

Issue	Guidance
	Please see the Corporate Finance 2023 Annual Report for guidance on the filing of a non-offering prospectus (pg. 36) and expectations about prospectus lapse dates (pg. 46). Also see Legal Representation below.
Confidential Pre-File Prospectus	We have encountered lengthy periods of inactivity, similar to above, for confidential pre-file prospectus reviews. We remind Issuers that (i) pre-filed prospectuses should be substantially complete and contain disclosure that is at the standard required of a public preliminary prospectus and (ii) if a pre-file has not been completed within 180 days from the initial pre-filing date, similar to the timing requirements in section 2.3 of NI 41-101, we may close the file and the Issuer will be required to re-submit a new pre-file and pay the associated fees. Refer to the *Confidential Pre-file Prospectus Review* in the Corporate Finance 2022 Annual Report for further guidance.
Legal Representation	We strongly encourage Issuers to be represented by securities law counsel during a prospectus filing, which extends to telephone calls and written correspondence with us, so that any concerns raised by us during the review are understood and adequately addressed.
Overnight Marketed Deals	An Issuer considering filing a preliminary prospectus for an offering that is an "overnight marketed deal" should ensure that the offering is consistent with the guidance on the definition of an "overnight marketed deal" in subsection 6.4(12) of Companion Policy 41-101. For information on timing guidelines for "overnight marketed deals", see OSC Staff Notice 41-702.
Required documents for an amendment to a prospectus	Pursuant to subsection 6.2(c) of NI 41-101, when Issuers file an amendment to a prospectus, they are also required to file or deliver any supporting documents required to be delivered under NI 41-101, unless the documents originally filed or delivered are correct as of the date the amendment is filed. We have observed several instances where Issuers have not filed or delivered all the required supporting documents with an amendment to a final prospectus, in particular PIFs for executive officers or directors who were appointed or elected subsequent to the filing of the final prospectus. Failure to file or

Issue	Guidance
	deliver all required supporting documents with an amendment to a prospectus may delay the review process.
SEDAR+ Profiles of Issuers under an IPO	Issuers planning to complete an IPO and become a Reporting Issuer in Canada must create a SEDAR+ profile prior to filing documents with securities regulators. When a SEDAR+ profile is created, the profile is automatically deemed "Public". To prevent the SEDAR+ profile from becoming public and prematurely signaling the market of the planned IPO, the Issuer should create the SEDAR+ profile with the help of the CSA Helpdesk. Upon creation of the SEDAR+ profile, the CSA operator will immediately turn the status of the SEDAR+ profile to "Private".

II) Financial Condition and Sufficiency of Proceeds

The prospectus must contain clear disclosure on how the Issuer intends to use the proceeds raised in the offering as well as disclosure of the Issuer's financial condition, including any liquidity concerns. This disclosure is important to investors because it provides warnings about significant risks that the Issuer is facing or may face in the short term and may help investors avoid or minimize negative consequences when making investment decisions. Relevant information in this context may include disclosure and discussion of negative cash flow from operating activities, working capital deficiencies, net losses and significant going concern risks.

Where there are concerns regarding the financial condition of an Issuer and/or the sufficiency of proceeds in the context of a prospectus offering, these concerns may affect our ability to recommend that a receipt be issued for a prospectus. A decision maker is prohibited from issuing a receipt for a prospectus if it appears that the proceeds from the prospectus offering, along with the Reporting Issuer's other resources, will be insufficient to accomplish the purpose of the issue stated in the prospectus (the sufficiency of proceeds receipt refusal provision in the Act). A principal purpose of the sufficiency of proceeds receipt refusal provision is to protect the integrity of the capital markets, which would be harmed if an Issuer ceased operations on account of insufficient funds shortly after completing a public offering.

In particular, we see Issuers with financial condition concerns relating to a significant amount of debt becoming due within the next twelve months. If an Issuer's financial condition is dependent on the renewal or refinancing of that debt, the Issuers should be able to demonstrate that the debt will be or already has been renewed or refinanced by having a binding commitment letter from a lender or an executed refinancing debt agreement that is non-contingent. Proceeds

from debt financing should only be included in an Issuer's financial condition analysis where there is certainty of proceeds. For example, if the commitment letter signed with a lender is non-binding or otherwise contingent, the proceeds from that lending commitment would not be included in the Issuer's financial condition analysis.

III) Material Contracts

We note that applicable prospectus and continuous disclosure rules require that certain material contracts of a Reporting Issuer, or an Issuer filing a preliminary prospectus, be filed on SEDAR+ and disclosed in either a long form prospectus or an annual information form.

We have noted the following frequently occurring deficiencies regarding material contracts:

- The description of a material contract in a long form prospectus did not follow the instructions under item 27.1 of Form 41-101F1;
- The description of a material contract in an annual information form (**AIF**) did not follow the instructions under item 15.1 of Form 51-102F2 *Annual Information Form*;
- An Issuer did not file a material contract that is required to be filed under applicable prospectus and continuous disclosure rules;
- A long form prospectus or AIF refers to amendments to a material contract, but the amendments have not been filed on SEDAR+;
- The version of a material contract filed on SEDAR+ does not contain the schedules or appendices referred to in the material contract;
- A material contract contains redactions of information that is otherwise public;
- A material contract contains redactions that do not meet the test for redactions in subsection 12.2(3) of NI 51-102 and subsection 9.3(3) of NI 41-101;, and
- A material contract contains redactions that are prohibited under subsection 12.2(4) of NI 51-102 and subsection 9.3(4) of NI 41-101.

For example, subsection 12.2(4)(c) of NI 51-102 and subsection 9.3(4)(c) of NI 41-101 prohibit the redaction of "terms necessary for understanding the impact of the material contract on the business" of the Issuer. We note that early-stage pharmaceutical Issuers will often redact information on milestones that the Issuer must achieve under a licensing agreement with the patent owner of a drug in order to keep the license. If information on milestones is redacted, it will be difficult for an investor to ascertain whether the Issuer is on track to meet the milestones or if the Issuer will soon lose the license.

IV) President's List

A president's list is a list of potential investors in a securities offering that is provided by management of an Issuer to the underwriters. Where an Issuer proposes a president's list, the underwriting agreement may provide that the underwriters will receive a reduced commission

(or no commission) on the securities sold to the investors on the president's list since the underwriters did not market the securities to them.

Reporting Issuers using a president's list should be prepared to provide the following information to us:

- How the Issuer identified the investors on the president's list;
- The composition of the purchasers on the president's list (for example, whether the purchasers on the president's list are existing investors or new investors identified by the Issuer or by third parties); and
- Indicate if any person or company, other than the underwriters, will receive any form of compensation directly or indirectly in connection with the sale of securities to the investors.

Furthermore, as described on page 41 of the Corporate Finance 2022 Annual Report, we may request that the Issuer include a statement in the "Statutory Rights of Withdrawal and Rescission" section of the prospectus that purchasers who are president's list purchasers will have the same rights for rescission and/or damage against the Issuer and the underwriters, as the case may be, as purchasers who acquired securities through the underwriters.

V) Preliminary Non-Offering Prospectus Where the Issuer has an Existing Equity Line of Credit

We note that an Issuer who is publicly listed in a foreign jurisdiction may file a preliminary non-offering prospectus with the OSC for the purpose of becoming a Reporting Issuer in Ontario. If the Issuer has an existing equity line of credit arrangement with a foreign purchaser, we suggest that the Issuer first submit a confidential pre-filing with the OSC before filing the preliminary prospectus.

While the Issuer may not be seeking to have the non-offering prospectus qualify distributions of securities under the equity line of credit or have any securities listed on a Canadian stock exchange, this situation may raise public interest and investor protection concerns with respect to the issuance of a receipt for a final non-offering prospectus of an Issuer seeking to become a Reporting Issuer in Canada while it has an existing equity line of credit with a foreign purchaser.

We generally take the view that, in order to operate an equity line in Canada, both the Issuer and the equity line purchaser require exemptive relief from the requirements of Ontario securities law. This is because, in an equity line:

- A distribution of securities to the purchaser may represent an indirect distribution of securities by the Issuer to the public (i.e., investors in the secondary market) through the purchaser, acting as an intermediary; and

- The purchaser may be purchasing securities "with a view to distribution" (i.e., the resale of such securities and/or of identical borrowed securities) and may therefore be considered an "underwriter" as defined in subsection 1(1) of the Act.

For more information about the OSC staff position in relation to equity lines, please refer to OSC Staff Notice 33-752 at pages 36-37 and the Corporate Finance 2021 Annual Report at page 47.

VI) Conditional Approval Letter

An Issuer that makes an application to list securities on an exchange in Canada, pursuant to subsection 9.2(b)(ii) of NI 41-101 and subsection 4.2(b)(ii) of NI 44-101, must provide us with a copy of written communication from the exchange stating that the application for listing has been made and accepted subject to certain conditions. The exchanges customarily provide this communication in the form of a conditional listing approval letter. As indicated in the Corporate Finance 2023 Annual Report, conditional approval from the respective exchange is required **prior** to getting cleared for final.

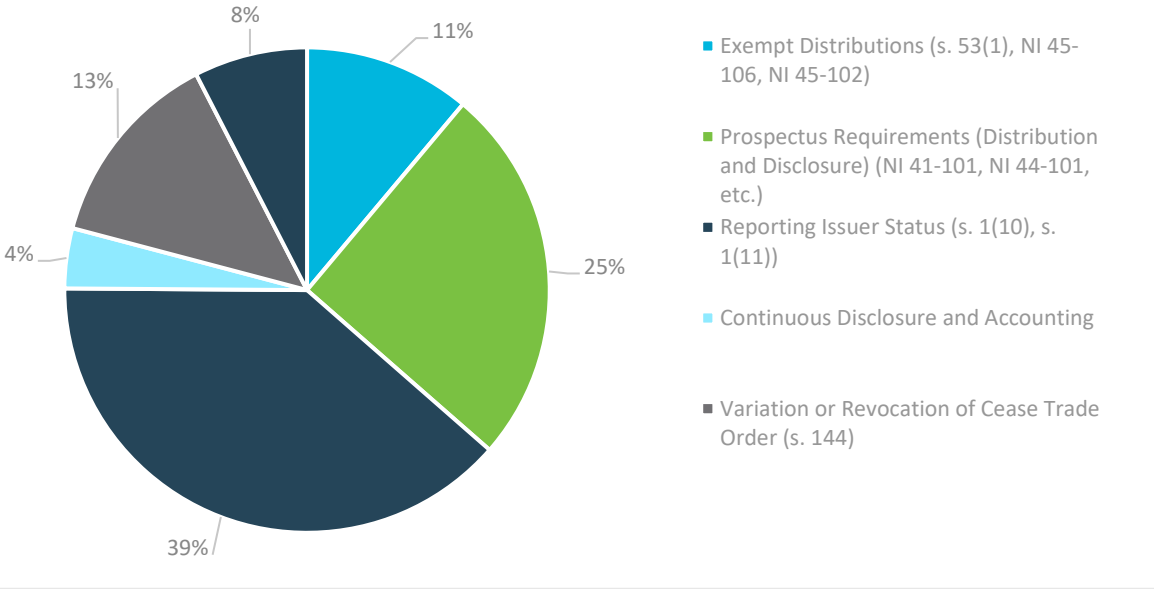
Exchange-imposed listing conditions form part of a prospectus review; as such, we will need a reasonable amount of time to review the conditional listing approval letter. We have observed that an increasing number of conditional approval letters contain non-customary listing conditions. In particular, conditional listing approval letters have included conditions that are outside the control of the Issuer, such as the receipt of a permit or the completion of a private placement for a certain amount of net proceeds. Since non-customary listing conditions may require additional consideration during a prospectus review, we remind Issuers to submit conditional approval letters as soon as practicably possible.

4. Exemptive Relief Applications

We review and make recommendations to appropriate decision makers on applications for exemptive relief. The review standard for granting relief varies, but it generally requires a decision maker to determine that granting the requested relief would not be prejudicial to the public interest. For further information about the process for exemptive relief applications, refer to NP 11-203.

In Fiscal 2024, we completed reviews of **225** applications for exemptive relief from various Ontario securities law requirements, 3% lower than Fiscal 2023.

Exemptive Relief Applications by Type – Fiscal 2024



A) Trends and Guidance

The number of applications decreased slightly in Fiscal 2024 compared to Fiscal 2023, with the majority of applications made in connection with relief from certain prospectus requirements and Reporting Issuer status. These two types of applications for relief have remained the most common. We will continue to monitor the types of applications we receive and the exemptive relief granted to determine whether we should consider changes to our rules or policies. Key

takeaways from our exemptive relief work in Fiscal 2024 are set out below.[7] Also refer to prior year Corporate Finance Annual Reports for tips and guidance on submitting an exemptive relief application.

I) Full Revocation of a Failure to File Cease Trade Order

Issuers that have been subject to a failure-to-file cease trade order (**FFCTO**) for several years will often file an application for the full revocation of the FFCTO so that the Issuer can proceed with a new business plan that may involve the issuance or transfer of securities of the Issuer. In this regard:

- If the FFCTO was issued **after** June 23, 2016, procedures for the application are set out in Part 5 of NP 11-207; and
- If the FFCTO was issued **before** June 23, 2016, procedures for the application are set out in NP 12-202.

Where the OSC is the principal regulator for an application for the full revocation of a FFCTO that has been in effect for several years, OSC staff require that the Issuer include in the draft decision document representations specifying:

- All past continuous disclosure documents that were not filed by the Issuer by the required deadline since the FFCTO was issued; and
- The remedial continuous disclosure documents that have now been filed by the Issuer.

These representations should reflect the effective date of any new CD requirements that came into force after the FFCTO was issued.

II) Dual Failure to File Cease Trade Orders and Statutory Reciprocal Orders

A dual FFCTO is an FFCTO issued in respect of an Issuer by its principal regulator where the principal regulator is a CSA regulator other than the OSC, the Issuer is a Reporting Issuer in Ontario and the OSC, as a non-principal regulator, confirms that it has opted into the FFCTO. The decision document for a dual FFCTO will note that it is also evidencing the decision of the regulator or securities regulatory authority in Ontario. Full or partial revocation of a dual FFCTO requires a dual application described in NP 11-207.

[7] Prior OSC orders and exemptive relief decisions can be found on the our website or on CanLII at https://canlii.org/en/on/onsec/.

Statutory Reciprocal Orders

Effective December 4, 2023, the Government of Ontario proclaimed into force amendments to section 127.0.1 of the Act and section 60.0.1 of the *Commodity Futures Act* (Ontario) which effectively provide for the immediate [automatic] reciprocation in Ontario for a cease trade order issued by another Canadian securities regulator against an Issuer for failing to comply with their continuous disclosure obligations.

Therefore, if a FFCTO was issued by another Canadian securities regulator on or after December 4, 2023, and the order does not name Ontario, it is unnecessary for the Issuer to apply to Ontario for any amendment, variation or revocation of the FFCTO, and the Issuer need only apply to the securities regulator that issued the FFCTO using the passport procedures in NP 11-203. A small number of FFCTOs were issued on or after December 4, 2023 that named Ontario in the FFCTO, and for administrative clarity, the affected Issuers should apply for any amendment, variation or revocation to both the issuing Canadian regulator as well as Ontario.

Tip: *Outstanding Fees*

A filer submitting an application for the revocation of a CTO will be required to pay all outstanding fees to each CSA regulator in whose jurisdiction the filer is a Reporting Issuer pursuant to NP 11-207. Outstanding fees generally include, where applicable, all activity and participation fees, and late filing fees. Depending on how long the CTO has been in effect, and whether the Reporting Issuer filed documents in a timely manner, the amount of outstanding fees can be considerable. **Issuers are reminded that fee waivers are not typically granted for activity fees, participation fees and late fees that are outstanding in Ontario.**

Before submitting an application, the filer should contact each relevant CSA regulator to confirm the fees that will be payable.

5. Insider Reporting

For information about the insider reporting compliance program and frequently asked questions, refer to our website as well as prior year Corporate Finance Annual Reports.

Part B: Department of the Chief Accountant

The DCA advises the OSC on emerging, novel, or complex accounting, auditing, and related financial reporting issues. The following are notable topics that the DCA has recently been involved with that impact market participants.

A) IFRS 18 Presentation and Disclosure in Financial Statements

I) Early Adoption of IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standard Board **(IASB**) issued IFRS 18 *Presentation and Disclosure in Financial Statements* (**IFRS 18**) effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. For Reporting Issuers with calendar year ends, adoption of the new standard would initially be required for the interim financial statements for the period ended March 31, 2027.

The objective of IFRS 18 is aimed at improving the usefulness and relevance of information presented and disclosed in financial statements. We are pleased that IFRS 18 responds to investor demands for more transparent and comparable information about financial performance, thereby enabling better investment decisions.

II) National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

Among other things, IFRS 18 introduces the concept of "management-defined performance measures" (**MPMs**) and requires such financial measures to be disclosed in a note to the financial statements. MPMs are subtotals of income and expenses that meet specific criteria outlined in IFRS 18. Prior to the introduction of MPMs, such measures have traditionally been considered non-GAAP financial measures (e.g., adjusted operating income), which historically have only been disclosed outside the financial statements in disclosure documents such as MD&A, earnings releases, and investor presentations.

We are currently assessing the implications of IFRS 18 and exploring what amendments are necessary to National Instrument *52-112 Non-GAAP and Other Financial Measures Disclosure* (NI 52-112). Among other things, we expect to update NI 52-112 to ensure that all financial

measures traditionally considered "non-GAAP" continue to be regulated under NI 52-112 when disclosed *outside* the financial statements.

A process to amend NI 52-112 would include a public consultation and final amendments would be subject to the requisite approvals across the Canadian Securities Administrators. In the meantime, if an Issuer is considering early adoption of IFRS 18, we recommend that the Issuer:

- consult with their principal securities regulator regarding the implications of early adoption of IFRS 18 on disclosures *outside* the financial statements, and
- continue to apply NI 52-112 to those financial measures disclosed outside the financial statements that, other than for the fact that they are now identified as MPMs and disclosed in the financial statements of the entity, would have met the definition of a non-GAAP financial measure in NI 52-112 prior to the Issuer's adoption of IFRS 18.

III) Reflecting on non-GAAP financial measures disclosed

Reporting Issuers may also want to reflect on the nature, extent, and manner of non-GAAP financial measures they disclose *outside* the financial statements as they may consequently be required to be disclosed *inside* the financial statements under IFRS 18, and thus subject to any financial statement audit.

IV) Disclosing the impact of IFRS 18

When an entity has not applied a new IFRS that has been issued but is not yet effective, IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure of "known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application".

We expect to see increasingly detailed disclosure about the expected effects of IFRS 18 as Reporting Issuers make progress in their implementation efforts and the effective date approaches. As the implementation of IFRS 18 progresses, the impact should become more reasonably estimable, and Reporting Issuers should be able to provide progressively more detailed information.

We also remind Reporting Issuers of the requirements under item 1.13 of Form 51-102F1, to discuss and analyze changes resulting from a change in accounting standards such as the methods of adoption that the company expects to use, the expected effect on the company's financial statements, and potential effect on the company's business including changes in business practices.

We intend to monitor the quality and extent of disclosure in financial reports leading up to adoption and may raise questions with Reporting Issuers if there is an inadequate level of transparency in this area.

B) IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19)

In May 2024, the IASB issued IFRS 19, which permits certain subsidiaries of reporting companies, that are not themselves subject to public accountability, to provide reduced financial statement disclosures. IFRS 19 is part of IFRS Accounting Standards, so an eligible subsidiary that applies IFRS 19 will assert its compliance with IFRS Accounting Standards and state it has applied IFRS 19.

IFRS 19 specifies that eligible subsidiaries that voluntarily elect to apply the standard must provide additional disclosures when it determines that information is necessary to enable financial statement users to understand the effect of transactions, events, and conditions on the subsidiary's financial position and financial performance. In some cases, this may result in a level of disclosure substantially similar to financial statements that comply with IFRS without applying IFRS 19.

IFRS 19 is not applicable to financial statements of entities that have public accountability, which are entities that:

- Have debt or equity instruments traded in a public market (e.g., Reporting Issuers);
- Are in the process of issuing debt or equity instruments for trading in a public market (e.g., entity undertaking an initial public offering); and
- Hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (e.g., banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks).

Although the scope of IFRS 19 is limited to entities that do not have public accountability, there are limited situations when financial statements that apply IFRS 19 could potentially be included in a securities regulatory filing, such as financial statements for a significant acquisition included within a business acquisition report. In these situations, we anticipate the requirements of IFRS 19 are likely to necessitate additional disclosures in the financial statements because such financial statements are intended for use by investors in our public capital markets for making investment and voting decisions.

In certain situations, if the acceptability or application of IFRS 19 in a securities regulatory filing is unclear, we would encourage Issuers and their advisors to consult with us in advance of filing financial statements that apply IFRS 19.

As part of our on-going efforts to promote high-quality financial reporting, we have established an external consultation process for consultations on unusual or complex technical accounting

issues and financial statement disclosures. Refer to the Guidelines for Requests for Consultations with the Office of the Chief Accountant. Note that this protocol does not replace and is not a substitute for the existing process for pre-filings and applications made under NP 11-203.

C) New "IFRS Accounting Standard" Terminology

In November 2022, the IFRS Foundation updated its Trade Mark Guidelines (**Guidelines**). With two standard setting boards - the IASB and the International Sustainability Standards Board (**ISSB**) now under the IFRS Foundation and working independently on accounting standards and sustainability standards, the Guidelines are intended to provide information on how constituents should refer to these bodies and their respective standards. The Guidelines require, amongst other things, that the set of standards issued by the IASB, be referred to as "IFRS Accounting Standards".

