The Ontario Securities Commission

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A. Capital Markets Tribunal

A.2
Other Notices

A.2.1 Ontario Securities Commission et al.

FOR IMMEDIATE RELEASE
February 20, 2025

ONTARIO SECURITIES COMMISSION AND
LIQUID MARKETPLACE INC.,
LIQUID MARKETPLACE CORP.,
RYAN BAHADORI,
AMIN NIKDEL AND
DENNIS DOMAZET,
File No. 2024-10

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

A copy of the Order dated February 20, 2025, the blackline copy of the Amended Application for Enforcement Proceeding dated February 19, 2025 and the clean copy of the Amended Application for Enforcement Proceeding dated February 19, 2025 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.2.2 Ontario Securities Commission and Robert George Freeman

FOR IMMEDIATE RELEASE
February 21, 2025

ONTARIO SECURITIES COMMISSION AND
ROBERT GEORGE FREEMAN,
File No. 2024-12

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

A copy of the Order dated February 21, 2025 is available at capitalmarketstribunal.ca.

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A.2.3 Ontario Securities Commission et al.

FOR IMMEDIATE RELEASE
February 24, 2025

ONTARIO SECURITIES COMMISSION AND
CRAIG DUNKERLEY,
CLAUDIA HARVEY,
BGRE CAPITAL CORPORATION,
BG WEALTH GROUP INC.,
BG WEALTH GROUP GROWTH FUND LP,
BG WEALTH HOLDINGS CORPORATION,
BG WEALTH GP INC.,
BG WEALTH PROPERTIES INC.,
BG PROPERTY HOLDINGS INC., AND
BLACKTHORN INVESTMENT GROUP INC.,
File No. 2025-4

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

A copy of the Order dated February 24, 2025 is available at capitalmarketstribunal.ca.

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Ontario Securities Commission

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A.3
Orders

A.3.1 Ontario Securities Commission et al.

ONTARIO SECURITIES COMMISSION
(Applicant)

AND

LIQUID MARKETPLACE INC.,
LIQUID MARKETPLACE CORP.,
RYAN BAHADORI,
AMIN NIKDEL AND
DENNIS DOMAZET
(Respondents)

File No. 2024-10

Adjudicators: Geoffrey D. Creighton (Chair)
Mary Condon

February 20, 2025

ORDER

WHEREAS on February 20, 2025, the Capital Markets Tribunal held a hearing by videoconference to consider a request by the Ontario Securities Commission for permission to amend the Application for Enforcement Proceeding (**Application**) and a request by the parties to vary the deadlines previously set by the Tribunal's order dated November 28, 2024 (**November 28 Order**);

ON HEARING the submissions of the representatives for the Ontario Securities Commission and the respondents, and on considering that the respondents do not oppose the amendment of the Application and that the parties consent to varying the deadlines in the November 28 Order;

IT IS ORDERED THAT:

1. pursuant to Rule 22 of the Tribunal's *Rules of Procedure*, the Application is amended as reflected in Appendix A to this order;

2. paragraphs 1 and 2 of the November 28 Order are varied as follows:

   a. by March 18, 2025, at 4:30 p.m., the respondents shall:

      i. serve and file a witness list;

      ii. serve a summary of each witness's expected testimony; and

      iii. indicate any intention to call an expert witness, including providing the expert's name and the issues on which the expert will be testifying; and

   b. a further case management hearing in this matter is scheduled for April 17, 2025, at 10:00 a.m. by videoconference, or on such other date and time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat.