Despite securities legislation not having been revised to reflect the updated Guidelines, we do not object to Issuer financial statements or auditor's reports referring to "IFRS Accounting Standards", despite securities legislation not having been explicitly updated in this regard. However, we note that both the financial statements and auditor's report must be consistent in referencing the accounting framework being used. For example, if the audit firm plans to refer to "IFRS Accounting Standards" in the auditor's report then the Issuer must also refer to the framework as "IFRS Accounting Standards" in their financial statement notes.

In addition, while we plan to amend securities legislation in the future to address this terminology change, we will also not object to the use of "IFRS" or "IFRS as issued by the IASB" given that readers of financial statements will continue to understand these references despite the updates to the Guidelines.

D) CPAB Information Sharing

Information sharing between regulatory bodies, such as the Canadian Public Accountability Board (**CPAB**), helps enable the OSC to effectively oversee market participants, resulting in increased investor confidence in the financial reporting of Reporting Issuers in Ontario. In May 2024, the OSC and CPAB renewed their Memorandum of Understanding regarding the mutual assistance and the exchanging of information on a confidential basis to assist each organization in fulfilling its respective mandate. This cooperation will primarily be achieved through ongoing informal discussions, consultation and communication, supplemented, when necessary, by more in-depth and formal cooperation and written communication.

We recognize that it is in the public interest for the OSC and other provincial securities regulators to receive the same types of relevant information in connection with CPAB's

inspection, supervision, investigation and oversight of public accounting firms and their Reporting Issuer audits. To support this need for consistent communication, the renewed Memorandum for Understanding now includes reference to a Protocol for Communications and an Investigation Reporting Protocol that will be implemented by all members of the CSA.

Part C: Department of Mergers & Acquisitions

The DM&A provides robust oversight of M&A transactions, a dynamic and evolving area of our capital markets and one which brings unique risks for shareholders. Transactional matters are often time-sensitive, complex and subject to competing interests. Moreover, transactional matters typically involve both corporate and securities law obligations and have the potential to engage the Commission's public interest jurisdiction. We strive to oversee M&A transactions in a manner that is responsive to, and mindful of, all of these various considerations when advancing the OSC's mandate.

Real-Time Review Program

The DM&A conducts real-time reviews of circulars for various transactions, including business combinations and related party transactions regulated by MI 61-101, as well as take-over bids, issuer bids and dissident proxy solicitations. We also review MCRs in respect of transactions subject to the enhanced disclosure requirements of MI 61-101. Further information on the policy considerations underlying our real-time review program can be found in CSA Staff Notice 61-302.

The purpose of the real-time review program is to identify and resolve securities regulatory issues in real-time, before a transaction is put before security holders or closed, so as to reduce the risk of harm to minority security holders. To this end, we screen and selectively review circulars and MCRs promptly after they have been filed to assess, as applicable, compliance with disclosure requirements (including concerning the board's review and approval process); the availability of, and satisfaction of conditions to, exemptions relied upon; the proper delineation of minority shareholder vote composition; and potential public interest concerns. In fiscal 2024, the DM&A conducted substantive reviews of 101 circulars and 41 MCRs.

If we identify concerns with a circular or MCR, we will engage in a timely manner to resolve any issues promptly and pragmatically to avoid impacting the expected transaction timing if possible. Disclosure deficiencies can generally be addressed through remedial supplemental disclosure by way of a press release issued and filed sufficiently in advance of the applicable shareholder meeting; however more significant or pervasive deficiencies may result in us requesting a delay of the meeting and potentially the remailing and filing of an amended information circular. In instances of inappropriate purported reliance on MI 61-101 exemptions

or other serious non-compliance, we will expect prompt remedial action to address those issues without compromising shareholder rights. Where satisfactory remedial action is not possible to address serious compliance issues or public interest concerns, we will consider enforcement action.

Trends and Guidance

This section highlights some of the common deficiencies that were observed during our real-time reviews of information circulars in fiscal 2024 and includes best practices and guidance to assist Reporting Issuers and their advisors in meeting their regulatory obligations.

Disclosure relating to Material Conflict of Interest Transactions

Issue	Best Practice
Background to the Transaction and Review and Approval Process	Genesis of the transaction: We observed instances where Reporting Issuers do not indicate in background disclosure whether the transaction was first proposed by the Issuer or the related party. The genesis of a conflict transaction is important information for shareholders to understand how the conflict was managed by the board and special committee. Reporting Issuers should clearly disclose who first proposed the transaction and, if it was a related party, what the immediate response to that proposal was. Determination of fairness: We observed instances where Reporting Issuers do not include fulsome disclosure explaining how the board and special committee determined that the subject transaction (including the consideration to be received by shareholders and the implied value of the transaction based on such consideration) is fair to shareholders. While there are exemptions to the requirement to obtain a formal valuation in MI 61-101, disclosure provided to shareholders in all cases should explain how the board and special committee determined that the transaction is fair to minority shareholders from a financial point of view, including consideration of any financial advice and opinions received.
Collateral Benefits	We observed collateral benefit disclosure that is qualitative only or sometimes missing entirely.

Issue	Best Practice
	If the transaction is a business combination or a related party transaction for which minority approval is required, Item 14 of Form 62-104F2 requires a statement of the direct or indirect benefit to directors, officers and other persons. This disclosure should be quantitative in nature. It is helpful to shareholders when a Reporting Issuer includes its analysis as to why a transaction is not a business combination in the information circular for the transaction. In doing so, the Reporting Issuer should consider including such information as is necessary for shareholders to understand the analysis, which may include qualitative or quantitative disclosure regarding any benefits received by related parties that could be collateral benefits. We also continue to see instances where Reporting Issuers do not account for securities underlying convertible securities that a related party is deemed to beneficially own pursuant to MI 61-101 for purposes of the ownership thresholds used in determining whether a benefit is a collateral benefit. Reporting Issuers are reminded that in determining beneficial ownership for the purposes of MI 61-101, securities that a person has the right or obligation to acquire within 60 days are deemed to be beneficially owned by that person. This includes options that have vested or will vest within 60 days.
Bona Fide Prior Offers	We observed Reporting Issuers providing disclosure that makes reference to a prior offer where it is not clear if that offer would constitute a "bona fide prior offer". When a Reporting Issuer has received a "bona fide prior offer", MI 61-101 requires a description of the offer and the background to the offer. Reporting Issuers should consider including disclosure that explains why it has determined that a prior offer is not a "bona fide prior offer" so shareholders understand the nature and significance of the prior offer.
Prior Valuations	We observed Reporting Issuers omitting reference to the existence or not of any prior valuations in information circulars for business combinations and related party transactions.

Issue	Best Practice
	Section 6.8(2) of MI 61-101 requires an explicit statement that there are no prior valuations. Including this statement will avoid a Reporting Issuer receiving a request from Staff to confirm this fact after the disclosure document is filed.

The 25% of Market Capitalization Exemption and $2.5 million Securities for Cash Exemption – Convertible Securities and Contingent Payments

We observed Reporting Issuers that inappropriately rely on the valuation and minority approval exemptions in section 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, by not properly including the fair market value of securities issuable upon exercise of convertible securities or future consideration to be received, or payable, by the Issuer.

Specifically, pursuant to subsection 5.5(a)(iv) of MI 61-101 the Reporting Issuer is required to include the fair market value, as of the time of the initial related party transaction, of any securities issuable pursuant to convertible securities, or any other consideration the Issuer may be required to issue or pay in the future. In doing so, Reporting Issuers should not use the fair market value of the convertible security itself and should not factor in the exercise price or expiry date of the convertible security or whether the exercise or payment is contingent.

Example:

A Reporting Issuer has a market capitalization, calculated in accordance with MI 61-101, of $40,000,000 and its common shares are trading at a price of $1.00 per common share.

The Reporting Issuer conducts a private placement of units comprised of one common share and one common share purchase warrant exercisable into one common share at $1.50. Each unit is sold for $1.00 per unit.

Assuming the fair market value of a common share at the time the private placement is agreed to is $1.00, the fair market value of a common share issuable upon exercise of a warrant is also $1.00 at the time the transaction is agreed to. Therefore, the fair market value of the total number of securities issuable pursuant to the purchase of one unit would be $2.00.

As 25% of the market capitalization of the Issuer is $10,000,000, the Reporting Issuer would be permitted to issue $5,000,000 of units to related parties in reliance on the 25% of Market Capitalization Exemption.

More generally, a Reporting Issuer must include the full amount of any future cash payment, regardless of whether it is contingent or payable at a later date, in determining whether the fair market value of the transaction exceeds the 25% threshold.

We remind Reporting Issuers that the same approach as above is required with respect to the Fair Market Value Not More than $2,500,000 exemption from the minority approval in section 5.7(1)(b) of MI 61-101.

Rollover Shareholders – Differential Treatment and Minority Approval

Where related parties of a Reporting Issuer are provided with the opportunity to maintain or acquire an equity interest in the Issuer, or in a successor to the business of the Issuer, upon completion of a business combination, the business combination will generally be subject to minority approval under MI 61-101 excluding the votes of shares held by interested parties. We have seen a relative increase in business combinations where certain shareholders that are not related parties of the Reporting Issuer are provided with such an opportunity to rollover their equity interest.

As per section 2.1(5) of Companion Policy 61-101CP, we are of the view that, as a general principle, security holders should be treated equally in the context of a business combination, and that differential treatment is only justified if its benefits to the general body of security holders outweigh the principle of equal treatment. Although shareholders may understand why existing management or certain board members are asked to rollover their equity interest by a purchaser, it is not always clear why shareholders with smaller holdings and no ongoing involvement with the operations of the Reporting Issuer are provided that opportunity while others are not. We expect the justification for this differential treatment to be included in the disclosure of the review and approval process adopted by the board of directors and the special committee, if any, required by MI 61-101.

Where minority approval is required for a business combination, we expect that the votes attached to any shares held by rollover shareholders be excluded on the basis that their interest in the transaction is fundamentally different than the minority shareholders whose rights may be terminated and who have no option to rollover their interest.

M&A Hearings

The DM&A will be involved in any M&A transactional matter brought before the Capital Markets Tribunal, typically with litigation support from our General Counsel's Office. Our role in M&A hearings can involve:

- Working with parties to focus issues/scope of the matters;

- Working with parties on procedural matters relating to the hearing;
- Negotiating resolutions with parties; and
- Advising the Tribunal by providing the Commission's views as a party in the hearing.

In fiscal 2024 there were two transactional matters that proceeded to a Tribunal hearing.

Re Mithaq Canada Inc. et al

In December 2023 the Tribunal heard an application by Mithaq Canada Inc. to cease trade a proposed private placement by Aimia Inc. on the basis that the financing was an abusive defensive tactic against Mithaq's unsolicited take-over bid or, in the alternative, that the TSX had erred in not requiring disinterested shareholder approval for the private placement.

The hearing was the first contested M&A matter before the Tribunal since it was established in 2021 and the first hearing concerning a private placement defensive tactic allegation since *Re Hecla Mining Company* in 2016.

The DM&A was significantly engaged in the hearing, including by making written and oral submissions to the Tribunal. We took the position that there was an insufficient basis to conclude that the private placement was an abusive defensive tactic, and that the Tribunal should defer to the TSX's decision. The Tribunal dismissed Mithaq's application and later issued full reasons for its decision.

Re Aimia Inc. and Mithaq Capital SPC

In April 2024 the Tribunal held a preliminary hearing in respect of an application by Aimia Inc. against Mithaq Capital SPC alleging that Mithaq had failed to comply with applicable take-over bid rules in early 2023. Aimia's allegations of non-compliance were premised on a determination that Mithaq and two other parties had been acting jointly or in concert when previously transacting in Aimia shares.

Mithaq brought a motion before the Tribunal to dismiss Aimia's application at a preliminary stage without a merits hearing. The DM&A was engaged as a party to the proceeding and we were supportive of the motion to dismiss primarily on the basis that Aimia's application was retrospective and enforcement in nature. The Tribunal granted Mithaq's application to dismiss and later issued full reasons for its decision.

Policy and Engagement

The DM&A has a prominent role within the CSA in advancing regulatory initiatives to ensure high regulatory standards and respond to market developments. We also strive to facilitate dialogue with market participants on M&A regulatory policy issues. Refer to Part D: Responsive Regulation for an update on our policy projects.

Guidance on Virtual Shareholder Meetings

The DM&A has been involved in considering regulatory policy issues associated with the adoption of virtual shareholder meetings.

On February 22, 2024, the CSA issued a news release providing companies with updated guidance on virtual shareholder meetings. While certain corporate statutes in Canada have been amended to expressly permit virtual shareholder meetings, some stakeholders have continued to raise concerns based on their experience participating in virtual-only shareholder meetings. The news release sets out guidance to assist Reporting Issuers in fulfilling their obligations under securities legislation and to encourage the adoption of practices that facilitate shareholder participation.

As advised in the news release, we recommend that Reporting Issuers consult and follow accepted best practices relating to the conduct of shareholder meetings. We will continue to monitor the practice of virtual shareholder meetings, including reviewing Issuer disclosures in proxy-related materials, and further guidance and updates may be issued as required.

7th International Take-Over Regulators' Conference

In early May 2024, the CSA hosted the 7th International Take-Over Regulators' Conference in Toronto. The three-day event provided an opportunity for securities regulatory authorities from around the world to discuss issues of common interest, cultivate networks, and foster collaboration and information-sharing on M&A subjects. The meetings facilitated consultation on transactional and policy matters that have cross-border aspects and provided participating regulators with a better understanding of how M&A transactional and policy issues are dealt with in different jurisdictions. This year's conference tackled topics including acting jointly and in concert, insider participation in take-overs, mandatory bids, the scope of take-over bid regulation, dual class shares and defensive tactics.

CSA M&A Conference

Following the International Take-Over Regulators' event, the CSA held a Mergers & Acquisitions Conference for Canadian market participants. That public event accommodated over 170 attendees from the M&A community, including Issuers, financial advisors, stakeholder representatives, legal counsel, academics and securities regulators. The conference included panel discussions on the M&A market landscape, global M&A regulatory issues, the legacy of the Supreme Court of Canada's *BCE* decision, shareholder activism and a fireside chat with Leo Strine, former Chief Justice of the Delaware Supreme Court.

The DM&A played a leading role in the development of both CSA conferences.

Part D: Responsive Regulation

The following summary provides a description and status of our current policy projects, all of which are aimed at making Ontario's capital markets inviting, thriving and secure.

Policy Project	Brief Description	Status
Access model	Implementing an access model for certain prospectuses and CD documents will provide a more cost-efficient, timely and environmentally friendly way of communicating information to investors than paper delivery. Generally, access will be provided once the document is filed on SEDAR+ and a news release is issued that advises that the document is accessible on SEDAR+ and how to obtain an electronic or paper copy of the document.	The final rule amendments, to implement an access model for certain prospectuses of non-investment fund Reporting Issuers were published on January 11, 2024 and came into force on April 16, 2024. In response to stakeholder feedback on the proposed access model for annual financial statements, interim financial reports and related MD&A of non-investment fund Reporting Issuers, the CSA considered ways to enhance the access model for these documents from an investor perspective. Provided all necessary approvals are obtained, the CSA anticipates publishing for comment a revised access model for these CD documents in 2024.
Continuous disclosure requirements	On May 20, 2021, the CSA proposed changes to modernize the CD requirements for non-investment fund Reporting Issuers. The proposed changes are to streamline and clarify certain disclosure requirements in the MD&A and AIF, eliminate certain requirements that are redundant or no longer applicable, combine the financial statements, MD&A and, where applicable, AIF into one reporting document and to introduce a small number of new requirements to address gaps in disclosure. Although the feedback was generally supportive, we believe that the objectives of these proposed changes would be best achieved when combined with a model for electronic access to information.	Until work on the access model advances, the CSA does not anticipate implementing the amendments that would introduce the annual and interim disclosure statements.

Policy Project	Brief Description	Status
Well-known seasoned issuers (WKSI)	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. In Ontario, the blanket order relief was extended by OSC Rule 44-502. Since the blanket orders came into effect, the CSA has 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. On September 21, 2023, the CSA published proposed rule amendments to create a permanent WKSI regime in Canada.	On July 30, 2024, the OSC made, as a rule, OSC Rule 44-503. The Rule will come into effect on January 4, 2025, if the Minister of Finance approves the Rule or takes no further action. In Ontario, the blanket order relief, as extended by OSC Rule 44-502, will cease to be effective on January 4, 2025. The purpose of the Rule is to make permanent the blanket order exemption in Ontario until the proposed rule amendments are adopted by the CSA through the normal rule making procedures on a coordinated basis. The comment period for the proposed rule amendments closed on December 20, 2023. The CSA is currently considering the comments received; further publication regarding the proposed rule amendments is expected in early 2025.
Self-certified investor prospectus exemption	On January 30, 2024, the OSC published OSC Rule 45-508, which extends Ontario Instrument 45-507 Self-Certified Investor Prospectus Exemption (Interim Class Order) (**OI 45-507**) by 18 months to October 25, 2025. OI 45-507 introduced a new prospectus exemption that allows investors in Ontario who can adequately assess and understand the risk of investment and who meet certain other conditions (but who may not meet any of the accredited investor criteria) to invest in non-investment fund Issuers with a head office in Ontario.	On May 9, 2024, the OSC published Ontario Instrument 45-509 Report of Distributions under the Self-Certified Investor Prospectus Exemption (Interim Class Order) (**OI 45-509**). The class order, which is in effect until October 25, 2025, allows Issuers raising capital under OI 45-507 to use a streamlined Form 45-509F1 to report distributions less frequently and without an associated fee. The extension of OI 45-507 and the introduction of OI 45-509 are part of a larger OSC TestLab program that uses testing to accelerate the evaluation of capital market innovations and new approaches to regulation to advance responsible innovation in Ontario's capital markets and economic growth for Ontario. The OSC will be collecting data on the use of the exemptions to inform future policy making.

Policy Project	Brief Description	Status
Definition of "venture issuer" and majority voting blanket order	On August 1, 2024, the CSA published for comment proposed amendments and changes to certain National Instruments and Policies to address a number of matters, including matters related to: (i) the uncertainty about the form of proxy required under NI 51-102 to be provided to securityholders of CBCA-incorporated Reporting Issuers as a result of amendments to the CBCA regarding "majority voting" requirements; (ii) the name changes of Aequitas NEO exchange and the PLUS Markets; (iii) the need to modernize the form of escrow agreement so it no longer has to be signed, sealed and delivered by securityholders in the presence of a witness; and (iv) the creation of a Senior Tier by the CSE. The proposed amendments will revise the definition of "venture issuer" to exclude CSE Senior Tier issuers from the definition. The proposed amendments will also ensure that CSE Senior Tier issuers are treated the same way under Ontario securities law as issuers listed on other senior exchanges.	The comment period expired on October 30, 2024.
Climate related disclosures	On October 18, 2021, the CSA published for comment NI 51-107 to address the need for more consistent and comparable climate-related information to help inform investment decisions. Climate-related disclosures continue to be an evolving area, with several developments both domestically and internationally.	The OSC continues to work alongside the CSA on developing a climate-related disclosure regime. On July 5, 2023, the CSA issued a statement welcoming the publication of the first two sustainability disclosure standards from the International Sustainability Standards Board (ISSB) and the operationalization of the Canadian Sustainability Standards Board (**CSSB**). On March 13, 2024, the CSA issued a statement welcoming the CSSB's consultation on sustainability disclosure standards in Canada. The CSA anticipates seeking comment on a revised rule setting out climate-related disclosure requirements and expects that the proposal will be based on the final CSSB standards, with modifications as necessary. The

Policy Project	Brief Description	Status
		CSA will continue to monitor and assess further international developments in this area.
Diversity on boards and in executive officer positions	We are exploring potential changes to diversity-related disclosure requirements, as outlined in our notice and request for comment dated April 13, 2023 about proposed amendments to Form 58-101F1 and proposed changes to NP 58-201. We are continuing to work towards a harmonized national disclosure framework considering feedback received following our publication for comment.	On October 5, 2023 and October 30, 2024 we published our findings from the ninth and tenth annual reviews of disclosure related to women on boards and in executive officer positions in CSA Multilateral Staff Notice 58-316 Review of Disclosure Regarding Women on Boards and in Executive Officer Positions (Year 9 Review) and CSA Multilateral Staff Notice 58-317 *Review of Disclosure Regarding Women on Boards and in Executive Officer Positions - Year 10 Report*, together with the underlying data. We expect that this will be the final year that we conduct a review of these disclosures.
Mineral project disclosure	On April 14, 2022, the CSA published Consultation Paper 43-401 Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects seeking comments on Canada's standards for disclosing scientific and technical information about mineral projects.	The comment period closed on September 13, 2023 and the CSA received 85 comment letters. CSA staff have considered the comments received and are in the process of determining how to update and modernize the current mining disclosure requirements.
Review of early warning reporting regime and NI 62-104	We are considering, among other things, the appropriate current scope of disclosure requirements concerning equity derivatives and the sufficiency of the current disclosure and timing requirements concerning acquirers' "plans and future intentions". We are also considering the use of equity derivatives under the take-over bid regime, the five percent market purchase exemption for bidders while a take-over bid is outstanding, and other targeted and house-keeping amendments.	The CSA anticipates publishing proposed amendments and guidance, as applicable, next fiscal year.
Review of protection of minority security holders	The MI 61-101 project considers, among other things: (i) clarifying the role of board of directors and/or special committees of independent directors in negotiating, reviewing, and approving or recommending material conflict of interest transactions, (ii)	The CSA anticipates publishing proposed amendments and guidance, if applicable, next fiscal year.

Policy Project	Brief Description	Status
	enhancing disclosure obligations regarding the background and process for a transaction, the desirability and fairness of a transaction, and board of directors and special committees' recommendations concerning a transaction, and (iii) other updating rule amendments and guidance.	
Financial Benchmarks	On July 13, 2021, MI 25-102, which established a comprehensive regime for the designation and regulation of financial benchmarks and those that administer them, came into force in Ontario. In Canada, the OSC and the AMF designated Term CORRA as a designated interest rate benchmark and CanDeal Benchmark Administration Services Inc. as its designated benchmark administrator.	While the OSC and AMF previously designated the Canadian Dollar Offered Rate (**CDOR**) as a designated critical benchmark and a designated interest rate benchmark and Refinitiv Benchmark Services (UK) Limited as its designated benchmark administrator, those designations were revoked after CDOR ceased to be published on June 28, 2024. On May 30, 2024, proposed amendments to the assurance report provisions in MI 25-102 were published for a 90-day comment period. The comment period ended on August 28, 2024.

Part E: Resources

OSC Website

The Corporate Finance section of our website provides an outline for Issuers on how to comply with Ontario securities and file certain documents with the OSC. We have updated our website to include further information and resources on topics typically discussed in our annual reports. In particular, we provide resources for selling securities in Ontario, continuous disclosure, industry-specific disclosure requirements, insider reporting, etc. It also provides a number of resources available to Issuers and their advisors, including links to prior year Corporate Finance Annual Reports, staff notices, etc.

Home / Industry / Companies

The Ontario Securities Commission (OSC) regulates companies that offer securities for sale to the public in Ontario. It monitors compliance with the requirements of Ontario's Securities Act, as well as with any related rules and policies of the OSC. It also monitors compliance with rules governing take-over bids and special transactions.

Selling securities in Ontario

Find the rules and policies that govern the selling of securities in Ontario and information on how to file a prospectus.

Continuous disclosure

All businesses that sell securities in Ontario are subject to ongoing disclosure requirements. These requirements include the need to comply with International Financial Reporting Standards (IFRS).

Resouces for companies

Resources for issuers and their advisors, including publications and information on seminars.

Industry-specific disclosure requirements

Ontario has additional disclosure considerations for companies in the mining, oil and gas, fintech, and cannabis industries.

Insider reporting

An insider of a company that sells securities to the public is generally required to file reports disclosing information that includes transactions involving the company's securities.

Mergers and acquisitions

Take-over bids and hostile takeovers are regulated by securities law in Ontario. Learn more about these laws and how the OSC regulates mergers and acquisitions.

Filing guidance

Guidance for issuers and their advisors relating to filing of applications, prospectuses, participation fee forms and SEDAR+.

Service Commitments

For Issuers filing a confidential pre-file prospectus, preliminary prospectus or exemptive relief application, refer to our service commitments on our website for information on our timeframes to respond to inquiries, issue comment letters and complete our reviews.

Refer to the Corporate Finance 2022 Annual Report for additional information.

Key Staff Notices

In Fiscal 2024, the Division issued the following staff notice: CSA Multilateral Staff Notice 58-316 *Review of Disclosure Regarding Women on Boards and in Executive Officer Positions (Year 9 Review)*

For a listing of our Key Staff Notices, refer to our website.

Administrative Matters

The OSC Website includes guidance on a number of administrative matters that will be useful for Issuers and their advisors, including tips on filing on SEDAR+ and other filing guidance for applications, prospectuses and CD documents.

SME Institute

The OSC SME Institute was established to provide free educational seminars to help small and medium enterprises (SME) and their advisors understand securities regulatory requirements for being or becoming a public company in Ontario and participating in the exempt market. For more than 10 years, we have provided SMEs with various seminars ranging from raising money in the public markets and the exempt market, continuous disclosure considerations, industry-specific sessions and other seminars to assist them in meeting regulatory requirements. Refer to Resources for Companies on our website for further information.

During Fiscal 2024, we presented two online webinars offered through the SME Institute. The first webinar, *SEDAR+: Practical Tips for Error-Free Filings* focused on using the new SEDAR+ platform. The second webinar, *Problematic Promotional Activities: What SME issuers need to know,* provided a discussion of common deficiencies in CD filings relating to overly promotional and unbalance disclosure, disclosure expectations for previously disclosed forward-looking information and greenwashing.

Video replays of these past presentations are available on OSC's YouTube channel.

Staff Contact Information

Topic	Staff Contact information	
Administrative Matters including insider reporting and cease trade orders	**Eden Williams** **Manager, Regulatory Administration** ewilliams@osc.gov.on.ca	**Evan Marquis** **Business Process Supervisor** emarquis@osc.gov.on.ca
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Appendix A – Glossary

The following terms are used widely throughout the Report and have the meanings set forth below unless otherwise indicated. Words importing the singular number include the plural, and vice versa.

Act: means the Securities Act (*Ontario*) R.S.O. 1990, chapter s.5.
Companion Policy 61-101CP: means Companion Policy 61-101CP to MI 61-101.
Corporate Finance 2021 Annual Report: means *OSC Staff Notice 51-732 Corporate Finance Branch 2021 Annual Report*.
Corporate Finance 2022 Annual Report: means *OSC Staff Notice 51-734 Corporate Finance Branch 2022 Annual Report*.
Corporate Finance 2023 Annual Report: means OSC Staff Notice 51-735 *Corporate Finance Branch 2023 Annual Report*.
CSA Staff Notice 51-312: means CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program*.
CSA Staff Notice 61-302: means CSA Staff Notice 61-302 *Staff Review and Commentary on MI 61-101*.
Form 41-101F1: means Form 41-101F1 *Information Required in a Prospectus*.
Form 43-101F1: means Form 43-101F1 Technical Report.
Form 51-102F1: means Form 51-102F1 *Management's Discussion & Analysis*.
Form 51-102F5: means Form 51-102F5 *Information Circular*
Form 51-102F6: means Form 51-102F6 *Statement of Executive Compensation*
Form 58-101F1: means Form 58-101F1 Corporate Governance Disclosure.
Issuer: means an issuer as such term is defined in the Act.
MI 25-102: means Multilateral Instrument 25-102 Designated Benchmarks and Benchmark Administrators.
MI 61-101: means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.
NI 13-103: means National Instrument 13-103 *System for Electronic Document Analysis and Retrieval+ (SEDAR+)*.
NI 25-101: means National Instrument *25-101 Designated Rating Organizations*.
NI 41-101: means National Instrument 41-101 *General Prospectus Requirements*.
NI 43-101: means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
NI 44-101: means National Instrument 44-101 *Short Form Prospectus Distributions*.

NI 44-102: means National Instrument 44-102 *Shelf Distributions*.
NI 45-106: means National Instrument 45-106 *Prospectus Exemptions*.
NI 51-102: means National Instrument 51-102 *Continuous Disclosure Obligations*.
NI 51-107: means National Instrument 51-107 Disclosure of Climate-related Matters.
NI 52-112: means National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*.
NI 62-104: means National Instrument 62-104 Take-Over Bids and Issuer Bids.
NI 58-101: means National Instrument 58-101 Disclosure of Corporate Governance Practices
NP 11-202: means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*.
NP 11-203: means National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.
NP 11-207: means National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.
NP 12-202: means National Policy 12-202 *Revocation of Certain Cease Trade Orders*.
NP 51-201: means National Policy 51-201 *Disclosure Standards*.
NP 58-201: means National Policy 58-201 Corporate Governance Guidelines.
OSC Staff Notice 33-752: means OSC Staff Notice 33-752 Summary Report for Dealers, Advisers and Investment Fund Managers.
Reporting Issuer: means a reporting issuer as defined in the Act.
SEDAR+: means the system for the transmission of document as such term is defined in NI 13-103.
Technical Report means a report prepared in accordance with NI 43-101 and Form 43-101F1 *Technical Report*.
Venture Issuer: means a venture issuer as defined in NI 51-102

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B.2
Orders

B.2.1 Place Montfort Apartment Project

Headnote

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

Applicable Legislative Provisions

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

December 3, 2024

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

AND

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

AND

IN THE MATTER OF
PLACE MONTFORT APARTMENT PROJECT
(the Filer)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"David Surat"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0654

B.2.2 A&W Revenue Royalties Income Fund

Headnote

Multilateral Instrument 11-102 Passport System and 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.

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: 2024 BCSECCOM 498

November 29, 2024

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
A&W REVENUE ROYALTIES INCOME FUND
(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, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Québec and Saskatchewan, and

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

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

OSC File #: 2024/0599

B.2.3 S Split Corp.

Headnote

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

Applicable Legislative Provisions

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

December 3, 2024

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

AND

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

AND

IN THE MATTER OF
S SPLIT CORP.
(the Filer)

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Darren McKall"
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0657
SEDAR+ File #: 6204639

B.2.4 S Split Corp. – s. 1(6) of the OBCA

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
S SPLIT CORP.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

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

2. The Applicant's head office is located at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9;

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

4. On December 3, 2024, the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in section 19 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*; and

5. The representations set out in the Reporting Issuer Order continue to be true;

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

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

DATED at Toronto on this 3rd day of December, 2024.

"Darren McKall"
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0658
SEDAR+ File #: 6204674

B.2.5 Heritage Cannabis Holdings Corp.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications and National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – application for order that issuer is not a reporting issuer and for full revocation of failure-to-file cease trade order – issuer cease traded due to failure to file interim financial statements, management's discussion and analysis and related certifications – issuer has completed a reorganization transaction under the Companies' Creditors Arrangement Act (Canada) – issuer has applied for a full revocation of the cease trade order – issuer has applied to cease to be a reporting issuer in each jurisdiction where it is a reporting issuer – full revocation of the failure-to-file cease trade order and cease to be reporting issuer application granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(10)(a)(ii) and 144.
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.
National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
A REVOCATION OF A FAILURE-TO-FILE
CEASE TRADE ORDER
AND
IN THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
HERITAGE CANNABIS HOLDINGS CORP.
(the Issuer)

Background

The Issuer is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the Ontario Securities Commission (the **Decision Maker**) on April 8, 2024.

The Issuer has applied to the Decision Maker under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for a full revocation of the FFCTO (**FFCTO Revocation Order**) pursuant to section 144 of the *Securities Act* (Ontario) (the **Legislation**) to take effect as at the Effective Date (as defined below).

The Decision Maker also received an application (**Cease to be a Reporting Issuer Application**) from the Issuer for an order (the **Cease to be a Reporting Issuer Order**) under section 1(10)(a)(ii) of the Legislation that the Issuer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer pursuant to section 21 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (**NP 11-206**) to take effect at the Effective Date.

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

(a) the Decision Maker is the principal regulator for this application; and

(b) the Issuer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, New Brunswick, and Nova Scotia.

Interpretation

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

Representations

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

1. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta, New Brunswick, Nova Scotia, and Ontario (the **Reporting Jurisdictions**). The Issuer is not a reporting issuer in any other jurisdiction in Canada.

2. The Issuer was incorporated pursuant to the *Business Corporations Act* (British Columbia) on October 25, 2007, as "Trijet Mining Corp". Effective March 8, 2013, Trijet Mining Corp. consolidated its share capital and changed its name to "Umbral Energy Corp." On January 9, 2018, the Issuer changed its name to its present name, "Heritage Cannabis Holdings Corp." The Issuer later continued under the *Business Corporations Act* (Ontario) on November 4, 2019.

3. The Issuer's registered and head office is located at 4100-66 Wellington Street, Toronto, Ontario, Canada.

4. The Issuer focuses on the extraction and creation of cannabis extract and extract-derivative brands for adult use, and cannabis-based medical solutions.

5. The authorized capital of the Issuer consists of an unlimited number of common shares (the **Common Shares**). As of the date hereof, there are 100,000,000,000 Common Shares issued and outstanding. The Issuer has no other outstanding securities (including debt securities).

6. In light of ongoing financial difficulties, the Issuer and its Canadian subsidiaries filed for creditor protection under the *Companies' Creditors Arrangement Act* (the **CCAA**) and received an order (the **Initial Order**) for creditor protection under the CCAA from the Ontario Superior Court of Justice (Commercial List) (the **Court**) on April 2, 2024 (the **CCAA Proceedings**).

7. Pursuant to the Initial Order, the Court, *inter alia,* appointed KPMG Inc. as monitor (in such capacity, the **Monitor**) of the Issuer under the CCAA Proceedings.

8. On April 10, 2024, the Issuer, Heritage Cannabis West Corporation (**Heritage West**), Heritage Cannabis East Corporation (**Heritage East**), BJK Holdings Ltd. (**BJK**) and HAB Cann Holdings Ltd. (the **Purchaser**) entered into the stalking horse subscription agreement. The Purchaser was an arm's length party to the Issuer.

9. On April 11, 2024, the Court granted an order (the **SISP Order**) authorizing the Monitor to conduct, with the assistance of the Issuer, a sale and investment solicitation process (the **SISP**) to solicit interest in the opportunity for a sale of or investment in all or part of the Issuer's assets and business operations.

10. On May 10, 2024, the Purchaser was confirmed as the successful bidder under the SISP.

11. On June 17, 2024, the Issuer, Heritage West, Heritage East, BJK and the Purchaser entered into an amended and restated stalking horse subscription agreement (the **Amended Stalking Horse Agreement**).

12. On June 26, 2024, the Court granted an order under the CCAA (the **Approval and Reverse Vesting Order**) pursuant to which, *inter alia*, the Court (i) approved the Amended Stalking Horse Agreement and the transactions contemplated therein (the **Transaction**), (ii) added 1000921087 Ontario Inc. (**Residual Co.**) as an applicant to the CCAA Proceedings, (iii) authorized the transfer and vesting of all of the right, title and interest of the Issuer, Heritage West, Heritage East, 333 Jarvis Realty Inc., 5450 Realty Inc., Premium 5 Ltd. and Purefarma Solutions Inc. in certain excluded assets and excluded liabilities to Residual Co., (iv) authorized and directed each of the Issuer, Heritage East and Heritage West, as applicable, to file articles of amendment, (v) authorized and directed the Issuer to issue an aggregate of 100,000,000,000 Common Shares (the **Heritage Cannabis Purchased Shares**) to the Purchaser, (vi) authorized and directed Heritage West to issue an aggregate of 10,000 Class I Voting Common shares (the **Heritage West Purchased Shares**) to the Purchaser, (vii) authorized and directed Heritage East to issue an aggregate of 10,000 Class B Common shares (the **Heritage East Purchased Shares**, and together with the Heritage Cannabis Purchased Shares and Heritage West Purchased Shares, the **Purchased Shares**) to the Purchaser and (viii) authorized the termination and cancellation of all of the equity interests of each of the Issuer (the **Old Equity Interests**), Heritage West and Heritage East, other than for the Purchased Shares, for no consideration.

13. Pursuant to the Approval and Reverse Vesting Order, having been advised of the provisions of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* relating to the requirement for "minority" shareholder approval in certain circumstances, the Court ordered that no meeting of shareholders or other holders of equity interests of the Issuer was required to be held in respect of the Transaction. Furthermore, pursuant to the Transaction, there were no funds to be distributed to unsecured creditors, and as such there was no associated claims process.

14. The Transaction included the filing of articles of amendment of the Issuer's articles with the Ontario Ministry of Public and Business Service Delivery on October 8, 2024 (the **Amended Articles**). The principal items in the Amended Articles include: *inter alia*, (i) restrictions to the transfer of securities, other than non-convertible debt securities of the Issuer, so that no security holder shall be entitled to transfer any such securities of the Issuer without approval of the directors or shareholders thereof; and (ii) further limit the security holders of the Issuer to no more than 50 (excluding employees or former employees of the issuer or its affiliates).

15. In connection with carrying out the SISP Order and obtaining the Approval and Reverse Vesting Order, the Issuer has engaged in certain acts in furtherance of trades in the securities of the Issuer, including its entry into the Amended Stalking Horse Agreement, which acts were taken at the direction of, and with the approval of, and under the supervision of, the Court. Accordingly, the Issuer received a partial revocation order from the FFCTO from the Decision Maker on August 27, 2024 in order to complete the Transaction.

16. The Transaction was completed on August 29, 2024 (the **Effective Date**).

17. Immediately prior to the Effective Date, the issued and outstanding capital of the Issuer consisted of approximately 101,058,739,220 Common Shares.

18. As of and since the Effective Date the issued and outstanding capital of the Issuer consists of 100,000,000,000 Common Shares.

19. As of and since the Effective Date, the Issuer has only one registered beneficial security holder, being the Purchaser.

20. The rights of the shareholders of the Issuer are governed by and subject to the Issuer's share terms, which are set forth in the Amended Articles.

21. There is no obligation in the Approval and Reverse Vesting Order or the Amended Articles for the Issuer to maintain its status as a reporting issuer and no prohibition on ceasing to be a reporting issuer.

22. The holders of the Old Equity Interests ceased to have any economic interest in the Issuer upon completion of the Transaction.

23. The Common Shares were previously traded on the Canadian Securities Exchange (the **CSE**) under the symbol "CANN". The Common Shares were suspended from trading in connection with the FFCTO. The Common Shares were delisted from the CSE effective as of the close of business on August 26, 2024.

24. The Common Shares were previously quoted for trading on the OTC Pink in the United States (the **OTC Pink**) under the symbol "HERTF". The Common Shares were delisted from the OTC Pink at the close of business on August 28, 2024.

25. On the Effective Date, the Issuer disseminated a news release announcing the completion of the Transaction and filed the news release on SEDAR+. On September 5, 2024, the Issuer filed a corresponding material change report on SEDAR+.

26. The Monitor, for and behalf of Residual Co., and certain other affiliates of the Issuer, being 1005477 B.C. Ltd., Mainstrain Market Ltd., and Heritage Cannabis Exchange Corp., will file an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act (*Canada).

27. As a result of the completion of the Transaction, the only outstanding securities of the Issuer are the Heritage Cannabis Purchased Shares. The Issuer has no other outstanding securities (including debt securities).

28. The outstanding securities of the Issuer, 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.

29. No securities of the Issuer, including debt securities, are traded in Canada the United States or another county on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

30. The Issuer has no current intention to seek public financing by way of an offering of securities in Canada or elsewhere or to make or maintain a market in securities of the Issuer.

31. The securities of the Issuer are subject to a FFCTO issued by the Decision Maker on April 8, 2024 that is applicable in certain other Reporting Jurisdictions for its failure to file the Unfiled Documents (as defined below) under applicable Canadian securities laws.

32. The FFCTO was issued as a result of the Issuer's failure to file the following continuous disclosure materials as required by applicable Canadian securities laws (collectively, the **Unfiled Documents**):

    a. interim financial statements for the period ended January 31, 2024;

    b. management's discussion and analysis related to the interim financial statements for the period ended January 31, 2024; and

    c. certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

33. In addition to the Unfiled Documents, the Issuer has also not filed the following documents (collectively, the **Subsequent Unfiled Documents**):

    a. interim financial statements for the six-month period ended April 30, 2024;

    b. management's discussion and analysis relating to the interim financial statements for the six-month period ended April 30, 2024;

    c. interim financial statements for the nine-month period ended July 31, 2024;

    d. management's discussion and analysis relating to the interim financial statements for the nine-month period ended July 31, 2024;

    e. certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and

    f. any other required continuous disclosure, except for certain disclosure related to the CCAA Proceedings.

34. The Issuer is not in default of any requirements of the FFCTO or the applicable securities legislation of any jurisdiction in Canada or the rules and regulations made pursuant thereto, other than its obligations to complete and file the Unfiled Documents and the Subsequent Unfiled Documents.

35. But for the fact that the Issuer is subject to the FFCTO as a result of failing to file the Unfiled Documents, the Issuer would be eligible to use the "simplified procedure" under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* on the basis that:

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

    b. the outstanding securities of the Issuer, 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; and

    c. the Issuer's outstanding securities, including debt securities, are not traded in Canada or another country on a marketplace, as defined in NI 21-101, or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

36. The Issuer is applying for an order to fully revoke the FFCTO and an order that the Issuer cease to be a reporting issuer in all of the Reporting Jurisdictions.

37. The Issuer acknowledges that, in granting the relief sought, the Decision Maker is not expressing any opinion or approval as to the terms of the Transaction.

Order

The Decision Maker is satisfied that the FFCTO Revocation Order and the Cease to be a Reporting Issuer Order meet the tests set out in the Legislation for the Decision Maker to make the order.

The decision of the Decision Maker under the Legislation is that the FFCTO Revocation Order and the Cease to be a Reporting Issuer Order are granted.

DATED this 9th day of December, 2024

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0555

B.2.6 Clipper Apartment Project

Headnote

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

Applicable Legislative Provisions

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

Order No. 7670

November 29, 2024

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

AND

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

AND

IN THE MATTER OF
CLIPPER APARTMENT PROJECT
(the Filer)

ORDER

Background

The securities regulatory authority 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 Manitoba Securities Commission is the principal regulator for this application;

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Patrick Weeks"
Deputy Director
Manitoba Securities Commission

OSC File #: 2024/0655

B.2.7 Heritage Cannabis Holdings Corp.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications and National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – application for order that issuer is not a reporting issuer and for full revocation of failure-to-file cease trade order – issuer cease traded due to failure to file interim financial statements, management's discussion and analysis and related certifications – issuer has completed a reorganization transaction under the Companies' Creditors Arrangement Act (Canada) – issuer has applied for a full revocation of the cease trade order – issuer has applied to cease to be a reporting issuer in each jurisdiction where it is a reporting issuer – full revocation of the failure-to-file cease trade order and cease to be reporting issuer application granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii) and 144.
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.
National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
A REVOCATION OF A FAILURE-TO-FILE
CEASE TRADE ORDER
AND
IN THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
HERITAGE CANNABIS HOLDINGS CORP.
(the Issuer)

Background

The Issuer is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the Ontario Securities Commission (the **Decision Maker**) on April 8, 2024.

The Issuer has applied to the Decision Maker under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for a full revocation of the FFCTO (**FFCTO Revocation Order**) pursuant to section 144 of the *Securities Act* (Ontario) (the **Legislation**) to take effect as at the Effective Date (as defined below).