"Geoffrey D. Creighton"

"Mary Condon"

Appendix "A"

ONTARIO SECURITIES COMMISSION

Applicant

AND

LIQUID MARKETPLACE INC.,
LIQUID MARKETPLACE CORP.,
RYAN BAHADORI,
AMIN NIKDEL AND
DENNIS DOMAZET

Respondents

AMENDED APPLICATION FOR ENFORCEMENT PROCEEDING
(Subsection 127(1) and Section 127.1 of the *Securities Act*, RSO 1990 c S.5)

OVERVIEW

1. This matter involves a fraud in the crypto asset sector.

2. The Liquid Marketplace business promotes and sells crypto assets that purportedly represent fractional ownership of valuable collectibles (**LMP Tokens**). The collectibles include trading cards and digital assets such as non-fungible tokens (**NFTs**) which are purportedly fractionalized into LMP Tokens. These LMP Tokens are offered to investors through an online platform accessible through LMP's (defined below) website at www.liquidmarketplace.io (the **LMP Platform**). LMP Tokens are securities and/or derivatives under the *Securities Act*, RSO 1990, c S.5 (the **Act**).

3. Liquid Marketplace is operated and controlled by Ryan Bahadori, Amin Nikdel and Dennis Domazet (together, the **LMP Principals**) and operated primarily through two entities: Liquid MarketPlace Inc. (**LMP Inc.**) and Liquid Marketplace Corp. (**LMP Nevada**, together with LMP Inc., **LMP**).

4. LMP, Bahadori and Nikdel have perpetrated a fraud on investors. Approximately US$2.7 million has been obtained by LMP from the sale of LMP Tokens to LMP Token purchasers (**Token Purchasers**). LMP, Bahadori and Nikdel made false and misleading statements to Token Purchasers including that LMP Tokens represent legal ownership in underlying collectibles, and that the collectibles themselves had been authenticated, appraised and insured.

5. In addition, LMP sold and facilitated the trading of LMP Tokens without complying with the prospectus and registration requirements of the Act, thus depriving investors of important safeguards to protect them from unscrupulous and fraudulent conduct.

6. Finally, the LMP Principals also made misleading and untrue statements to the Ontario Securities Commission (the **Commission**) during the Commission's investigation into LMP. The LMP Principals misled the Commission by hiding the true nature and total amount of money they had paid themselves.

GROUNDS

The Commission makes the following allegations of fact:

The Liquid Marketplace Business

7. Bahadori, Nikdel and Domazet are individuals residing in Ontario.

8. At all material times, Bahadori (co-founder and Chief Executive Officer), Nikdel (co-founder, Chief Operations Officer and Chief Technology Officer) and Domazet (formerly Chief Financial Officer and ongoing advisor to the business) were the legal or *de facto* directing and controlling minds of LMP.

9. The LMP Principals have operated the business and LMP Platform primarily through two companies: LMP Inc., and LMP Inc.'s wholly-owned subsidiary, LMP Nevada.

10. LMP Inc. was incorporated under the *Canada Business Corporations Act*, RSC 1985, c C-44 in or around February 2021. Each of the LMP Principals is, or has been, an officer and/or director of LMP Inc. Each of the LMP Principals is also a shareholder of LMP Inc.

11. LMP Nevada was incorporated in the State of Nevada in or around February 2023. Bahadori and Nikdel are officers and directors of LMP Nevada. Beginning in or around March 2023, LMP Nevada has carried on activities of LMP, including holding U.S. corporate bank accounts and raising capital.

12. LMP Platform operations began on or around April 3, 2022. LMP represents that it "tokenizes" valuable collectibles (i.e., fractionalizes legal ownership of the collectibles into LMP Tokens). LMP promotes, sells and facilitates the trading of the LMP Tokens on the LMP Platform, as described below. The collectibles that are purportedly tokenized on the LMP Platform include trading cards and digital assets such as NFTs. Most of the collectibles were contributed by LMP personnel or other non-arm's length associates (**Collectors**).

The Sale of LMP Tokens

13. Investors can purchase LMP Tokens in two ways. Initially, LMP Tokens for each collectible are offered for "pre-order" on an "**Initial Drop**" where they are offered to Token Purchasers for a set price of US$0.10 each. The number of LMP Tokens offered for a collectible's Initial Drop is purportedly based on the offering price of that collectible, divided by the US$0.10 token price, less the number of LMP Tokens reserved for the Collector. By way of illustration only, if a collectible were valued at $10,000, it would be fractionalized into 100,000 LMP Tokens. According to LMP's representations, the number of tokens on offer on Initial Drop would be 100,000, less the number of LMP Tokens reserved for the Collector.