The Decision Maker also received an application (**Cease to be a Reporting Issuer Application**) from the Issuer for an order (the **Cease to be a Reporting Issuer Order**) under

section 1(10)(a)(ii) of the Legislation that the Issuer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer pursuant to section 21 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (**NP 11-206**) to take effect at the Effective Date.

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

(a) the Decision Maker is the principal regulator for this application; and

(b) the Issuer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, New Brunswick, and Nova Scotia.

Interpretation

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

Representations

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

1. The Issuer is a reporting issuer in the provinces of British Columbia, Alberta, New Brunswick, Nova Scotia, and Ontario (the **Reporting Jurisdictions**). The Issuer is not a reporting issuer in any other jurisdiction in Canada.

2. The Issuer was incorporated pursuant to the *Business Corporations Act* (British Columbia) on October 25, 2007, as "Trijet Mining Corp". Effective March 8, 2013, Trijet Mining Corp. consolidated its share capital and changed its name to "Umbral Energy Corp." On January 9, 2018, the Issuer changed its name to its present name, "Heritage Cannabis Holdings Corp." The Issuer later continued under the *Business Corporations Act* (Ontario) on November 4, 2019.

3. The Issuer's registered and head office is located at 4100-66 Wellington Street, Toronto, Ontario, Canada.

4. The Issuer focuses on the extraction and creation of cannabis extract and extract-derivative brands for adult use, and cannabis-based medical solutions.

5. The authorized capital of the Issuer consists of an unlimited number of common shares (the **Common Shares**). As of the date hereof, there are 100,000,000,000 Common Shares issued and outstanding. The Issuer has no other outstanding securities (including debt securities).

6. In light of ongoing financial difficulties, the Issuer and its Canadian subsidiaries filed for creditor protection under the *Companies' Creditors Arrangement Act* (the **CCAA**) and received an order (the **Initial Order**) for creditor protection under the CCAA from the Ontario Superior Court of Justice (Commercial List) (the **Court**) on April 2, 2024 (the **CCAA Proceedings**).

7. Pursuant to the Initial Order, the Court, *inter alia,* appointed KPMG Inc. as monitor (in such capacity, the **Monitor**) of the Issuer under the CCAA Proceedings.

8. On April 10, 2024, the Issuer, Heritage Cannabis West Corporation (**Heritage West**), Heritage Cannabis East Corporation (**Heritage East**), BJK Holdings Ltd. (**BJK**) and HAB Cann Holdings Ltd. (the **Purchaser**) entered into the stalking horse subscription agreement. The Purchaser was an arm's length party to the Issuer.

9. On April 11, 2024, the Court granted an order (the **SISP Order**) authorizing the Monitor to conduct, with the assistance of the Issuer, a sale and investment solicitation process (the **SISP**) to solicit interest in the opportunity for a sale of or investment in all or part of the Issuer's assets and business operations.

10. On May 10, 2024, the Purchaser was confirmed as the successful bidder under the SISP.

11. On June 17, 2024, the Issuer, Heritage West, Heritage East, BJK and the Purchaser entered into an amended and restated stalking horse subscription agreement (the **Amended Stalking Horse Agreement**).

12. On June 26, 2024, the Court granted an order under the CCAA (the **Approval and Reverse Vesting Order**) pursuant to which, *inter alia*, the Court (i) approved the Amended Stalking Horse Agreement and the transactions contemplated therein (the **Transaction**), (ii) added 1000921087 Ontario Inc. (**Residual Co.**) as an applicant to the CCAA Proceedings, (iii) authorized the transfer and vesting of all of the right, title and interest of the Issuer, Heritage West, Heritage East, 333 Jarvis Realty Inc., 5450 Realty Inc., Premium 5 Ltd. and Purefarma Solutions Inc. in certain excluded assets and excluded liabilities to Residual Co., (iv) authorized and directed each of the Issuer, Heritage East and Heritage West, as applicable, to file articles of amendment, (v) authorized and directed the Issuer to issue an aggregate of 100,000,000,000 Common Shares (the **Heritage Cannabis Purchased Shares**) to the Purchaser, (vi) authorized and directed Heritage West to issue an aggregate of 10,000 Class I Voting Common shares (the **Heritage West Purchased Shares**) to the Purchaser, (vii) authorized and directed Heritage East to issue an aggregate of 10,000 Class B Common shares (the **Heritage East**

Purchased Shares, and together with the Heritage Cannabis Purchased Shares and Heritage West Purchased Shares, the **Purchased Shares**) to the Purchaser and (viii) authorized the termination and cancellation of all of the equity interests of each of the Issuer (the **Old Equity Interests**), Heritage West and Heritage East, other than for the Purchased Shares, for no consideration.

13. Pursuant to the Approval and Reverse Vesting Order, having been advised of the provisions of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* relating to the requirement for "minority" shareholder approval in certain circumstances, the Court ordered that no meeting of shareholders or other holders of equity interests of the Issuer was required to be held in respect of the Transaction. Furthermore, pursuant to the Transaction, there were no funds to be distributed to unsecured creditors, and as such there was no associated claims process.

14. The Transaction included the filing of articles of amendment of the Issuer's articles with the Ontario Ministry of Public and Business Service Delivery on October 8, 2024 (the **Amended Articles**). The principal items in the Amended Articles include: *inter alia*, (i) restrictions to the transfer of securities, other than non-convertible debt securities of the Issuer, so that no security holder shall be entitled to transfer any such securities of the Issuer without approval of the directors or shareholders thereof; and (ii) further limit the security holders of the Issuer to no more than 50 (excluding employees or former employees of the issuer or its affiliates).

15. In connection with carrying out the SISP Order and obtaining the Approval and Reverse Vesting Order, the Issuer has engaged in certain acts in furtherance of trades in the securities of the Issuer, including its entry into the Amended Stalking Horse Agreement, which acts were taken at the direction of, and with the approval of, and under the supervision of, the Court. Accordingly, the Issuer received a partial revocation order from the FFCTO from the Decision Maker on August 27, 2024 in order to complete the Transaction.

16. The Transaction was completed on August 29, 2024 (the **Effective Date**).

17. Immediately prior to the Effective Date, the issued and outstanding capital of the Issuer consisted of approximately 101,058,739,220 Common Shares.

18. As of and since the Effective Date the issued and outstanding capital of the Issuer consists of 100,000,000,000 Common Shares.

19. As of and since the Effective Date, the Issuer has only one registered beneficial security holder, being the Purchaser.

20. The rights of the shareholders of the Issuer are governed by and subject to the Issuer's share terms, which are set forth in the Amended Articles.

21. There is no obligation in the Approval and Reverse Vesting Order or the Amended Articles for the Issuer to maintain its status as a reporting issuer and no prohibition on ceasing to be a reporting issuer.

22. The holders of the Old Equity Interests ceased to have any economic interest in the Issuer upon completion of the Transaction.

23. The Common Shares were previously traded on the Canadian Securities Exchange (the **CSE**) under the symbol "CANN". The Common Shares were suspended from trading in connection with the FFCTO. The Common Shares were delisted from the CSE effective as of the close of business on August 26, 2024.

24. The Common Shares were previously quoted for trading on the OTC Pink in the United States (the **OTC Pink**) under the symbol "HERTF". The Common Shares were delisted from the OTC Pink at the close of business on August 28, 2024.

25. On the Effective Date, the Issuer disseminated a news release announcing the completion of the Transaction and filed the news release on SEDAR+. On September 5, 2024, the Issuer filed a corresponding material change report on SEDAR+.

26. The Monitor, for and behalf of Residual Co., and certain other affiliates of the Issuer, being 1005477 B.C. Ltd., Mainstrain Market Ltd., and Heritage Cannabis Exchange Corp., will file an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act (*Canada).

27. As a result of the completion of the Transaction, the only outstanding securities of the Issuer are the Heritage Cannabis Purchased Shares. The Issuer has no other outstanding securities (including debt securities).

28. The outstanding securities of the Issuer, 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.

29. No securities of the Issuer, including debt securities, are traded in Canada the United States or another county on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

30. The Issuer has no current intention to seek public financing by way of an offering of securities in Canada or elsewhere or to make or maintain a market in securities of the Issuer.

31. The securities of the Issuer are subject to a FFCTO issued by the Decision Maker on April 8, 2024 that is applicable in certain other Reporting Jurisdictions for its failure to file the Unfiled Documents (as defined below) under applicable Canadian securities laws.

32. The FFCTO was issued as a result of the Issuer's failure to file the following continuous disclosure materials as required by applicable Canadian securities laws (collectively, the **Unfiled Documents**):

    a. interim financial statements for the period ended January 31, 2024;

    b. management's discussion and analysis related to the interim financial statements for the period ended January 31, 2024; and

    c. certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

33. In addition to the Unfiled Documents, the Issuer has also not filed the following documents (collectively, the **Subsequent Unfiled Documents**):

    a. interim financial statements for the six-month period ended April 30, 2024;

    b. management's discussion and analysis relating to the interim financial statements for the six-month period ended April 30, 2024;

    c. interim financial statements for the nine-month period ended July 31, 2024;

    d. management's discussion and analysis relating to the interim financial statements for the nine-month period ended July 31, 2024;

    e. certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and

    f. any other required continuous disclosure, except for certain disclosure related to the CCAA Proceedings.

34. The Issuer is not in default of any requirements of the FFCTO or the applicable securities legislation of any jurisdiction in Canada or the rules and regulations made pursuant thereto, other than its obligations to complete and file the Unfiled Documents and the Subsequent Unfiled Documents.

35. But for the fact that the Issuer is subject to the FFCTO as a result of failing to file the Unfiled Documents, the Issuer would be eligible to use the "simplified procedure" under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* on the basis that:

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

    b. the outstanding securities of the Issuer, 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; and

    c. the Issuer's outstanding securities, including debt securities, are not traded in Canada or another country on a marketplace, as defined in NI 21-101, or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

36. The Issuer is applying for an order to fully revoke the FFCTO and an order that the Issuer cease to be a reporting issuer in all of the Reporting Jurisdictions.

37. The Issuer acknowledges that, in granting the relief sought, the Decision Maker is not expressing any opinion or approval as to the terms of the Transaction.

Order

The Decision Maker is satisfied that the FFCTO Revocation Order and the Cease to be a Reporting Issuer Order meet the tests set out in the Legislation for the Decision Maker to make the order.

The decision of the Decision Maker under the Legislation is that the FFCTO Revocation Order and the Cease to be a Reporting Issuer Order are granted.

DATED this 9th day of December, 2024

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0553

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B.3
Reasons and Decisions

B.3.1 Brandes Investment Partners & Co.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit the extension of a prospectus lapse date by 95 days to facilitate the consolidation of the funds' prospectus with the prospectus of different funds under common management – no conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

December 3, 2024

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
BRANDES INVESTMENT PARTNERS & CO.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of GQG Partners Emerging Markets Quality Equity Fund and the T. Rowe Price U.S. Blue Chip Growth Fund (the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the time limits for the renewal of the simplified prospectus of the Funds, dated February 16, 2024 (the **Current Prospectus**), be extended to the time limits that would apply as if the lapse date of the Current Prospectus was May 21, 2025 (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the laws of Nova Scotia with its registered head office in Toronto, Ontario. The Filer operates under the retail trade name Bridgehouse Asset Managers.

2. The Filer is registered as: (a) an investment fund manager in Ontario, Québec, and Newfoundland and Labrador; (b) a portfolio manager in each of the Jurisdictions; (c) an exempt market dealer in each of the Jurisdictions, and (d) a commodity trading manager in Ontario.

3. The Filer is the trustee and manager of the Funds. The Filer is also the manager of other mutual funds as listed in Schedule A (the **Other Funds**) that are offered in each of the Jurisdictions under a simplified prospectus with a lapse date of May 21, 2025.

4. Neither the Filer nor the Funds are in default of securities legislation in any of the Jurisdictions.

The Funds

5. The Funds are each (a) an open-ended mutual fund trust established under the laws of Ontario, and (b) a reporting issuer as defined in the securities legislation of each of the Jurisdictions.

6. Securities of the Funds are currently qualified for distribution in each of the Jurisdictions under the Current Prospectus.

Lapse Date Relief

7. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date for the Current

Prospectus is February 16, 2025 (the **Current Lapse Date**). Accordingly, under subsection 62(2) of the Act and National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, the distribution of securities of the Funds would have to cease on the Current Lapse Date unless: (i) the Funds file a *pro forma* simplified prospectus at least 30 days prior to the Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after the Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after the Current Lapse Date.

8. The Filer wishes to combine the Current Prospectus with the simplified prospectus of the Other Funds in order to reduce renewal, printing and related costs and intends to file the *pro forma* simplified prospectus and final simplified prospectus of both the Funds and the Other Funds as though the lapse date of such funds is May 21, 2025. Offering the Funds under the same renewal simplified prospectus as the Other Funds would facilitate the distribution of the Funds in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. The Funds share many common operational and administrative features with the Other Funds and combining them in the same simplified prospectus will allow investors to more easily compare their features.

9. The Filer may make changes to the features of the Other Funds as part of the process of renewing the Other Funds' simplified prospectus. The ability to renew the Current Prospectus with the simplified prospectus of the Other Funds will ensure that the Filer can make the operational and administrative features of the Funds and the Other Funds consistent with each other, if necessary.

10. If the Exemption Sought is not granted, it will be necessary to renew the Current Prospectus twice within a short period of time in order to consolidate the Current Prospectus with the simplified prospectus of the Other Funds, and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given investors would not be prejudiced by the Exemption Sought.

11. There have been no material changes in the affairs of the Funds since the date of the Current Prospectus. Accordingly, the Current Prospectus and current fund facts document(s) of the Funds continue to provide accurate information regarding the Funds.

12. Given the disclosure obligations of the Filer and the Funds, should any material change in the business, operations or affairs of the Funds occur, the Current Prospectus and current fund facts document(s) of the Funds will be amended as required under the Legislation.

13. New investors of the Funds will receive delivery of the most recently filed fund facts document(s) of the Funds. The Current Prospectus of the Funds will remain available to investors upon request.

14. The Exemption Sought will not affect the accuracy of the information contained in the Current Prospectus or the fund facts document(s) of the Funds, and therefore will not be prejudicial to the public interest.

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.

"Darren McKall"
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0678
SEDAR+ File #: 6208847

Schedule A

Brandes Canadian Equity Fund

Brandes Canadian Money Market Fund

Brandes Corporate Focus Bond Fund

Brandes Emerging Markets Value Fund

Brandes Global Equity Fund

Brandes Global Opportunities Fund

Brandes Global Small Cap Equity Fund

Brandes International Equity Fund

Brandes U.S. Equity Fund

Bridgehouse Canadian Bond Fund

GQG Partners Global Quality Equity Fund

GQG Partners International Quality Equity Fund

GQG Partners U.S. Quality Equity Fund

Lazard Defensive Global Dividend Fund

Lazard Global Balanced Income Fund

Lazard Global Compounders Fund

Lazard International Compounders Fund

Nuveen Global Green Bond Fund

Sionna Canadian Equity Fund

Sionna Strategic Income Fund

Sionna Opportunities Fund

T. Rowe Price Global Allocation Fund

B.3.2 Florence Wealth Management Inc. et al.

IN THE MATTER OF
FLORENCE WEALTH MANAGEMENT INC.,
RAJKUMAR RAVINDRAN,
AND
DALTON McGLASHEN JR.

DECISION OF THE DIRECTOR

Having reviewed and considered the agreed statement of facts, the admissions by Florence Wealth Management Inc. (**Florence**), Rajkumar Ravindran (**Ravindran**), and Dalton McGlashen Jr. (**McGlashen**) (collectively, the **Registrants**) and the joint recommendation to the Director by the Registrants and staff of the Registration, Inspections and Examinations Division of the Ontario Securities Commission (the **RIE Staff**) contained in the settlement agreement signed by the Registrants on November 22, 2024, and by RIE Staff on November 25, 2024 (the **Settlement Agreement**), a copy of which is attached as Appendix "A" to this Decision, and on the basis of those agreed facts and admissions, I, Raymond Chan, in my capacity as Director under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**), accept the joint recommendation of the parties, and make the following decision:

1. With respect to Florence:

   (a) The registration of Florence as an exempt market dealer is hereby suspended pursuant to s. 28 of the Act.

2. With respect to Ravindran:

   (a) The registration of Ravindran as Florence's ultimate designated person and dealing representative is hereby suspended pursuant to s. 28 of the Act.

   (b) Ravindran will not apply for registration in any category for a period of at least five years from the date his registration is suspended. If Ravindran applies to reactivate his registration, the conduct described in the Settlement Agreement may be considered by Staff in assessing his suitability for registration, together with any other relevant consideration.

   (c) Ravindran will not become a permitted individual of any registered firm for a period of at least five years, after which period of time RIE Staff will not object to him becoming a permitted individual based solely on the conduct described in the Settlement Agreement.

3. With respect to McGlashen:

   (a) McGlashen's registration as Florence's chief compliance officer is hereby suspended pursuant to s. 28 of the Act.

   (b) McGlashen will not apply for registration in any category for a period of at least three years from the date his registration is suspended, after which period of time RIE Staff will not recommend to the Director that his application be refused unless it becomes aware after the date of the Settlement Agreement of conduct impugning his suitability for registration, and provided he meets all other applicable criteria for registration at the time he applies for registration.

   (c) McGlashen will not be a permitted individual of any registered firm for a period of at least three years, after which period of time RIE Staff will not object to him becoming a permitted individual based solely on the conduct described in the Settlement Agreement.

December 3, 2024

"Raymond Chan"

Appendix "A"

IN THE MATTER OF
FLORENCE WEALTH MANAGEMENT INC.,
RAJKUMAR RAVINDRAN,
AND
DALTON McGLASHEN JR.

SETTLEMENT AGREEMENT

1. Registration is a cornerstone of the investor protection regime established by the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**). Ontario securities law requires registrants to observe high standards of honesty and transparency in their dealings, both with their clients and with their regulator. Registrants who fail to meet this standard risk losing the privilege of registration.

2. This settlement agreement (the **Settlement Agreement**) between staff of the Registration, Inspections, and Examinations Division (**RIE Staff**) of the Ontario Securities Commission (**OSC**) and Florence Wealth Management Inc. (**Florence**), Rajkumar Ravindran (**Ravindran**), and Dalton McGlashen Jr. (**McGlashen**) (collectively the **Registrants**) relates to an opportunity to be heard requested by the Registrants pursuant to s. 31 of the Act regarding RIE Staff's recommendation to the Director that their registration be suspended pursuant to s. 28 of the Act.

PART I – AGREED STATEMENT OF FACTS

A. Florence

3. Florence is a Toronto-based exempt market dealer.

4. Florence became registered under the Act as an exempt market dealer on September 1, 2020.

5. Unbeknownst to RIE Staff at the time, Florence was founded and financed by business partners Viswanathan "Vishy" Karamadam (**Karamadam**) and Qiang "Max" Guo (**Guo**).

6. The firm was initially named VM Capital Inc. (**VM Capital**) but changed its name to Florence on September 22, 2020. For consistency, the firm is referred to as "Florence" throughout this Settlement Agreement regardless of the name at the time, unless the context requires otherwise.

7. In addition to Ontario, Florence is registered under the securities laws of British Columbia, Alberta, New Brunswick, and Nova Scotia.

8. Florence employs approximately 20 registered dealing representatives.

9. Prior to the events described herein, Florence had not been the subject of any disciplinary sanction by any securities regulator.

B. Ravindran

10. Ravindran has been Florence's ultimate designated person and chief executive officer since it was first registered, and he is also a registered dealing representative with the firm.

11. Ravindran's work history prior to Florence includes two registered firms and a variety of small businesses in the corporate finance area.

12. Prior to the events described herein, Ravindran had not been the subject of any disciplinary sanction by any securities regulator.

C. McGlashen

13. McGlashen has been Florence's chief compliance officer since it was first registered.

14. From 1997 until he joined Florence, McGlashen worked in compliance roles primarily in the retail investment and scholarship plan industries.

15. Prior to the events described herein, McGlashen had not been the subject of any disciplinary sanction by any securities regulator.

D. Prior Registration Attempts Involving Gravitas Investments Inc. and ForeGrowth Wealth Management Inc.

16. The facts described in this section D are based on RIE Staff's review and subsequent findings regarding the prior attempts at registration involving Gravitas Investments Inc. (**Gravitas Investments**) and ForeGrowth Wealth Management Inc. (**ForeGrowth Wealth**). These facts are not within the direct knowledge of Ravindran or McGlashen as they were not involved with those entities at the material times.

i. Gravitas Investments

17. In January 2017, Gravitas Investments applied for registration as an investment fund manager, portfolio manager, and exempt market dealer.

18. Karamadam was proposed as a "permitted individual" of Gravitas Investments, as that term is defined in National Instrument 33-109 *Registration Information* (**NI 33-109**).

19. Gravitas Investments intended to manage the "ForeGrowth Private Yield Fund", which was a creation of ForeGrowth Inc. (**ForeGrowth**). At the time, Karamadam was the president of ForeGrowth and Guo was its chief operating officer.

20. Gravitas Investments, ForeGrowth, and Gravitas Securities Inc. (**Gravitas Securities**) (which was registered as an investment dealer and investment fund manager) were all affiliates.

21. During its review of the Gravitas Investments application, RIE Staff identified potential non-compliance with the dealer registration requirement in s. 25 of the Act based on statements on ForeGrowth's website. RIE Staff raised this with ForeGrowth in writing, and Karamadam responded on the firm's behalf.

22. The Gravitas Investments application was withdrawn.

ii. ForeGrowth Wealth

23. In February 2018, a new application was submitted in place of the Gravitas Investments application. In this new application, the firm's name was changed to ForeGrowth Wealth.

24. ForeGrowth Wealth was an affiliate of ForeGrowth and Gravitas Securities.

25. Karamadam was the proposed ultimate designated person of ForeGrowth Wealth, and Guo was its president.

26. At around the same time that RIE Staff was reviewing ForeGrowth Wealth's application, it was also conducting a compliance review of Gravitas Securities, and in March 2019, RIE Staff advised Karamadam and the other directors of the parent company of Gravitas Securities that the findings of the compliance review would be considered when assessing the ForeGrowth Wealth application.

27. In June 2019, RIE Staff delivered the report of its compliance review to Gravitas Securities. The report noted 30 deficiencies in the firm's compliance with Ontario securities law, 17 of which were identified as being "significant", including the finding that Gravitas Securities had an inadequate compliance system.

28. In July 2019, RIE Staff met with ForeGrowth Wealth's lawyer to inform him that given the findings from the Gravitas Securities compliance review, they had significant concerns with ForeGrowth Wealth's suitability for firm registration, Karamadam's suitability for individual registration as its ultimate designated person due to proficiency concerns, and that accordingly they were unable to recommend that those applications be granted.

29. ForeGrowth Wealth withdrew its application for registration several days after the meeting with RIE Staff.

E. Florence Applies for and Obtains Registration

30. Several months after the ForeGrowth Wealth application was withdrawn, Ravindran, in consultation with Karamadam and Guo, caused Florence to apply for registration on November 4, 2019.

31. Applications for firm registration are governed by NI 33-109, which requires the applicant firm to submit a completed Form 33-109F6 *Firm Registration* (**Form 33-109F6**) and specified supporting documents, including without limitation, a business plan, a policies and procedures manual, constating documents, an organizational chart, and an ownership chart.

32. Florence's application consisted of a Form 33-109F6 signed by Ravindran as its chief executive officer, the supporting documents required by the form, and oral and written responses to clarifying questions by RIE Staff (collectively, the **Application**).

33. Among other things, the Application:

    (a) identified Ravindran as the firm's proposed ultimate designated person and chief compliance officer (McGlashen would not join the firm until July 2020);

    (b) identified the source of the firm's capital as being 5022093 Ontario Inc. (**502 Ontario**), a holding company whose shares were owned by an individual named Yu Pan (**Pan**), who was described to RIE Staff by a consultant to Florence (who at the time was also a director of the company) (the **Director/Consultant**) as an independent investor identified by Ravindran through his network;

    (c) included a written business plan, the first sentence of which was as follows: "The firm will NOT be trading in or advising in securities issued by a related or connected issuer";

    (d) represented that the firm did not expect to have any relationships that could reasonably result in any significant conflicts of interest in carrying out its registerable activities in accordance with securities legislation, in response to question 6.2 of Form 33-109F6; and

    (e) made no reference to Karamadam or Guo.

34. The Application was subsequently accompanied by individual applications for registration by Ravindran (ultimate designated person and dealing representative) and McGlashen (chief compliance officer).

35. Based on the information disclosed in the Application and the individual applications by Ravindran and McGlashen, RIE Staff recommended to the Director that they be granted pursuant to s. 27 of the Act, which they were on September 1, 2020.

36. Unbeknownst to RIE Staff at the time Florence was granted registration:

    (a) Pan was Guo's mother;

    (b) Guo was a beneficial shareholder of 502 Ontario, and thus an indirect beneficial shareholder of Florence;

    (c) the firm's capital had been provided to Pan by Karamadam through a loan guaranteed by Guo;

    (d) the initials "V" and "M" in VM Capital (the firm's name at the time) stood for "Vishy" and "Max". When RIE Staff asked what the initials stood for during its review of the Application, the Director/Consultant represented that the letters were randomly selected and had no significance;

    (e) at the time the Application was submitted on November 4, 2019, Karamadam and Guo were officers and/or directors of ForeGrowth, and it was anticipated that Florence may sell securities of ForeGrowth to the public using its registration as an exempt market dealer; and

    (f) based on these facts, Florence and ForeGrowth were "connected" at the time the Application was submitted under National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**). Subsequently, as of July 29, 2020, when Karmadam and Guo acquired a controlling interest in ForeGrowth, Florence and ForeGrowth became "related" and "connected," creating a potential material conflict of interest for the purposes of s. 13.4 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (**NI 31-103**).

37. Based on the foregoing, the Application was incomplete and inaccurate in that it:

    (a) did not disclose that Karamadam and Guo would be "permitted individuals" of Florence;

    (b) represented that Florence would not sell securities of related or connected issuers; and

    (c) represented that the firm did not expect to have any relationships that could result in any significant conflicts of interest in carrying out its registerable activities in accordance with securities legislation.

38. Ravindran also submitted documents to the bank where Florence and 502 Ontario maintained their accounts that inaccurately identified himself as the sole shareholder of each firm.

39. Had the Application disclosed the circumstances surrounding Florence's ownership and governance structure, RIE Staff would not have recommended that it be granted, in light of the concerns identified during the review of the ForeGrowth Wealth registration application.

F. Florence Sells Securities of ForeGrowth Issuers

40. After acquiring their controlling interest in ForeGrowth, Karamadam and Guo caused it to create numerous investment vehicles, primarily in the form of limited partnerships, which offered investors exposure to real estate assets in Canada and the United States (collectively, **ForeGrowth Issuers**).

41. Florence began distributing ForeGrowth Issuers in November 2020 (*i.e.*, approximately two months after it became registered) with its sale of securities of the ForeGrowth NNN Fund LP. The Form 45-106F1 *Report of Exempt Distribution* (**Form 45-106F1**) for this distribution certified by Karamadam and filed with the OSC did not disclose that Florence and ForeGrowth were connected, although this disclosure was required by the form.

42. Over the next year-and-a-half, a further 30 Forms 45-106F1 were filed by ForeGrowth with the OSC for distributions of various ForeGrowth Issuers where Florence received compensation, none of which disclosed that Florence and ForeGrowth were connected.

43. The relationship between Florence and ForeGrowth was not disclosed to the OSC until June 2022, when Florence responded to a risk assessment questionnaire that registered firms are required to complete and return to RIE Staff. Florence's submission identified that the companies were related. However, RIE Staff did not have any disclosure about the nature of that relationship.

44. Offering documents for the ForeGrowth Issuers generally disclosed the relationship between Florence and ForeGrowth. However, at least five distributions of the ForeGrowth NNN Fund LP totaling $400,000 were made pursuant to an offering document that did not contain this disclosure.

45. By the time the Florence/ForeGrowth relationship was disclosed to the OSC in June 2022, Florence had raised more than $30 million through the sale of securities of the ForeGrowth Issuers, earning the firm over $1.3 million in commissions. During this time and after, Karamadam and Guo participated in the day-to-day operations of Florence.

46. Florence's sale of ForeGrowth Issuers far exceeded its sale of third-party issuers. The sale of ForeGrowth Issuers was Florence's primary source of revenue, and Florence was the primary distributor of ForeGrowth Issuers.

G. Referral Arrangement with Fary Rong

47. In November and December 2021, and in January 2022, 502 Ontario paid an individual named Fang "Fary" Rong (**Rong**) a total of approximately $150,000 to refer clients to Florence to purchase securities of the ForeGrowth Issuers (the **Referral Arrangement**).

48. The Referral Arrangement was not documented in writing, and had been negotiated by Guo and Rong.

49. On May 1, 2022, Florence sent Rong a written referral agreement to replace the unwritten Referral Arrangement. The written agreement included substantially the same terms as the Referral Arrangement.

50. Ravindran was the sole director of 502 Ontario, as well as an officer of the company. Ravindran and one other individual had signing authority over 502 Ontario's bank account. The other individual with signing authority was also the chief financial officer of ForeGrowth.

51. The payments from 502 Ontario to Rong were directed by its shareholders.

52. Ravindran says that he was initially unaware that Rong had made referrals to Florence prior to the implementation of the written referral agreement on May 1, 2022, or that 502 Ontario had made payments to her before that date. However, Ravindran acknowledges that he had an obligation to ensure that Florence complied with the requirements of Ontario securities law pertaining to referral agreements, and that he should have been more diligent in monitoring 502 Ontario's banking activity to prevent any premature or unauthorized payments.

H. 2023 Compliance Review by RIE Staff

53. In May 2023, RIE Staff commenced a compliance review of Florence pursuant to s. 20 of the Act (the **Compliance Review**).

i. Disclosure of Relationship with Pan

54. During the Compliance Review, Ravindran informed RIE Staff for the first time that Pan was Guo's mother.

ii. Concerns Regarding the Consulting Agreement Documentation

55. Florence's audited financial statements for its 2022 fiscal year show that the firm paid a total of approximately $500,000 to 502 Ontario (*i.e.*, its parent company) in 2021 and 2022.

56. During the Compliance Review, RIE Staff asked Ravindran about the purpose of these payments, and he represented that they were to compensate Pan for consulting services she had provided to Florence. Unbeknownst to RIE Staff at the time, these payments were a return of profits from the registered firm to its parent and were not compensation to Pan for consulting services to Florence, as she never rendered any such services.

57. When RIE Staff asked Florence for a copy of its consulting agreement, Ravindran collaborated with Guo, Karamadam, and the Director/Consultant to produce a document purporting to be a consulting agreement between Florence and Pan (the **Purported Consulting Agreement**). Although McGlashen was copied on emails regarding the preparation of this document, he did not actively participate in the drafting process and was unaware that Pan had not actually provided consulting services.

58. Ravindran and McGlashen submitted the Purported Consulting Agreement to RIE Staff on July 19, 2023. It was signed by Ravindran on behalf of Florence, and by Pan on her own behalf.

59. Ravindran says he mistakenly believed that Pan had rendered consulting services to Florence based on representations made to him by Guo, rather than any direct interactions or documented agreement with Pan. Ravindran acknowledges that it was inappropriate to submit the Purported Consulting Agreement to RIE Staff.

60. McGlashen says that prior to the Compliance Review, he had not been aware of the payments by Florence to 502 Ontario, or of any consulting services rendered to Florence by Pan. McGlashen says that after being asked by RIE Staff for a copy of the consulting agreement with Pan, Ravindran told him that there had been a verbal agreement, but that no written agreement existed. McGlashen acknowledges that it was inappropriate to submit the Purported Consulting Agreement to RIE Staff.

iii. Concerns Regarding the Connecticut Three Investor Communication

61. ForeGrowth Connecticut Three LP (**Connecticut Three**) was one of the ForeGrowth Issuers sold by Florence.

62. A transaction that was key to the success of Connecticut Three (the **Middletown Acquisition)** did not proceed, and so ForeGrowth gave investors the option of receiving their money back or having it transferred to a different ForeGrowth Issuer.

63. During the Compliance Review, RIE Staff questioned McGlashen about how the selection of the alternative ForeGrowth Issuer was made, as it appeared that this had occurred without investors being consulted. In response, McGlashen represented to RIE Staff that ForeGrowth had sent Connecticut Three investors a letter listing the three alternative ForeGrowth Issuers available to them, and leaving the selection of the alternative up to the investor (the **Purported Three Alternatives Letter**).

64. When RIE Staff asked McGlashen for a copy of the letter he claimed had been sent to investors, he did not have it, and did not inform RIE Staff of this.

65. Instead, McGlashen requested a copy of the letter from ForeGrowth. In response, he received the Purported Three Alternatives Letter, which he subsequently provided to RIE Staff, unaware that it differed from the communication originally sent to investors.

66. In fact, the Purported Three Alternatives Letter was not sent to investors. McGlashen acknowledges that he incorrectly understood that it had been distributed by ForeGrowth but did not independently verify its accuracy. He also acknowledges that he should have informed RIE Staff that Florence did not possess the letter at the time of their request and that he had obtained it from ForeGrowth after the fact.

iv. Significant Compliance Deficiencies

67. The Compliance Review examined Florence's compliance with Ontario securities law for the period April 1, 2022 to March 31, 2023.

68. At the conclusion of the Compliance Review, RIE Staff issued a report to Florence identifying 29 deficiencies in the firm's compliance with Ontario securities law, which are listed in summary form in the Schedule to this Settlement Agreement.

69. The Compliance Review also found that Ravindran and McGlashen had failed to comply with their obligations under NI 31-103 as Florence's ultimate designated person and chief compliance officer, respectively.

PART II – ADMISSIONS BY REGISTRANTS

70. Florence admits:

(a) the Application was incomplete and inaccurate;

(b) it failed to comply with the provisions of Ontario securities law listed in the Schedule to this Settlement Agreement;

(c) by selling securities of the ForeGrowth NNN Fund LP without disclosing that it was related and connected to that issuer as described herein, it failed to comply with s. 13.4 of NI 31-103 (identifying, addressing, and disclosing material conflicts of interest), s. 2.1 of NI 33-105 (restrictions on underwriting), and s. 2.1 of OSC Rule 31-505 *Conditions of Registration* (dealing with clients fairly, honestly, and in good faith);

(d) by accepting referrals from Rong in the absence of a written referral agreement as described herein, it failed to comply with s. 13.8 of NI 31-103 (permitted referral arrangements); and

(e) by engaging the conduct described herein, Florence failed to demonstrate the integrity and proficiency required for ongoing registration.

71. Ravindran admits:

(a) the Application was incomplete and inaccurate;

(b) the Purported Consulting Agreement was not an authentic document and it was inappropriate to submit it to RIE Staff;

(c) through the acts and omission described herein, he did not reasonably discharge his obligations as Florence's ultimate designated person and thereby failed to comply with s. 5.1 of NI 31-103 (responsibilities of the ultimate designated person); and

(d) by engaging in the conduct described herein, he failed to demonstrate the integrity and proficiency required for ongoing registration.

72. McGlashen admits:

(a) the Purported Consulting Agreement was not an authentic document and it was inappropriate to submit it to RIE Staff;

(b) the Purported Three Alternatives Letter was not an authentic document and it was inappropriate to submit it to RIE Staff;

(c) through the acts and omissions described herein, he did not reasonably discharge his obligations as Florence's chief compliance officer and thereby failed to comply with s. 5.2 of NI 31-103 (responsibilities of the chief compliance officer); and

(d) by engaging in the conduct described herein, he failed to demonstrate the integrity and proficiency required for ongoing registration.

PART III – JOINT RECOMMENDATION

73. To settle the opportunity to be heard that has been requested by the Registrants, RIE Staff and the Registrants make the following recommendation to the Director:

(b) Florence:

(i) The registration of Florence as an exempt market dealer shall be suspended pursuant to s. 28 of the Act.

(c) Ravindran:

(i) The registration of Ravindran as Florence's ultimate designated person and dealing representative shall be suspended pursuant to s. 28 of the Act.

(ii) Ravindran will not apply for registration in any category for a period of at least five years from the date his registration is suspended. If Ravindran applies to reactivate his registration, the conduct described

in this Settlement Agreement may be considered by Staff in assessing his suitability for registration, together with any other relevant consideration.

(iii) Ravindran will not become a permitted individual of any registered firm for a period of at least five years, after which period of time RIE Staff will not object to him becoming a permitted individual based solely on the conduct described in this Settlement Agreement.

(d) McGlashen:

(i) McGlashen's registration as Florence's chief compliance officer shall be suspended pursuant to s. 28 of the Act.

(ii) McGlashen will not apply for registration in any category for a period of at least three years from the date his registration is suspended, after which period of time RIE Staff will not recommend to the Director that his application be refused unless it becomes aware after the date of this Settlement Agreement of conduct impugning his suitability for registration, and provided he meets all other applicable criteria for registration at the time he applies for registration.

(iii) McGlashen will not be a permitted individual of any registered firm for a period of at least three years, after which period of time RIE Staff will not object to him becoming a permitted individual based solely on the conduct described in this Settlement Agreement.

74. The parties submit that their joint recommendation is reasonable, having regard to the following factors:

(a) Prior to the events described herein, the Registrants have not been the subject of any disciplinary sanction by any securities regulator.

(b) Unlike in the registration process or Compliance Review, the Registrants fully cooperated with RIE Staff's investigation into the matters described herein, including by producing a large volume of documents and facilitating the attendance of numerous witnesses for interviews.

(c) Ravindran and McGlashen have acknowledged their misconduct and have demonstrated remorse for it.

76. The parties acknowledge that if the Director does not accept this joint recommendation:

(a) This joint recommendation and all discussions and negotiations between RIE Staff and the Registrants in relation to this matter shall be without prejudice to the parties.

(b) The Registrants will be entitled to an opportunity to be heard in accordance with s. 31 of the Act in respect of RIE Staff's recommendation that their registration be suspended.

"Matthew Onyeaju"

Matthew Onyeaju
Senior Vice President
Registration, Inspections and Examinations Division

November 25, 2024

Date

"Rajkumar Ravindran"

Rajkumar Ravindran, in his personal capacity and on behalf of Florence Wealth Management Inc.

November 22, 2024

Date

"Dalton McGlashen Jr."

Dalton McGlashen Jr.

November 22, 2024

Date

Schedule

Deficiencies Identified During 2023 Compliance Review
(Statutory requirements identified in parenthesis)

Compliance – General

1. Inadequate compliance system and ultimate designated Person and chief compliance officer not adequately performing responsibilities (NI 31-103, s. 11.1, 5.1, and 5.2)

2. Books and records not readily available (NI 31-103, s. 11.1 and 11.6)

3. Sales compensation paid to unregistered company (Act, s. 25(1)(a))

4. Prohibited confidentiality provisions in employment agreements (Act, s. 121.5(3))

5. Inadequate policies and procedures (NI 31-103, s. 11.1)

6. Inadequate business continuity plan (NI 31-103, s. 11.1)

Know-Your-Client, Know-Your-Product, Suitability

7. Unsuitable investments (NI 31-103, s. 13.3)

8. Inadequate collection and documentation of KYC information (NI 31-103, s. 11.5, 13.2, and 13.3)

9. Inadequate review and approval of KYC information (NI 31-103, s. 11.1, 11.5, 13.2, and 13.3)

10. Insufficient product due diligence (KYP) (NI 31-103, s. 13.2.1 and 13.3(1))

11. Inadequate documentation of KYP training for dealing representatives (NI 31-103, s. 11.1(2))

Conflicts of Interest

12. Failure to identify and appropriately disclose the material conflict of distributing products with deferred sales charges (DSCs) to clients (NI 31-103, s. 13.4 and 13.4.1)

13. Conflicts of interest not identified as material and/or not adequately addressed (NI 31-103, s. 13.4 and 13.4.1; OSC Rule 31-505, s. 2.1(1)

14. Conflicts of interest not adequately disclosed to clients (NI 31-103, s. 13.4)

Commission Filings

15. No notice to Commission of outside activities (NI 33-109, s. 4.1(1)(a))

Financial Condition

16. Not aware of excess working capital position at all times (NI 31-103, s. 11.5(1) and s. 12.1(2))

Referral Agreements

17. Incomplete information provided for referral agreement (NI 31-103, s. 13.8)

Registration

18. Not registered in jurisdictions of non-resident clients (the Act, s. 25(1); NI 31-103, s. 11.1)

Disclosure

19. Inadequate disclosure of underwriting conflicts in offering documents (NI 33-105, s. 2.1(1))

20. Inadequate relationship disclosure information (NI 31-103, s. 14.2)

Client Reporting

21. Quarterly client statements not provided for all periods and statements did not include all required information (NI 31-103, s. 14.14.1(2), 14.14.2(2), and 14.14.2(3); OSC Rule 31-505, s. 2.1(1))

22. Non-delivery of reports on charges and other compensation (NI 31-103, s. 14.17 and 14.20)

23. Non-delivery of annual investment performance reports (NI 31-103, s. 14.18 and 14.19)

24. Trade confirmations missing information (NI 31-103, s. 14.12(1))

25. Inappropriate disclaimer on client statements (OSC Rule 31-505, s. 2.1(1))

Marketing

26. Inaccurate and misleading marketing material (OSC Rule 31-505, s. 2.1(1))

Cybersecurity

27. Inadequate cyber security incident response plan (NI 31-103, s. 11.1)

28. Inadequate controls on cyber security (NI 31-103, s. 11.1)

29. Inadequate policies and procedures for cybersecurity (NI 31-103)

B.3.3 Onex Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer bid – Modified Dutch auction – Application for relief from the requirement to take up and pay for shares on a pro rata basis and the related disclosure requirements for the issuer bid circular (section 2.26 of National Instrument 62-104 Take-Over Bids and Issuer Bids and item 8 of Form 62-104F2) – Application for relief from the requirement to take up all securities deposited under the issuer bid and not withdrawn if all the terms and conditions of the Offer have been complied with or waived unless and the Offer is under subscribed (subsection 2.32(4) of National Instrument 62-104 Take-Over Bids and Issuer Bids) – requested relief granted, subject to conditions.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, ss. 2.26, 2.32(4) and 6.1 and item 8 of Form 62-104F2.

December 6, 2024

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
ONEX CORPORATION
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that, in connection with the proposed purchase by the Filer of a portion of its issued and outstanding subordinate voting shares (the **Subordinate Voting Shares**) pursuant to an issuer bid commenced on November 8, 2024 (the **Offer**), the Filer be exempt from the following requirements:

(a) the requirement in section 2.26 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (**NI 62-104**) to take-up and pay for the Subordinate Voting Shares deposited pursuant to the Offer proportionately according to the number of Subordinate Voting Shares deposited by each holder (the **Proportionate Take-Up Requirement**);

(b) the requirement in Item 8 of Form 62-104F2 *Issuer Bid Circular* to provide disclosure of the proportionate take-up and payment mechanism in the issuer bid circular in respect of the Offer (the **Circular**) (the **Proportionate Take-Up Disclosure Requirement**); and

(c) the requirement in subsection 2.32(4) of NI 62-104 that the Offer not be extended if all the terms and conditions of the Offer have been complied with or waived unless the Filer first takes up all of the Subordinate Voting Shares deposited under the Offer and not withdrawn (the **Extension Take-Up Requirement**, and together with the Proportionate Take-Up Requirement and the Proportionate Take-Up Disclosure Requirement, the **Exemption Sought**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia,

New Brunswick, Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, Nunavut and the Yukon Territory.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, and NI 62-104 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation validly existing under the *Business Corporations Act* (Ontario) and is in good standing and has its head office and registered office in Toronto, Ontario.