14. Only once all LMP Tokens representing a particular collectible are fully sold on the Initial Drop are the LMP Tokens for that collectible to be moved to the LMP "**Marketplace**" on the LMP Platform. Here, buyers and sellers can enter into various types of orders to trade LMP Tokens at any price they wish. Buy and sell orders are then matched automatically using an algorithm. Collectibles whose tokens do not sell out on the Initial Drop are to be removed from the LMP Platform and money returned to those who pre-ordered tokens in the Initial Drop.

15. To purchase LMP Tokens, investors must create an account, agree to LMP's Terms of Use, and deposit fiat currency or crypto assets on the LMP Platform, which are converted to U.S. Dollars and held in an LMP custody bank account.

16. LMP charges fees for: (i) any collectible whose LMP Tokens are moved to the Marketplace; (ii) trades made in the Marketplace; and (iii) investors' deposits into, and withdrawals from, their LMP Platform accounts.

Promotion of LMP Tokens as an Investment

17. LMP promotes LMP Tokens as a means to profit or obtain increased value. The LMP Platform offers two main ways Token Purchasers can earn profits on their investments in LMP Tokens: (i) through trades on the Marketplace described above; and (ii) through sale of collectibles via a buyout offer or at auction. Token Purchasers can vote on the sale of collectibles, such as on whether a collectible should be sent for sale at auction, or whether to accept a buyout offer (**Sale Votes**).

18. In particular, LMP communications and promotional materials that were disseminated to actual and prospective investors make representations that the collectibles underlying the LMP Tokens are attractive investments with anticipated returns because they are, among other things, "good hedge[s] on inflation" with "long-term growth potential". LMP has also purported to list collectibles on Initial Drop at "cheap" or discounted prices, further creating an expectation of profits for Token Purchasers whether through LMP Token trades on the Marketplace or Sale Votes to sell or auction the collectibles for their purportedly higher market value.

19. LMP facilitates the sale of collectibles by, among other things: (i) maintaining and operating the Marketplace through which Token Purchasers can make trades; (ii) enabling certain users to make buyout offers through the LMP Platform; (iii) effecting certain buyouts, in its discretion; (iv) maintaining relationships with auction houses; and (v) once Token Purchasers vote to auction a collectible, sending the collectible for sale at such auction houses. After a collectible is sold, LMP delivers the proceeds of sale to Token Purchasers proportionate to the percentage of LMP Tokens they held for the collectible.

LMP Token Sales Involve Securities

20. The LMP business involves securities and/or derivatives in two ways. First, the LMP Tokens themselves are securities and/or derivatives under the Act.

21. Second, LMP also retains custody of the LMP Tokens, holding them in LMP-controlled crypto wallets. Token Purchasers do not have possession or control of LMP Tokens. It is not possible for Token Purchasers to withdraw or otherwise request delivery of the LMP Tokens into an investor-controlled wallet. Accordingly, in practice, LMP only provides Token Purchasers with instruments or contracts involving crypto assets. These instruments or contracts constitute securities and/or derivatives under the Act.

Fraud on Token Purchasers

22. The Respondents obtained approximately US$2.7 million from Token Purchasers through the sale of LMP Tokens.

Overview of Fraud on Token Purchasers

23. As described in greater detail below, LMP, Bahadori and Nikdel defrauded Token Purchasers by misrepresenting the fundamental characteristics, values and risks of the LMP Tokens they were selling. In particular, LMP, Bahadori and Nikdel made or caused to be made representations to the effect that: (i) LMP Tokens represent legal ownership, recorded on the blockchain, of a fraction of an underlying collectible that could be traded in the Marketplace only after all tokens for a collectible had been sold on Initial Drop; and (ii) LMP authenticates, appraises and insures the collectibles.