2. The Filer is a reporting issuer in each jurisdiction of Canada and is not in default of any requirement of the securities legislation in any jurisdiction in which it is a reporting issuer.

3. The authorized share capital of the Filer consists of: (i) an unlimited number of senior preferred shares; (ii) an unlimited number of junior preferred shares; (iii) 100,000 multiple voting shares (the **Multiple Voting Shares**); and (iv) an unlimited number of Subordinate Voting Shares. As at November 7, 2024, the date prior to the announcement of the Filer's intention to proceed with the Offer, 100,000 Multiple Voting Shares and 73,968,434 Subordinate Voting Shares were issued and outstanding. No senior preferred shares or junior preferred shares are issued and outstanding.

4. The 100,000 Multiple Voting Shares carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Filer carrying voting rights. The Subordinate Voting Shares carry one (1) vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Filer carrying voting rights.

5. The Subordinate Voting Shares are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "ONEX". The closing price of the Subordinate Voting Shares on the TSX on November 7, 2024 was $108.75.

6. The board of directors of the Filer (the **Board**) has determined that the Offer is in the best interests of the Filer and the holders of Subordinate Voting Shares (each, a **Shareholder** and collectively, the **Shareholders**) and that the Offer is a prudent use of the Filer's financial resources. The Filer and the Board believe that the Offer represents an equitable and efficient means for the Filer to distribute up to $400,000,000 of capital to Shareholders who elect to tender, while at the same time proportionately increasing the equity interest in the Filer of Shareholders who do not deposit their Subordinate Voting Shares to the Offer.

7. The Offer does not apply to Multiple Voting Shares and no offer is being made for the Multiple Voting Shares. The Offer is made only for Subordinate Voting Shares and is not made for any options to purchase Subordinate Voting Shares or any other securities of the Filer that are convertible into or exchangeable or exercisable for Subordinate Voting Shares, unless such options and/or such other securities were validly converted, exchanged or exercised in advance of the Expiry Time (as defined below).

8. The Filer formally commenced the Offer on November 8, 2024. The Circular specifies that the Filer proposes to purchase, by way of a modified "Dutch auction" procedure in the manner described below, that number of Subordinate Voting Shares having an aggregate purchase price of up to $400,000,000 (the **Specified Maximum Dollar Amount**) at a purchase price of not less than $105.00 and not more than $112.00 per Subordinate Voting Share (the **Price Range**).

9. The Filer will fund the purchase of Subordinate Voting Shares pursuant to the Offer, together with the fees and expenses of the Offer, with cash on hand. The Offer is not conditional upon the receipt of any financing.

10. Any Shareholder wishing to tender to the Offer will be able to do so in the following ways:

    (a) by making auction tenders in which the tendering Shareholders specify the number of Subordinate Voting Shares being tendered at a specified price per Subordinate Voting Share (the **Auction Price**) within the Price Range in increments of $0.25 (the **Auction Tenders**);

    (b) by making purchase price tenders in which the tendering Shareholders do not specify a price per Subordinate Voting Share, but rather agree to have a specified number of Subordinate Voting Shares purchased at the Purchase Price (as defined below) to be determined pursuant to the Offer (the **Purchase Price Tenders)**;

    (c) by making proportionate tenders in which the tendering Shareholders agree to sell to the Filer, at the Purchase Price to be determined pursuant to the Offer, a number of Subordinate Voting Shares that will result in them maintaining their respective proportionate Subordinate Voting Share ownership in the Filer following completion of the Offer (the **Proportionate Tenders**).

11. Shareholders who tender Subordinate Voting Shares without making a valid Auction Tender, Purchase Price Tender or Proportionate Tender will be deemed to have made a Purchase Price Tender.

12. Shareholders may make multiple Auction Tenders but not in respect of the same Subordinate Voting Shares (i.e. Shareholders may tender different Subordinate Voting Shares at different prices but cannot tender the same Subordinate Voting Shares at different prices). Shareholders may also make an Auction Tender in respect of certain of their Subordinate Voting Shares and a Purchase Price Tender in respect of other Subordinate Voting Shares. Shareholders who make an Auction Tender or a Purchase Price Tender may not make a Proportionate Tender and Shareholders who make a Proportionate Tender may not make an Auction Tender or a Purchase Price Tender.

13. A registered Shareholder who makes a Proportionate Tender must deposit either all of its Subordinate Voting Shares or a sufficient number of Subordinate Voting Shares to satisfy the Shareholder's Proportionate Tender. A non-registered Shareholder who wishes its nominee to make a Proportionate Tender must deposit all of its Subordinate Voting Shares.

14. Any Shareholder who beneficially owns fewer than 100 Subordinate Voting Shares and tenders all of such Shareholder's Subordinate Voting Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender will be considered to have made an "**Odd-Lot Tender**".

15. The Filer will determine a single purchase price payable per Subordinate Voting Share (the **Purchase Price**) based on the Auction Prices and the number of Subordinate Voting Shares deposited pursuant to valid Auction Tenders and Purchase Price Tenders. The Purchase Price will be the lowest price that enables the Filer to purchase that number of Subordinate Voting Shares tendered pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not to exceed an amount (the **Auction Tender Limit Amount**) equal to

    (a) the Specified Maximum Dollar Amount, less

    (b) the product of

        (i) the Specified Maximum Dollar Amount, and

        (ii) a fraction, the numerator of which is the aggregate number of Subordinate Voting Shares owned by Shareholders making valid Proportionate Tenders, and the denominator of which is the aggregate number of Subordinate Voting Shares outstanding at the time of expiry of the Offer.

16. For the purpose of determining the Purchase Price, Subordinate Voting Shares deposited pursuant to a Purchase Price Tender will be deemed to have been tendered at the minimum price of $105.00 per Subordinate Voting Share.

17. If the aggregate purchase price for Subordinate Voting Shares validly tendered pursuant to (i) Auction Tenders at Auction Prices at or below the Purchase Price, and (ii) Purchase Price Tenders, is less than or equal to the Auction Tender Limit Amount, the Filer will purchase at the Purchase Price all Subordinate Voting Shares so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders.

18. If the aggregate purchase price for Subordinate Voting Shares validly tendered pursuant to (i) Auction Tenders at Auction Prices at or below the Purchase Price, and (ii) Purchase Price Tenders, is greater than the Auction Tender Limit Amount, the Filer will purchase at the Purchase Price a portion of the Subordinate Voting Shares so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders, determined as follows:

    (a) first, the Filer will purchase all such Subordinate Voting Shares tendered by Shareholders at or below the Purchase Price pursuant to Odd- Lot Tenders;

    (b) second, the Filer will purchase on a *pro rata* basis that portion of such Subordinate Voting Shares tendered pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders having an aggregate purchase price, based on the Purchase Price, equal to

        (i) the Auction Tender Limit Amount, less

        (ii) the aggregate amount paid by the Filer for Subordinate Voting Shares tendered pursuant to Odd-Lot Tenders.

19. The Filer will purchase at the Purchase Price that portion of the Subordinate Voting Shares deposited by Shareholders making valid Proportionate Tenders that results in the tendering Shareholders maintaining their proportionate equity ownership in the Filer following completion of the Offer.

20. The number of Subordinate Voting Shares that the Filer will purchase pursuant to the Offer and the aggregate purchase price will vary depending on whether the aggregate purchase price payable in respect of Subordinate Voting Shares required to be purchased pursuant to Auction Tenders at Auction Prices at or below the Purchase Price and Purchase

Price Tenders (the **Auction Tender Purchase Amount**) is equal to or less than the Auction Tender Limit Amount. If the Auction Tender Purchase Amount is equal to the Auction Tender Limit Amount, the Filer will purchase Subordinate Voting Shares for an aggregate purchase price equal to the Specified Maximum Dollar Amount. If the Auction Tender Purchase Amount is less than the Auction Tender Limit Amount, the Filer will purchase proportionately fewer Subordinate Voting Shares in the aggregate, with a proportionately lower aggregate purchase price.

21. If the Purchase Price is determined to be $105.00 (being the minimum Purchase Price under the Offer), the maximum number of Subordinate Voting Shares that the Filer is offering to purchase pursuant to the Offer is 3,809,532 Subordinate Voting Shares representing approximately 5.15% of the outstanding Subordinate Voting Shares. If the Purchase Price is determined to be $112.00 (being the maximum Purchase Price under the Offer), the maximum number of Subordinate Voting Shares that the Filer is offering to purchase pursuant to the Offer is 3,571,428 Subordinate Voting Shares representing approximately 4.83% of the outstanding Subordinate Voting Shares.

22. All Subordinate Voting Shares purchased by the Filer pursuant to the Offer (including Subordinate Voting Shares tendered at Auction Prices below the Purchase Price) will be purchased at the Purchase Price. Shareholders will receive the Purchase Price in cash. All Auction Tenders, Purchase Price Tenders and Proportionate Tenders will be subject to adjustment to avoid the purchase of fractional Subordinate Voting Shares. All payments to Shareholders will be subject to deduction of applicable withholding taxes.

23. Subordinate Voting Shares validly deposited by a Shareholder pursuant to an Auction Tender will not be purchased by the Filer pursuant to the Offer if the Auction Price per Subordinate Voting Share specified by the Shareholder is greater than the Purchase Price.

24. All Subordinate Voting Shares tendered to the Offer and not taken up will be returned to the appropriate Shareholders.

25. Shareholders who do not accept the Offer will continue to hold the same number of Subordinate Voting Shares as before the Offer and their proportionate Share ownership will increase following completion of the Offer.

26. Mr. Gerald W. Schwartz, the Founder and Chairman of the Filer, who beneficially owns, controls or directs as at November 7, 2024, directly or indirectly, 8,364,140 Subordinate Voting Shares representing approximately 11.308% of the issued and outstanding Subordinate Voting Shares, has advised the Filer that he intends to participate in the Offer by making a Proportionate Tender in order to maintain his proportionate ownership interest in Subordinate Voting Shares.

27. To the knowledge of the Filer and its directors and officers, after reasonable inquiry, as of November 8, 2024, other than Mr. Gerald W. Schwartz:

    (a) no person or company beneficially owns, or exercises control or direction over, more than 10% of the voting rights attached to all of the Filer's outstanding voting securities; and

    (b) no director or officer of the Filer, no associate or affiliate of the Filer or of an insider of the Filer, no insider of the Filer (other than a director or officer), and no person or company acting jointly or in concert with the Filer, has indicated any present intention to deposit any of such person's Subordinate Voting Shares pursuant to the Offer.

28. The Offer is scheduled to expire at 11:59 p.m. (Toronto time) on December 13, 2024 (the **Expiry Time**).

29. Until expiry of the Offer, all information about the number of Subordinate Voting Shares tendered and the prices at which such Subordinate Voting Shares are tendered will be required to be kept confidential by the depositary and the Filer until the Purchase Price has been determined.

30. If all the terms and conditions of the Offer have been complied with or waived by the Filer by the Expiry Time but the aggregate purchase price of the Subordinate Voting Shares validly tendered pursuant to Auction Tenders and Purchase Price Tenders is less than the Auction Tender Limit Amount, the Filer may wish to extend the Offer. The Filer will not extend the Offer if all the terms and conditions of the Offer have been complied with or waived by the Filer by the Expiry Time and the aggregate purchase price of the Subordinate Voting Shares validly tendered and not withdrawn pursuant to Auction Tenders and Purchase Price Tenders is equal to or greater than the Auction Tender Limit Amount.

31. Under the Extension Take-Up Requirement contained in subsection 2.32(4) of NI 62-104, an offeror may not extend an issuer bid if all the terms and conditions of the issuer bid have been complied with or waived unless the offeror first takes up all the securities deposited and not withdrawn under the issuer bid.

32. As the determination of the Purchase Price requires that all Auction Prices and the number of Subordinate Voting Shares deposited pursuant to both Auction Tenders and Purchase Price Tenders be known and taken into account, the Filer will be unable to take up the Subordinate Voting Shares deposited and not withdrawn under the Offer as of the Expiry Time prior to extending the Offer because the Purchase Price will not and cannot be known as additional Auction Tenders and Purchase Price Tenders may be made during the extension period that will impact the calculation of the Purchase Price.

As such, relief from the Extension Take-Up Requirement is required in connection with an extension of the Offer to enable the Filer to make a final determination regarding the Purchase Price, taking into account all Subordinate Voting Shares tendered prior to the Expiry Time and those tendered during any extension period.

33. Subordinate Voting Shares deposited pursuant to the Offer, including those deposited prior to the Expiry Time, may be withdrawn by the Shareholder at any time prior to the expiration of any extension period in respect of the Offer.

34. The Filer is relying on the exemption from the formal valuation requirements applicable to issuer bids under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**) set out in paragraph 3.4(b) of MI 61-101 (the **Liquid Market Exemption**).

35. There is a "liquid market" for the Subordinate Voting Shares, as such term is defined in MI 61-101, as of the date the Offer was publicly announced because, in accordance with section 1.2 of MI 61-101:

    (a) there is a published market for the Subordinate Voting Shares (being the TSX);

    (b) during the 12-month period before November 8, 2024 (the date the Offer was publicly announced):

        (i) the number of issued and outstanding Subordinate Voting Shares was at all times at least 5,000,000 (excluding Subordinate Voting Shares beneficially owned, or over which control or direction was exercised, by related parties), all of which Subordinate Voting Shares are freely tradeable;

        (ii) the aggregate trading volume of Subordinate Voting Shares on the TSX was at least 1,000,000 Subordinate Voting Shares;

        (iii) there were at least 1,000 trades in the Subordinate Voting Shares on the TSX; and

        (iv) the aggregate value of the trades in the Subordinate Voting Shares on the TSX was at least $15,000,000; and

    (c) the market value of the Subordinate Voting Shares on the TSX, as determined in accordance with MI 61-101, was at least $75,000,000 for October 2024 (the calendar month preceding the calendar month in which the Offer was publicly announced).

36. In addition, the Filer has voluntarily obtained a liquidity opinion (the **Liquidity Opinion**) in accordance with section 1.2 of MI 61-101 from RBC Capital Markets confirming that, based on and subject to customary qualifications, assumptions and restrictions set out therein, (i) a liquid market for the Subordinate Voting Shares exists and (ii) it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of Subordinate Voting Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. A copy of the Liquidity Opinion is attached to the Circular.

37. Based on the maximum number of Subordinate Voting Shares that may be purchased under the Offer and the Liquidity Opinion, the Board has determined that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Subordinate Voting Shares who do not tender to the Offer that is not materially less "liquid" (as such term is defined in MI 61-101) than the market that existed at the time of the making of the Offer.

38. The Filer has disclosed in the Circular relating to the Offer the following information:

    (a) the mechanics for the take-up of and payment for Subordinate Voting Shares as described herein;

    (b) that, by tendering Subordinate Voting Shares at the lowest price in the Price Range under an Auction Tender or by tendering Subordinate Voting Shares under a Purchase Price Tender or a Proportionate Tender, a Shareholder can reasonably expect that the Subordinate Voting Shares so tendered will be purchased at the Purchase Price, subject to proration and other terms of the Offer as specified herein;

    (c) that the Filer has applied for the Exemption Sought;

    (d) the manner in which an extension of the Offer will be communicated to Shareholders and the public;

    (e) that Subordinate Voting Shares deposited pursuant to the Offer may be withdrawn at any time prior to the expiry of the Offer;

    (f) the name of each Shareholder that has advised the Filer that it intends to make a Proportionate Tender;

(g) the facts supporting the Filer's reliance on the Liquid Market Exemption and provided a copy of the Liquidity Opinion; and

(h) except in respect of the Proportionate Take-Up Disclosure Requirement, the disclosure prescribed by the Legislation for issuer bids.

Decision

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

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

(a) takes up Subordinate Voting Shares validly deposited pursuant to the Offer and not withdrawn and pays for such Subordinate Voting Shares, in each case, in the manner described herein and as set out in the Circular;

(b) is eligible to rely on the Liquid Market Exemption; and

(c) will issue and file a press release announcing receipt of the Exemption Sought promptly, and in any case, no later than one (1) business day following receipt of the Exemption Sought.

"David Mendicino"
Manager, Corporate Finance Division
Ontario Securities Commission

B.3.4 Carta Capital Markets, LLC

Headnote

Section 144 of the Securities Act (Ontario) and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application to revoke the decision granting a U.S. broker-dealer and operator of an alternative trading system relief from the dealer registration requirement and from the application of all provisions of NI 21-101, NI 23-101 and NI 23-103 – decision to revoke exemptive relief granted.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, ss. 25(1) and 144.
National Instrument 21-101, s. 15.1(1).
National Instrument 23-101, s. 12.1(1).
National Instrument 23-103, s. 10(1).

December 5, 2024

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

AND

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

AND

IN THE MATTER OF
CARTA CAPITAL MARKETS, LLC
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in Ontario has received an application from the Filer for a decision under the securities legislation of the jurisdiction of the principal regulator to revoke the decision dated January 21, 2022 granting the Filer exemptive relief from the dealer registration requirement in the securities legislation of the jurisdiction of the principal regulator to permit the Filer to provide Canadian residents who hold securities of private issuers domiciled in the United States and other jurisdictions outside of Canada with brokerage services to allow them to sell such securities in transactions offered on the alternative trading system (**ATS**) operated by the Filer to clients in the Jurisdictions (the **Dealer Registration Relief Revocation**, which is a passport decision).

The securities regulatory authority or regulator in each of the Jurisdictions (the **Coordinated Exemptive Relief Decision Makers**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) to revoke the decision dated January 21, 2022 granting the Filer exemptive relief under:

(a) section 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) from NI 21-101 in whole;

(b) section 12.1 of National Instrument 23-101 *Trading Rules* (**NI 23-101**) from NI 23-101 in whole; and

(c) section 10 of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) from NI 23-103 in whole

(the **Marketplace Relief Revocation**, which is a coordinated review decision).

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

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

(b) in respect of the Dealer Registration Relief Revocation, the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories and Nunavut,

(c) in respect of the Marketplace Relief Revocation, the decision is the decision of the principal regulator, and

(d) the decision evidences the decision of each Coordinated Exemptive Relief Decision Maker.

Interpretation

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

Representations

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

1. the Filer has wound down its operations of the ATS known as “CartaX” in the Jurisdictions;

2. there is currently no trading activity on the CartaX platform and the Filer has currently ceased its activities as an ATS in the Jurisdictions; and

3. the Filer is not in default of securities legislation in any jurisdiction of Canada and is in compliance in all material respects with U.S. securities laws.

Decision

Each of the principal regulator and the Coordinated Exemptive Relief Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

The decision of the principal regulator under the Legislation is that the Dealer Registration Relief Revocation is granted.

The decision of the Coordinated Review Decision Makers under the Legislation is that the Marketplace Relief Revocation is granted.

“Michelle Alexander”
Manager, Trading and Markets Division
Ontario Securities Commission

OSC File #: 2024/0490

B.3.5 Invesco Canada Ltd. and Invesco Balanced-Risk Allocation Pool

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from sections 6.8(1) and 6.8(2)(c) of NI 81-102 exempting an investment fund from margin deposit limits to invest in specified derivatives – Relief granted from section 2.9.1 of NI 81-102 to permit fund to use Absolute Value at Risk (Absolute VaR) measurement for leverage exposure – Relief granted from item 4 and instruction (4) of Part B of Form 81-101F1 Contents of Simplified Prospectus (Form 81-101F1) and item 3 of Part I of Form 81-101F3 Contents of Fund Facts Document (Form 81-101F3) – Relief granted from subsection 2.2(1.1) of NI 81-102 in order to permit the Fund to invest up to 35% of its NAV in Foreign Government Securities.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.2(1.1), 2.9.1, 6.8(1), 6.8(2)(c) and 19.1.
Form 81-101F1 Contents of Simplified Prospectus, Part B, item 4 and instruction (4).
Form 81-101F3 Contents of Fund Facts Document, Part I, item 3.

December 5, 2024

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

AND

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

AND

IN THE MATTER OF
INVESCO CANADA LTD.
(the Filer)

AND

INVESCO BALANCED-RISK ALLOCATION POOL
(the Fund)

DECISION

Background

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

Margin

(a) the requirements of:

(i) section 6.8(1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**), which restricts an investment fund from depositing portfolio assets as margin with a member of a regulated clearing agency or dealer that is a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund (**CIPF**) for a transaction in Canada involving certain specified derivatives in excess of 10% of the net asset value (**NAV**) of the investment fund as at the time of deposit; and

(ii) section 6.8(2)(c) of NI 81-102, which restricts an investment fund from depositing portfolio assets as margin with a member of a regulated clearing agency or dealer for a transaction outside of Canada involving certain specified derivatives in excess of 10% of the NAV of the investment fund as at the time of deposit;

to permit the Fund to deposit as margin portfolio assets of up to 35% of the Fund's NAV as at the time of deposit with any one futures commission merchant in Canada or the United States of America (**U.S.**) (each a **Dealer**) and up to 70% of the Fund's NAV as at the time of deposit with all Dealers in the aggregate, in each case for transactions in standardized futures that are traded or cleared on or through a stock exchange, a futures exchange, a recognized clearing agency, or a swap execution facility that is exempted from recognition as an exchange under subsection 21(1) of the *Securities Act* (Ontario) (**Exchange Traded Specified Derivatives**) (the **Margin Deposit Relief**);

Leverage

(b) the requirements of:

(i) section 2.9.1 of NI 81-102, which limits an alternative mutual fund's aggregate exposure to cash borrowing, short selling and specified derivatives transactions to 300% of the fund's NAV; and

(ii) item 4 and instruction (4) of Part B of Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) and item 3 of Part I of Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**), which all require an alternative mutual fund to disclose its maximum aggregate exposure to leverage as calculated pursuant to section 2.9.1 of NI 81-102

(the **Leverage Relief**); and

Concentration

(c) the requirement of subsection 2.2(1.1) of NI 81-102 which prohibits an alternative mutual fund from purchasing a security of an issuer or entering into a specified derivatives transaction, if, immediately after the transaction, more than 20% of the alternative mutual fund's NAV would be invested in securities of any one issuer, other than a "government security" (as defined in NI 81-102) (the **Concentration Restriction**) in order to permit the Fund to invest up to 35% of its NAV in Foreign Government Securities (as defined below) (the **Concentration Restriction Relief** and together with the Margin Deposit Relief and Leverage Relief, the **Exemption Sought**).

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

(a) the Ontario Securities Commission is the principal regulator (the **Principal Regulator**) for this Application; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meaning if used in this decision, unless otherwise defined. The following terms have the following meanings:

Canadian Dealer means a Dealer located in Canada;

CFTC means the Commodity Futures Trading Commission;

CIRO means the Canadian Investment Regulatory Organization;

DRO affiliate means an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate under the terms of the designated rating organizations' designation;

DSRO means a designated self-regulatory organization;

Foreign Government Securities means evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments (other than the government of Canada or U.S. or the government of a jurisdiction in Canada) and are rated "AAA" by Standard & Poor's (**S&P**) or its DRO affiliates, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.

NFA means the National Futures Association; and

U.S. Dealer means a Dealer located in the U.S.

Representations

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

The Filer and the Fund

1. The Filer is:

   (a) a corporation amalgamated under the laws of the Province of Ontario with its head office located in Toronto, Ontario;

   (b) registered as:

      (i) an adviser in the category of portfolio manager in each province of Canada;

      (ii) an investment fund manager in Ontario, Québec and Newfoundland and Labrador;

      (iii) a dealer in the category of: (1) mutual fund dealer in Alberta, British Columbia; Nova Scotia, Ontario, Prince Edward Island, Québec; and (2) exempt market dealer in each province of Canada; and

      (iv) a commodity trading manager in Ontario.

   (c) the investment fund manager and portfolio manager of the Fund. An affiliate of the Filer is the sub-advisor of the Fund.

2. The Fund:

   (a) is a mutual fund trust created under the laws of the Province of Ontario; and

   (b) commenced operations on November 7, 2012 with its securities being sold pursuant to certain prospectus exemptions. However, on November 4, 2022 the Fund's securities became available for sale to the public as securities of an alternative mutual fund within the meaning of NI 81-102. Securities of the Fund are currently qualified for distribution pursuant to a prospectus that is prepared and filed in accordance with the securities legislation of one or more of the Canadian Jurisdictions. Accordingly, the Fund is a reporting issuer or the equivalent in one or more of the Canadian Jurisdictions and is subject to the provisions of NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities.

3. The Fund's current investment objectives seek to provide total return with a low to moderate correlation to traditional financial market indices by investing, directly or indirectly, in a diversified portfolio of equity securities, fixed income securities and commodities located anywhere in the world. The Fund may invest more than 10% of its NAV, directly or indirectly, in commodities.

4. The Fund currently employs a proprietary risk premium capture investment strategy which permits the Fund to enter into specified derivative transactions for hedging and non-hedging purposes up to a limit of 250% of its NAV.

5. The Filer has proposed the following changes to the Fund's investment objectives and strategies:

   The Fund's investment objectives seek to deliver a positive absolute return over a full market cycle with a low correlation to traditional financial market indices. The Fund invests primarily in long and short positions in a diversified portfolio of futures contracts, forward contracts and other derivatives that provide exposure to equity securities, fixed income securities, commodities and currencies located anywhere in the world. The Fund will use leverage through the use of derivatives, short selling or borrowing.

   The Fund's investment strategies utilize a systematic trading strategy designed to provide a stable level of volatility regardless of market conditions while taking advantage of price trends. This strategy targets an annualized volatility of 12% of the Fund's NAV with a maximum monthly value at risk (**VaR**) of 20% of the Fund's NAV.

   (collectively, the Objective Change)

6. The Filer will seek the approval of the Fund's securityholders for the Objective Change at a meeting to be held on or about January 28, 2025. If the securityholders approve the Objective Change, the Filer will seek to affect the Objective Change on or about January 31, 2025.

7. The Filer and the Fund are not in default of securities legislation in any Canadian Jurisdiction.

Margin Deposit Relief

8. To seek to achieve its current investment objectives and proposed investment objectives, the Fund may engage in specified derivative transactions in Canada and outside of Canada.

9. The Fund's current investment strategies and proposed investment strategies will, except to the extent that the Exemption Sought is granted and other exemptive relief is applicable, be limited to the investment practices permitted by NI 81-102. Any use of leverage by the Fund will be in accordance with the applicable investment objectives, strategies and restrictions of the Fund.

10. The Filer or its affiliates are authorized to establish, maintain, change and close brokerage accounts on behalf of the Fund. In order to facilitate specified derivative transactions on behalf of the Fund, the Filer or its affiliates have established or will establish one or more accounts (each an **Account**) with one or more Dealers.

11. Each Canadian Dealer is:

    (a) a member of CIRO, or successor to CIRO in Canada, and is registered in the applicable Canadian Jurisdictions as a futures commission merchant or equivalent; and

    (b) a member of an exchange, regulated clearing agency or self-regulatory organization that is a participating member of the CIPF.

12. Each U.S. Dealer:

    (a) is regulated by the CFTC and the NFA in the U.S., or successor to the CFTC or the NFA in the U.S.;

    (b) is required to segregate all assets held on behalf of clients, including the initial margin, including the Fund;

    (c) is subject to regulatory audit and must have insurance to guard against employee fraud;

    (d) has a net worth, determined from its most recent audited financial statements, in excess of the equivalent of C$50 million; and

    (e) has an exchange assigned to it as its DSRO. As a member of a DSRO, each U.S. Dealer must meet capital requirements, comply with the conduct rules of the CFTC, NFA and its DSRO, and participate in an arbitration process with a complainant.

13. Each Dealer is a member of the exchanges, clearing agencies or swap execution facilities. Each such exchange, clearing agency and swap execution facility is obliged to apply its surplus funds and the security deposits of its members to reimburse clients of failed members.

14. For each Account established for the Fund, a Dealer requires that portfolio assets of the Fund be deposited with the Dealer as collateral for Exchange Traded Specified Derivatives (**Initial Margin**). Initial Margin represents the minimum initial amount of portfolio assets that must be deposited with a Dealer to initiate trading in specified derivatives transactions or to maintain the Dealer's open position in standardized futures. Accordingly, the use of Initial Margin is an essential element of investing in Exchange Traded Specified Derivatives for the Fund.

15. Levels of Initial Margin are established at a Dealer's discretion. At no time will more than 70% of the Fund's NAV be deposited as Initial Margin with Dealers in the aggregate.

16. Each Dealer is required to hold all Initial Margin, including cash and government securities, in segregated accounts and the Initial Margin will not be available to satisfy claims against the Dealer made by creditors of the Dealer.

17. The Margin Deposit Relief would allow the Fund to invest in Exchange Traded Specified Derivatives more extensively with any one Dealer, which would allow the Fund to pursue its investment strategies more efficiently and flexibly.

18. Opening Accounts and transacting with multiple Dealers adds complexity and cost to the management of the Fund. Using fewer Dealers will simplify the Fund's:

    (a) investments and operations and will reduce the cost of implementing the Fund's strategy; and

    (b) compliance and risk management, as monitoring the data, controls and policies of a smaller number of Dealers is less complex.

Leverage Relief

19. The proposed investment strategies of the Fund would permit the Fund to use a combination of short selling and specified derivatives that at times could result in the Fund's aggregate exposure to cash borrowing, short selling and specified derivatives transactions exceeding 300% of the Fund's NAV, but in a manner that does not expose the Fund to an inappropriate level of leverage risk.

20. The Fund will construct a diversified portfolio of assets and then use the application of gross exposure to target a specified risk level. The Fund's portfolio would have a lower correlation to equity markets and could be risk reducing when the volatility of equity markets is high.

21. Notional exposures of futures contracts move with price and do not represent risk. Risk, as measured by futures exchanges, is a function of price and volatility, both of which are captured in VaR (as defined in Appendix A), but not notional exposure. VaR is a better measure of risk for the Fund.

22. For example, based on back tested data the aggregate exposure to cash borrowing, short selling and specified derivatives transactions of the Fund's hypothetical portfolio as calculated pursuant to section 2.9.1 of NI 81-102 is typically less than 400%. Notwithstanding this, risk is still managed at a consistent level, and there is no relationship between the aggregate notional exposure and the volatility of the Fund's hypothetical portfolio's returns over the past 25 years. The back tested data shows that historically, periods of higher-than-average aggregate notional exposure have not represented periods of higher volatility (or risk), and periods of lower-than-average aggregate notional exposure have not represented periods of lower volatility (or risk).

23. The Filer or its affiliates on behalf of the Fund have used multiple definitions of risk to capture diversified risk premia while remaining adaptable to changing market conditions. The Filer or its affiliates also systematically manage risk across multiple constraints at the market level.

24. The current regulatory framework in section 2.9.1 of NI 81-102 does not appropriately or adequately address the uniqueness of the Fund's proposed investment strategies.

25. Unlike typical funds, under the proposed investment strategies the Fund:

    (a) will trade futures on margin, which is different than stocks and bonds (e.g., for stocks and bonds exchange margin requirements are determined by the value of the securities, whereas for futures, exchange margin requirements are determined by notional exposure and volatility (the primary inputs to VaR models));

    (b) is systematic and quantitative;

    (c) utilizes systematic risk management, risk allocation as opposed to capital allocation, volatility targeting, and drawdown management techniques; and

    (d) will target specific volatility levels as a risk management strategy. During periods of high volatility and high correlations, the Fund may have lower exposure to the underlying assets to maintain the target level of portfolio volatility. Conversely, during periods of low volatility and low correlations, the Fund may require greater exposure to underlying assets to maintain its target level of portfolio volatility.

26. The Fund's back tested data shows that the Fund's hypothetical returns have achieved the desired risk level for its proposed investment objective, without adding additional risk through the application of leverage.

27. The European Union approved a new regulation of mutual funds in 2010 in the fourth European Directive covering Undertakings for Collective Investment in Transferable Securities (**UCITS IV**), which introduced a VaR based approach to regulatory risk management for investment funds that extensively use derivatives.

28. This approach allows for two methods of VaR limits, "relative" and "absolute", as defined in Appendix A, and which in general terms can be summarized as follows:

    (a) Relative VaR: This approach uses a ratio of up to 200% between the VaR of the portfolio and the VaR of a reference portfolio; and

    (b) Absolute VaR: This approach is generally used when there is no reference portfolio or benchmark and allows the one-month VaR to be up to 20% of the NAV of the portfolio.

29. UCITS IV also includes rules for the computation of VaR and requires regular stress- and back-testing to complement the VaR estimation.

30. On October 28, 2020, the SEC adopted new Rule 18f-4 under the U.S. *Investment Company Act of 1940* (17 CFR § 270.18f-4) (the **SEC Rule**), which modernized the regulatory framework for derivatives used by registered funds. The SEC Rule is generally the same as the UCITS IV rules as it adopted a 200% limit for funds using a relative VaR approach, and a 20% VaR limit for funds using an absolute VaR approach.

31. When dealing with a fund that is managed using a multi-asset approach, a VaR-based approach is a better means of managing risk because, unlike notional amounts which do not measure risk or volatility, VaR enables risk to be measured in a reasonably comparable and consistent manner.

32. A risk-based approach which relies on VaR, stress testing, and overall risk management would address concerns about the Fund's proposed use of leverage, while allowing the Fund to use derivatives for a variety of purposes.

33. The portfolio managers of the Fund are CFA charter holders and are well versed with VaR as a risk management tool.

34. Of the two VaR approaches (i.e. "relative" and "absolute"), the Fund will utilize an absolute VaR approach as there is no appropriate reference portfolio that can be used for the purpose of complying with the 200% limit applicable to funds using a relative VaR approach. Due to the nature of the Fund's proposed investment strategies, the potential reference portfolios for the Fund would incorporate dynamic gross exposure with periods of time where this exposure would be greater than 100%, and therefore would not be a permitted reference portfolio.

35. The Filer and its affiliates:

    (a) have the necessary policies and procedures in place to use a VaR model, and the Fund will adhere to the applicable VaR limit and will operate in accordance with the conditions set out in Appendix A, which are conditions of the exemptive relief granted by the Alberta Securities Commission (as principal regulator) and the Principal Regulator to Auspice Capital Advisors Ltd. in a decision dated February 23, 2023, Viewpoint Investment Partners Corporation in a decision dated October 2, 2023 and CI Investments Inc. in a decision dated January 30, 2024 and which are based on the SEC Rule;

    (b) will use a historical simulation VaR model with respect to the Fund and the Filer and its affiliates will continue to use an absolute VaR model for the Fund unless the Principal Regulator authorizes the Filer and its affiliates to use a relative VaR model for the Fund;

    (c) will, on each business day, upload the Fund's investment portfolios to a third-party service provider who specializes in risk analytics and risk management for hedge fund investments, such as MSCI RiskManager, (the "**Risk Service Provider**") in order to have the Risk Service Provider generate the Fund's absolute VaR which will be used to confirm that the Fund is compliant with the applicable VaR test as set out in Appendix A;

    (d) are not and will not be affiliated with or otherwise related to the Risk Service Provider;

    (e) have previously validated and confirmed the VaR models used by the Risk Service Provider; and

    (f) have appointed a "derivatives risk manager" (a "**DRM**") and have developed a "Derivatives Risk Management Program" (the "**DRMP**") that:

        (i) incorporates the well documented policies and procedures for risk monitoring, risk management and risk reporting of the Fund's VaR methodology to regulators as developed by securities regulators in the U.S.; and

        (ii) is consistent with and adheres to the conditions set out in Appendix A.

        A copy of the DRMP has been provided to the Principal Regulator.

Concentration Restriction Relief

36. To achieve the Fund's objectives, the Fund will invest in equities, fixed income, commodities and currencies. As such the Fund's portfolio will be diversified across different asset classes. However, for its investments in fixed income securities, the Fund may seek to gain exposure to any one issuer of Foreign Government Securities in excess of the Concentration Restriction.

37. Allowing the Fund to hold highly rated fixed-income securities issued by non-Canadian and non-US governments will enable the Fund to: (a) have access to assets with less credit risk; (b) hold securities that may have higher yielding returns than Canadian or US short-term securities; (c) better manage its interest rate, duration and credit risk; and (d) enhance portfolio diversification.

38. Subsection 2.1(1.1) of NI 81-102 prohibits the Fund from purchasing a security of an issuer, other than a "government security" as defined in NI 81-102, if immediately after the purchase more than 20% of the NAV of the Fund, taken at market value at the time of the purchase, would be invested in securities of the issuer.

39. The Foreign Government Securities are not "government securities" as such term is defined in NI 81-102.

40. The Filer believes that the ability to purchase Foreign Government Securities in excess of the limit in subsection 2.1(1.1) of NI 81-102 will better enable the Fund to achieve its fundamental investment objectives, thereby benefitting the Fund's investors.

41. The Fund will only purchase Foreign Government Securities if the purchase is consistent with the Fund's fundamental investment objectives.

42. The Fund's prospectus will disclose the concentration risks associated with the Fund holding a limited number of issuers.

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 Margin Deposit Relief:

   (a) the Fund will rely on this decision only with respect to investment in Exchange Traded Specified Derivatives;

   (b) the Fund shall only use Initial Margin such that the amount of Initial Margin held by any one Dealer on behalf of the Fund does not exceed 35% of the NAV of the Fund, taken at market value as at the time of the deposit;

   (c) the Fund shall only use Initial Margin such that the amount of Initial Margin held by Dealers in aggregate on behalf of the Fund does not exceed 70% of the NAV of the Fund, taken at market value as at the time of the deposit; and

   (d) all Initial Margin deposited with any Dealer is and will be held in segregated accounts and is not, and will not be available to satisfy claims against such Dealer made by creditor of the Dealer.

2. In respect of the Leverage Relief:

   (a) securityholders of the Fund approve the Objective Change at a meeting of securityholders called to approve such Objective Change; and the Filer complies with the material change requirements under section 11.2(1) of National Instrument 81-106 *Investment Fund Continuous Disclosure*;

   (b) the Filer has appointed a DRM;

   (c) the Fund complies with the 20% absolute VaR test as set out in Appendix A and all of the additional leverage conditions set out in Appendix A, and complies with all of the additional leverage conditions for funds set out in Appendix A;

   (d) the Filer discloses in the Fund's simplified prospectus and fund facts documents the maximum VaR that the Fund is permitted to incur, and the Filer discloses in the Fund's annual and interim management report on fund performance, or any successor thereto, the maximum amount of VaR incurred by the Fund over the applicable period;

   (e) the Filer files a copy of its initial DRMP with the Principal Regulator;

   (f) the Filer notifies the Principal Regulator promptly of any material changes to its DRM or DRMP;

   (g) no later than 30 days after the end of each month, the Filer prepares and retains a monthly portfolio investment report containing the elements set out in its DRMP, and, no later than 60 days after the end of each fiscal quarter, files with the Principal Regulator the monthly portfolio investment reports for that quarter;

   (h) the Filer and its affiliates will continue to use an absolute VaR model for the Fund unless the Principal Regulator authorizes the Filer and its affiliates to use a relative VaR model for the Fund;

(i) the Filer or its affiliates upload the investment portfolios of the Fund each business day to the Risk Service Provider in order to have the Risk Service Provider generate the Fund's VaR which will be used to confirm that the Fund is compliant with the applicable VaR test as set out in Appendix A on each business day;

(j) the Filer provides to the Principal Regulator on a quarterly basis a report which shows the Fund's VaR calculated each business day as determined by the Risk Service Provider for the last quarter;

(k) the Filer notifies the Principal Regulator within one business day if the Fund is offside the 20% absolute VaR test as set out in Appendix A for more than five consecutive business days, providing the information described in the DRMP;

(l) the Filer promptly (*e.g.*, within 1 business day) provides the Principal Regulator with any other information that the Principal Regulator may request regarding the intermonth calculations and risk metrics the Filer is using;

(m) the Filer appropriately documents its risk methodology for the Fund in accordance with the requirements of paragraph 15.1.1(a) of NI 81-102 and items 2 and 4 of Appendix F *Investment Risk Classification Methodology* to NI 81-102; and

(n) the Filer and its affiliates are not and will not be affiliated with or otherwise related to the Risk Service Provider.

3. In respect of the Concentration Relief:

(a) Any security that may be purchased under the Concentration Relief is traded on a mature and liquid market;

(b) Any securities purchased pursuant to this decision are consistent with the fundamental investment objectives of the Fund;

(c) The prospectus of the Fund discloses the additional risk associated with the concentration of the Fund's NAV in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which the issuer is located; and

(d) The prospectus of the Fund discloses, in the investment strategies section, a summary of the nature and terms of the Concentration Relief, along with the conditions imposed and the type of securities covered by this decision.

"Darren McKall"
Manager, Investment Management
Ontario Securities Commission

Application File #: 2024/0583
SEDAR+ File #: 6191832

APPENDIX A

ADDITIONAL LEVERAGE CONDITIONS

In these conditions,

"**absolute VaR test**" means that the VaR of a fund's portfolio does not exceed 20% of the value of the fund's net assets;

"**board**", with respect to a fund, means the fund manager's board of directors;

"**derivatives risk manager**" means an officer or officers of the fund's investment adviser responsible for administering the program and policies and procedures required by condition 1 below, provided that the derivatives risk manager:

(1) may not be a portfolio manager of the fund, or if multiple officers serve as derivatives risk manager, a majority of the derivatives risk managers must not be portfolio managers of the fund; and

(2) must have relevant experience regarding the management of derivatives risk;

"**derivatives risks**" means the risks associated with a fund's derivatives transactions or its use of derivatives transactions, including leverage, market, counterparty, liquidity, operational, and legal risks and any other risks the derivatives risk manager deems material;

"**derivatives transaction**" means

(1) any swap, security-based swap, futures contract, forward contract, option, any combination of the foregoing, or any similar instrument, under which a fund is or may be required to make any payment or delivery of cash or other assets during the life of the instrument or at maturity or early termination, whether as margin or settlement payment or otherwise; and

(2) any short sale borrowing.

"**designated index**" means an unleveraged index that is approved by the derivatives risk manager for purposes of the relative VaR test and that reflects the markets or asset classes in which the fund invests and is not administered by an organization that is an affiliated person of the fund, its investment adviser, or principal underwriter, or created at the request of the fund or its investment adviser, unless the index is widely recognized and used. In the case of a blended index, none of the indexes that compose the blended index may be administered by an organization that is an affiliated person of the fund, its investment adviser, or principal underwriter, or created at the request of the fund or its investment adviser, unless the index is widely recognized and used;

"**designated reference portfolio**" means a designated index or the fund's securities portfolio. Notwithstanding the first sentence of the definition of designated index in these conditions, if the fund's investment objective is to track the performance (including a leverage multiple or inverse multiple) of an unleveraged index, the fund must use that index as its designated reference portfolio;

"**independent director**" means a director who would be independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*;

"**relative VaR test**" means that the VaR of the fund's portfolio does not exceed 200% of the VaR of the designated reference portfolio;

"**securities portfolio**" means the fund's portfolio of securities and other investments, excluding any derivatives transactions, that is approved by the derivatives risk manager for purposes of the relative VaR test, provided that the fund's securities portfolio reflects the markets or asset classes in which the fund invests (*i.e.*, the markets or asset classes in which the fund invests directly through securities and other investments and indirectly through derivatives transactions);

"**value-at-risk**" or "**VaR**" means an estimate of potential losses on an instrument or portfolio, expressed as a percentage of the value of the portfolio's assets (or net assets when computing a fund's VaR), over a specified time horizon and at a given confidence level, provided that any VaR model used by a fund for purposes of determining the fund's compliance with the relative VaR test or the absolute VaR test must:

(1) take into account and incorporate all significant, identifiable market risk factors associated with a fund's investments, including, as applicable:

(i) equity price risk, interest rate risk, credit spread risk, foreign currency risk and commodity price risk;

(ii) material risks arising from the nonlinear price characteristics of a fund's investments, including options and positions with embedded optionality; and

(iii) the sensitivity of the market value of the fund's investments to changes in volatility;

(2) use a 99% confidence level and a time horizon of 20 trading days; and

(3) be based on at least three years of historical market data.