24. Contrary to these representations and as described in greater detail below, (i) LMP Tokens do not represent legal ownership of underlying collectibles, purported Token Purchaser ownership is not recorded on any blockchain, and LMP moved collectibles to the Marketplace that had failed to sell out on Initial Drop; and (ii) LMP does not authenticate, appraise or insure the collectibles. These false and misleading representations exposed Token Purchasers to undisclosed risks, caused investor losses and benefitted LMP and its associates.

LMP Tokens Do Not Represent Legal Ownership of Collectibles

25. LMP represented to actual and prospective Token Purchasers that LMP Tokens represent legal fractional ownership of the underlying collectibles, including that:

    i. Legal ownership of a collectible is transferred to the LMP Tokens pursuant to a listing agreement between LMP and a Collector. LMP requires all Collectors to sign such a listing agreement before listing a Collectible for sale on the LMP Platform;

    ii. LMP Tokens are offered for "pre-order" on an Initial Drop and only once all tokens for a collectible are fully sold on the Initial Drop does the collectible move to the Marketplace where Token Purchasers can trade their fractional ownership (purportedly represented by the LMP Tokens) with other LMP Platform users;

    iii. Each LMP Token is on the Ethereum blockchain and proof of purchase of an LMP Token is recorded and transferable on the blockchain; and

    iv. LMP has structures in place to protect Token Purchasers' purported proprietary interests in an LMP insolvency event.

26. Contrary to these representations:

    i. LMP has only entered into listing agreements for five of the thirty-seven collectibles that were listed on the LMP Platform, and has no other documentation to transfer legal ownership of the collectibles from Collectors to Token Purchasers;

    ii. LMP moved collectibles to the Marketplace that had not sold out on the Initial Drop and deposited the unsold LMP Tokens into LMP Platform accounts that were owned or controlled by the LMP Principals or their affiliates;

    iii. LMP failed to mint or create tokens for many of the collectibles, and no purported Token Purchaser ownership has been recorded on any blockchain. Rather, LMP tracks LMP Token sales and trades through an 'off-chain' ledger system; and

    iv. LMP has no structures in place to protect Token Purchasers' purported proprietary interests in an insolvency event.

LMP Does Not Authenticate, Appraise or Insure the Collectibles

27. LMP represented to actual and prospective Token Purchasers that:

    i. Each collectible that is tokenized for listing on the LMP Platform is properly authenticated, including representations that collectibles are "carefully inspected for authenticity", go through an "extensive" authentication process and additional evaluation is conducted to "guarantee" the collectibles' authenticity;

    ii. Each collectible is also appraised and LMP determines a fair offering price for each collectible after working with "renowned experts relevant to the particular collectible" and "constant" monitoring of global collectible markets for data on sales amounts and assets sold; and

    iii. The collectibles are insured and safely stored in a third-party vault.

28. Contrary to LMP's representations:

    i. LMP does not authenticate the collectibles, does not have the credentials to perform such authentications, and does not coordinate the authentication of the collectibles by any qualified third party. Even when a Collector was known to have previously brought fraudulent collectibles for tokenization on the LMP Platform, LMP did not conduct diligence to ensure the authenticity of subsequent collectibles offered by such (non-arm's-length) Collector;

    ii. LMP does not appraise or otherwise ensure the fair valuation of the collectibles. Rather, LMP accepts whatever price is stipulated by Collectors who profit from the sale of LMP Tokens for their collectibles. For at least eleven collectibles, LMP also artificially raised the Initial Drop price by 8% beyond what Collectors were seeking, and gave the additional 8% worth of LMP Tokens free-of-charge to an LMP associate. Furthermore, LMP hid instances where the market did not show sufficient interest in the collectible at the stated value on Initial Drop by moving collectibles to the Marketplace that had not sold out on the Initial Drop and not disclosing the fact that such collectibles had failed to sell out from Token Purchasers, as described at subparagraph 26.ii above; and

    iii. LMP does not insure the collectibles and has failed to ensure that the collectibles stored in third-party vaults are covered by any insurance. LMP stores some of the collectibles in a Canadian safe deposit box, and the rest in third-party storage vaults located in the United States. LMP has no insurance over the collectibles in the Canadian safe deposit box, and has relied on the third-party vaults' insurance without confirming whether or to what extent any vault insurance covers the collectibles stored in their vaults.