Conditions

1. ***Derivatives risk management program***. The fund must adopt and implement a written derivatives risk management program (program), which must include policies and procedures that are reasonably designed to manage the fund's derivatives risks and to reasonably segregate the functions associated with the program from the portfolio management of the fund. The program must include the following elements:

(i) ***Risk identification and assessment***. The program must provide for the identification and assessment of the fund's derivatives risks. This assessment must take into account the fund's derivatives transactions and other investments.

(ii) ***Risk guidelines***. The program must provide for the establishment, maintenance, and enforcement of investment, risk management, or related guidelines that provide for quantitative or otherwise measurable criteria, metrics, or thresholds of the fund's derivatives risks. These guidelines must specify levels of the given criterion, metric, or threshold that the fund does not normally expect to exceed, and measures to be taken if they are exceeded.

(iii) ***Stress testing***. The program must provide for stress testing to evaluate potential losses to the fund's portfolio in response to extreme but plausible market changes or changes in market risk factors that would have a significant adverse effect on the fund's portfolio, taking into account correlations of market risk factors and resulting payments to derivatives counterparties. The frequency with which the stress testing under this paragraph is conducted must take into account the fund's strategy and investments and current market conditions, provided that these stress tests must be conducted no less frequently than weekly.

(iv) ***Backtesting***. The program must provide for backtesting to be conducted no less frequently than weekly, of the results of the VaR calculation model used by the fund in connection with the relative VaR test or the absolute VaR test by comparing the fund's gain or loss that occurred on each business day during the backtesting period with the corresponding VaR calculation for that day, estimated over a one-trading day time horizon, and identifying as an exception any instance in which the fund experiences a loss exceeding the corresponding VaR calculation's estimated loss.

(v) Internal reporting and escalation –

A. ***Internal reporting***. The program must identify the circumstances under which persons responsible for portfolio management will be informed regarding the operation of the program, including exceedances of the guidelines specified in paragraph 1(ii) of these conditions and the results of the stress tests specified in paragraph 1(iii) of these conditions.

B. ***Escalation of material risks***. The derivatives risk manager must inform in a timely manner persons responsible for portfolio management of the fund, and also directly inform the board as appropriate, of material risks arising from the fund's derivatives transactions, including risks identified by the fund's exceedance of a criterion, metric, or threshold provided for in the fund's risk guidelines established under paragraph 1(ii) of these conditions or by the stress testing described in paragraph 1(iii) of these conditions.

(vi) ***Periodic review of the program***. The derivatives risk manager must review the program at least annually to evaluate the program's effectiveness and to reflect changes in risk over time. The periodic review must include a review of the VaR calculation model used by the fund under condition 2 below (including the backtesting required by paragraph 1(iv) of these conditions) and any designated reference portfolio to evaluate whether it remains appropriate.

2. ***Limit on fund leverage risk.***

(i) The fund must comply with the relative VaR test unless the derivatives risk manager reasonably determines that a designated reference portfolio would not provide an appropriate reference portfolio for purposes of the relative VaR test, taking into account the fund's investments, investment objectives, and strategy. A fund that does not apply the relative VaR test must comply with the absolute VaR test.

(ii) The fund must determine its compliance with the applicable VaR test at least once each business day. If the fund determines that it is not in compliance with the applicable VaR test, the fund must come back into compliance promptly after such determination, in a manner that is in the best interests of the fund and its securityholders.

(iii) If the fund is not in compliance with the applicable VaR test within five business days,

A. The derivatives risk manager must provide a written report to the board and explain how and by when (*i.e.*, number of business days) the derivatives risk manager reasonably expects that the fund will come back into compliance;

B. The derivatives risk manager must analyze the circumstances that caused the fund to be out of compliance for more than five business days and update any program elements as appropriate to address those circumstances; and

C. The derivatives risk manager must provide a written report within thirty calendar days of the exceedance to the board explaining how the fund came back into compliance and the results of the analysis and updates required under paragraph 2(iii)(B) of these conditions. If the fund remains out of compliance with the applicable VaR test at that time, the derivatives risk manager's written report must update the report previously provided under paragraph 2(iii)(A) of these conditions and the derivatives risk manager must update the board on the fund's progress in coming back into compliance at regularly scheduled intervals at a frequency determined by the board.

3. ***Board oversight and reporting --***

(i) ***Approval of the derivatives risk manager***. The board, including a majority of independent directors of the fund manager, if any, must approve the designation of the derivatives risk manager.

(ii) ***Reporting on program implementation and effectiveness***. On or before the implementation of the program, and at least annually thereafter, the derivatives risk manager must provide to the board a written report providing a representation that the program is reasonably designed to manage the fund's derivatives risks and to incorporate the elements provided in paragraphs 1(i) through (vi) of these conditions. The representation may be based on the derivatives risk manager's reasonable belief after due inquiry. The written report must include the basis for the representation along with such information as may be reasonably necessary to evaluate the adequacy of the fund's program and, for reports following the program's initial implementation, the effectiveness of its implementation. The written report also must include, as applicable, the derivatives risk manager's basis for the approval of any designated reference portfolio or any change in the designated reference portfolio during the period covered by the report; or an explanation of the basis for the derivatives risk manager's determination that a designated reference portfolio would not provide an appropriate reference portfolio for purposes of the relative VaR test.

(iii) ***Regular board reporting***. The derivatives risk manager must provide to the board, annually or at such other frequency determined by the board, a written report regarding the derivatives risk manager's analysis of exceedances described in paragraph 1(ii) of these conditions, the results of the stress testing conducted under paragraph 1(iii) of these conditions, and the results of the backtesting conducted under paragraph 1(iv) of these conditions since the last report to the board. Each report under this paragraph must include such information as may be reasonably necessary for the board to evaluate the fund's response to exceedances and the results of the fund's stress testing.

4. [Not applicable]

5. [Not applicable]

6. ***Recordkeeping --***

(i) ***Records to be maintained***. A fund must maintain a written record documenting the following, as applicable:

A. The fund's written policies and procedures required by condition 1, along with

(1) The results of the fund's stress tests under paragraph 1(iii) of these conditions;

(2) The results of the backtesting conducted under paragraph 1(iv) of these conditions;

(3) Records documenting any internal reporting or escalation of material risks under paragraph 1(v)(B) of these conditions; and

(4) Records documenting the reviews conducted under paragraph 1(vi) of these conditions.

B. Copies of any materials provided to the board in connection with its approval of the designation of the derivatives risk manager, any written reports provided to the board relating to the program, and any written reports provided to the board under paragraphs 2(iii)(A) and (C) of these conditions.

C. Any determination and/or action the fund made under paragraphs 2(i) and (ii) of these conditions, including a fund's determination of: the VaR of its portfolio; the VaR of the fund's designated reference portfolio, as applicable; the fund's VaR ratio (the value of the VaR of the fund's portfolio divided by the VaR of the designated reference portfolio), as applicable; and any updates to any VaR calculation models used by the fund and the basis for any material changes thereto.

(ii) ***Retention periods.***

A. The fund must maintain a copy of the written policies and procedures that the fund adopted under condition 1 that are in effect, or at any time within the past seven years were in effect, in an easily accessible place.

B. The fund must maintain all records and materials that paragraphs 6(i)(A)(1) through (4) and 6(i)(B) through (D) of these conditions describe for a period of not less than seven years (the first two years in an easily accessible place) following each determination, action, or review that these paragraphs describe.

B.3.6 Invesco Canada Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit the extension of a prospectus lapse date by 16 days to facilitate the consolidation of the funds' prospectus with the prospectus of different funds under common management – no conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

December 5, 2024

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

AND

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

AND

IN THE MATTER OF
INVESCO CANADA LTD.
(the Filer)

AND

INVESCO MORNINGSTAR GLOBAL
NEXT GEN AI INDEX ETF
AND
INVESCO US TREASURY FLOATING
RATE NOTE INDEX ETF
(USD)
(collectively, the ETFs)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the ETFs for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the long form prospectus of the ETFs dated January 8, 2024 (the **Current Prospectus**) be extended to those time limits that would apply if the lapse date of the Current Prospectus was January 24, 2025 (the **Requested Relief**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation amalgamated under the laws of Ontario, with its head office located in Toronto, Ontario.

2. The Filer is registered (i) as an investment fund manager, portfolio manager, mutual fund dealer, exempt market dealer and commodity trading manager in Ontario, (ii) as an investment fund manager, portfolio manager, mutual fund dealer and exempt market dealer in Quebec, (iii) as a portfolio manager, exempt market dealer and mutual fund dealer in Alberta, British Columbia, Nova Scotia and Prince Edward Island, (iv) as a portfolio manager, exempt market dealer and investment fund manager in Newfoundland and Labrador, and (v) as a portfolio manager and exempt market dealer in the remaining Jurisdictions.

3. The Filer is the investment fund manager, portfolio manager and trustee of the ETFs.

4. Neither the Filer nor any of the ETFs are in default of securities legislation in any of the Jurisdictions.

5. Each ETF is an exchange-traded mutual fund established as a trust under the laws of Ontario and a reporting issuer in each of the Jurisdictions.

6. Securities of each ETF are currently qualified for distribution in each of the Jurisdictions under the Current Prospectus.

7. Each ETF is in continuous distribution and the securities of each ETF are listed on the Toronto Stock Exchange.

8. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date for the Current Prospectus is January 8, 2025 (the **Current Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of the ETFs would have to cease on the Current Lapse Date unless: (i) the ETFs file a pro forma prospectus at least 30 days prior to the Current Lapse Date; (ii) a final prospectus is filed no later than 10 days after the Current Lapse Date; and (iii) a receipt for the final prospectus is obtained within 20 days after the Current Lapse Date.

9. The Filer is also the investment fund manager of 36 other exchange-traded mutual funds (the "**Other ETFs**", and together with the ETFs, the "**Invesco ETFs**") offered under a separate long form prospectus dated January 24, 2024, as amended, that has a lapse date of January 24, 2025 (the "**Invesco ETFs Main Prospectus**").

10. The Filer wishes to combine the Current Prospectus with the Invesco ETFs Main Prospectus in order to reduce the renewal, printing and related costs of the Invesco ETFs and move the renewal timeframe of the ETFs to a more administratively beneficial date. The ETFs share many common operational and administrative features with the Other ETFs and combining the Current Prospectus with the Invesco ETFs Main Prospectus will enable the Filer to streamline operations and disclosure across its ETF platform, and will allow investors to compare the features of the Invesco ETFs more easily.

11. The Filer may make minor changes to the features of the Other ETFs as part of the process of renewing the Invesco ETFs Main Prospectus. Offering the ETFs under the same renewal prospectus as the Other ETFs will ensure that the Filer can make the operational and administrative features of the Invesco ETFs consistent with each other, if necessary.

12. If the Requested Relief is not granted, it will be necessary to renew two sets of prospectus documents for the Invesco ETFs twice within a short period of time in order to consolidate the Current Prospectus with the Invesco ETFs Main Prospectus and establish a uniform filing timeline for the Invesco ETFs, and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given investors would not be prejudiced by the Requested Relief.

13. There have been no material changes in the affairs of the ETFs since the date of the Current Prospectus. Accordingly, the Current Prospectus and ETF Facts continue to provide accurate information regarding the ETFs.

14. Given the disclosure obligations of the Filer and the ETFs, should any material change in the business, operations or affairs of the Funds occur, the Current Prospectus and current ETF Facts will be amended as required under the Legislation.

15. New investors of the ETFs will receive delivery of the most recently filed ETF Facts. The Current Prospectus will remain available to investors upon request.

16. The Requested Relief will not affect the accuracy of the information contained in the Current Prospectus or the respective ETF Facts and will therefore not be prejudicial to the public interest.

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 Requested Relief is granted.

"Darren McKall"
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0685
SEDAR+ File #: 6211170

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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
BlueRush Inc.	December 4, 2024	
Ubique Minerals Limited	December 4, 2024	
Mijem Newcomm Tech Inc.	December 4, 2024	
Greenbank Capital Inc.	December 4, 2024	
ARHT Media Inc.	December 5, 2024	
SLANG Worldwide Inc.	December 5, 2024	
StateHouse Holdings Inc.	December 5, 2024	
Heritage Cannabis Holdings Corp.	April 8, 2024	December 9, 2024

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	
FenixOro Gold Corp.	July 5, 2023	

Company Name	Date of Order	Date of Lapse
HAVN Life Sciences Inc.	August 30, 2023	
Perk Labs Inc.	April 4, 2024	
Organto Foods Inc.	May 8, 2024	
Cloud3 Ventures Inc.	October 29, 2024	
Falcon Gold Corp.	October 29, 2024	

B.7
Insider Reporting

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).

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).

B.9
IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
CI Canadian Bond Private Pool
CI Canadian Equity Growth Private Pool
CI Mosaic ESG Balanced ETF Portfolio
CI Mosaic ESG Balanced Growth ETF Portfolio
CI Mosaic ESG Balanced Income ETF Portfolio
CI Select Global Equity Private Pool
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated November 28, 2024
NP 11-202 Final Receipt dated Dec 4, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06149101

Issuer Name:
CI Canadian Core Plus Bond Fund
CI Global Equity & Income Fund
CI Short-Term Bond Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated November 28, 2024
NP 11-202 Final Receipt dated Dec 4, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06148910

Issuer Name:
CI Global Income & Growth Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated November 28, 2024
NP 11-202 Final Receipt dated Dec 4, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06148580

Issuer Name:
CI Canadian Equity Growth Corporate Class
CI Canadian Equity Growth Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated November 28, 2024
NP 11-202 Final Receipt dated Dec 4, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06148425

Issuer Name:
RBC Global Large-Cap Equity Fund
RBC Target 2026 Canadian Corporate Bond Index ETF Fund
RBC Target 2027 Canadian Corporate Bond Index ETF Fund
RBC Target 2028 Canadian Corporate Bond Index ETF Fund
RBC Target 2029 Canadian Corporate Bond Index ETF Fund
RBC Target 2030 Canadian Corporate Bond Index ETF Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Dec 5, 2024
NP 11-202 Preliminary Receipt dated Dec 6, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06217128

Issuer Name:
NBI Active U.S. Equity Fund
NBI Target 2030 Investment Grade Bond Fund
NBI Target 2031 Investment Grade Bond Fund
Principal Regulator – Quebec
Type and Date:
Preliminary Simplified Prospectus dated Dec 3, 2024
NP 11-202 Preliminary Receipt dated Dec 4, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06216520

Issuer Name:
Lysander-Canso Canadian Alumni Balanced Fund
Lysander-Canso Strategic Loan Fund
Lysander-Pembroke U.S. Small-Mid Cap Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Dec 4, 2024
NP 11-202 Preliminary Receipt dated Dec 4, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06216636

Issuer Name:
Dynamic Active Innovation and Disruption ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 28, 2024
NP 11-202 Preliminary Receipt dated Dec 3, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06216204

Issuer Name:
CI High Yield Bond Private Pool
Principal Regulator – Ontario
Type and Date:
Amendment No. 3 to Final Simplified Prospectus dated November 28, 2024
NP 11-202 Final Receipt dated Dec 3, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06141779

Issuer Name:
CI Resource Opportunities Class
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated November 28, 2024
NP 11-202 Final Receipt dated Dec 3, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06135506

Issuer Name:
MRF 2025 Resource Limited Partnership
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Dec 9, 2024
NP 11-202 Preliminary Receipt dated Dec 9, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06217759

Issuer Name:
CI Structured Premium Yield Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Dec 9, 2024
NP 11-202 Preliminary Receipt dated Dec 9, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06217825

NON-INVESTMENT FUNDS

Issuer Name:
TransCanada PipeLines Limited
Principal Regulator – Alberta
Type and Date:
Final Shelf Prospectus dated December 5, 2024
NP 11-202 Final Receipt dated December 6, 2024
Offering Price and Description:
Debt Securities
Filing # 06217112

Issuer Name:
Enterprise Group, Inc.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated December 5, 2024
NP 11-202 Final Receipt dated December 5, 2024
Offering Price and Description:
$25,000,010
13,157,900 Common Shares
$1.90 per Offered Share
Filing # 06209985

Issuer Name:
InPlay Oil Corp.
Principal Regulator – Alberta
Type and Date:
Final Shelf Prospectus dated December 4, 2024
NP 11-202 Final Receipt dated December 5, 2024
Offering Price and Description:
$200 million - Common Shares, Preferred Shares, Subscription Receipts, Warrants, Debt Securities, Units
Filing # 06209166

Issuer Name:
Seabridge Gold Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 4, 2024
NP 11-202 Preliminary Receipt dated December 5, 2024
Offering Price and Description:
US$750 Million - COMMON SHARES, WARRANTS, UNITS, SUBSCRIPTION RECEIPTS, DEBT SECURITIES
Filing # 06216713

Issuer Name:
Topaz Energy Corp.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated December 5, 2024
NP 11-202 Final Receipt dated December 5, 2024
Offering Price and Description:
$300,240,000
10,800,000 Common Shares
$27.80 per Common Share
Filing # 06209122

Issuer Name:
Western Copper and Gold Corporation
Principal Regulator – British Columbia
Type and Date:
Final Shelf Prospectus dated December 4, 2024
NP 11-202 Final Receipt dated December 4, 2024
Offering Price and Description:
C$50,000,000 - COMMON SHARES, WARRANTS, SUBSCRIPTION RECEIPTS, UNITS
Filing # 06208858

Issuer Name:
NorthWest Healthcare Properties Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated December 3, 2024
NP 11-202 Final Receipt dated December 4, 2024
Offering Price and Description:
Units, Debt Securities, Warrants, Subscription Receipts
Filing # 06216332

Issuer Name:
Powermax Minerals Inc.
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated November 29, 2024
NP 11-202 Final Receipt dated December 3, 2024
Offering Price and Description:
2,534,000 Common Shares and 2,534,000 Warrants on Exercise of 2,534,000 Outstanding Special Warrants
Filing # 06150806

Issuer Name:
Libero Copper & Gold Corporation
Principal Regulator – British Columbia
Type and Date:
Final Shelf Prospectus dated November 29, 2024
NP 11-202 Final Receipt dated December 2, 2024
Offering Price and Description:
$50,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Share Purchase Contracts
Filing # 06190774

Issuer Name:
Axcap Ventures Inc. (formerly, Netcoins Holdings Inc.)
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated November 29, 2024
NP 11-202 Preliminary Receipt dated December 2, 2024
Offering Price and Description:
C$9.50
10,530,000 Subordinate Voting Shares
C$9.50 per Subordinate Voting Share
Filing # 06215190

Issuer Name:
Shelfie-Tech Ltd.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 5, 2024
Preliminary Receipt dated December 5, 2024
Offering Price and Description:
No securities are being offered pursuant to this Prospectus.
Filing # 06216951

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	CQS (US) LLC	Exempt Market Dealer	December 2, 2024
Voluntary Surrender	Bitvo Inc.	Restricted Dealer	December 6, 2024

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B.11
CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.1 CIRO

B.11.1.1 Canadian Investment Regulatory Organization (CIRO) – Proposed Amendments to UMIR Respecting Trading Increments – Request for Comment

REQUEST FOR COMMENT

CANADIAN INVESTMENT REGULATORY ORGANIZATION (CIRO)

PROPOSED AMENDMENTS TO UMIR RESPECTING TRADING INCREMENTS

CIRO is publishing for public comment Proposed Amendments to the Universal Market Integrity Rules Respecting Trading Increments (**Proposed Amendments**).

The Proposed Amendments are a response to recently adopted amendments to Rule 612 of Regulation NMS in the United States and would align Canadian trading increments with those in the United States for certain U.S. inter-listed securities. Specifically, the Proposed Amendments would:

- distinguish between the applicable trading increments for a "U.S. inter-listed security" and other securities, and
- establish that the applicable trading increment for a "U.S. inter-listed security" will be designated by CIRO from time to time.

The Proposed Amendments are being published concurrently with proposed guidance that clarifies the rationale for, and the process by which trading increments for U.S. inter-listed securities will be determined and communicated by CIRO on an ongoing basis.

A copy of the CIRO Bulletin, including the Proposed Amendments, is also available on the Commission's website at www.osc.ca. The comment period ends January 27, 2025.

B.11.2 Marketplaces

B.11.2.1 Carta Capital Markets, LLC – Revocation of Exemptive Relief – Notice of Commission Decision

CARTA CAPITAL MARKETS, LLC

REVOCATION OF EXEMPTIVE RELIEF

NOTICE OF COMMISSION DECISION

On December 5, 2024, the Commission revoked an exemptive relief decision issued to Carta Capital Markets, LLC (**Filer**) on January 21, 2022 (**2022 Decision**). The 2022 Decision granted exemptive relief to the Filer from the application of all provisions of National instrument 21-101 *Marketplace Operation*, National Instrument 23-101 *Trading Rules* and National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* that apply to a person or company carrying on business as an alternative trading system in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories and Nunavut. The 2022 Decision also provided exemptive relief to the Filer from the dealer registration requirement, which was granted by the Commission as principal regulator in accordance with Multilateral Instrument 11-102 *Passport System*.

A copy of the revocation decision is published in Chapter B.3 of this Bulletin.

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