The LMP Principals' Misleading Statements to the Ontario Securities Commission

29. Over the course of the Commission's investigation, each of the LMP Principals attended compelled interviews under oath. In addition, each of the LMP Principals helped prepare responses to the Commission's written requests for records and information.

30. Initially, the LMP Principals provided false and misleading information to the Commission about the true amount and nature of remuneration they took from LMP. In particular, the LMP Principals hid consulting payments they each received to shell companies (their **Kooney Companies**).

31. For example, in a written response to a Commission question for the LMP Principals to advise of "all compensation" provided to each of them "including the amount and form of compensation", the LMP Principals answered that they each only received a $102,153.86 salary in 2022, and that no salaries were paid in 2023. The response made no mention of any other forms of compensation.

32. Additionally, in their interviews, each of the LMP Principals gave false and misleading responses as follows:

    i. Bahadori was asked multiple times in a variety of ways to advise (a) of the total amount of all compensation he received from LMP and (b) whether he or the other LMP Principals received any compensation through another company. Bahadori gave a number of false and misleading responses, including that: (i) he identified one company, not his Kooney Company, which he claimed was the sole company he had incorporated; (ii) each of the LMP Principals only received a $102,153.86 salary in 2022; (iii) Bahadori and Nikdel took no salaries in 2023; (iv) even if Bahadori received any compensation payments via another corporation, any such compensation was included in his $102,153.86 salary; and (v) Bahadori did not spend LMP funds on personal items or expenses that were "flashy or of substantial value like jewellery [and] watches"; <u>and</u>

    ii. In response to questions about his compensation from LMP, Nikdel advised that he was paid an annual salary of $150,000 but he stopped taking a salary in summer 2022. When asked if he received "any other form of compensation", Nikdel responded "No."; and

    iii. Domazet was asked to identify all companies that he had incorporated. In response, Domazet identified three companies, but did not mention his Kooney Company or other companies that he had incorporated.

33. In reality, in or around 2021-2023, the LMP Principals received different forms of compensation from LMP, including the following.

34. Bahadori received:

    i. approximately $285,000 in salary;

    ii. over $1 million to his Kooney Company, including amounts to offset Bahadori personal expenses and advances; and

iii. a June 2023 US$10,000 interest-free loan from LMP to pay for his personal rent.

35. Nikdel received:

i. approximately $260,000 in salary; and

ii. approximately $750,000 to his Kooney Company, including amounts to offset an advance to fund Nikdel's personal LMP Platform account.

36. Domazet received:

i. approximately $190,000 in salary;

ii. approximately $490,000 and US$240,000 in payments to his Kooney Company and one other company – Lone Star Advisory Ltd. – through which Domazet received these payments after he dissolved his Kooney Company in or around early 2023;

iii. approximately $40,000 in payments to another entity owned by Domazet for accounting and tax services provided to LMP and the Kooney Companies; and

iv. over $50,000 towards the renting and furnishing of a residential condominium owned by Domazet.

37. It was only after the Commission independently discovered these payments and questioned the LMP Principals that they admitted to these payments.

38. Not only did the earlier responses fail to disclose payments to the Kooney Companies, but the responses also failed to disclose any of the other forms of compensation received by the LMP Principals.

39. Each of the LMP Principals made misleading or untrue statements and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act.

Unregistered Trading

40. Neither LMP Inc. nor LMP Nevada was registered with the Commission in any capacity under the Act. No exemptions from the registration requirement were available to LMP under Ontario securities law.

41. Based on the conduct described above, beginning April 2022, LMP has engaged in, or held itself out as engaging in, the business of trading in LMP Tokens without the necessary registration or an applicable exemption from the registration requirement, contrary to s. 25(1) of the Act.

Illegal Distribution

42. The sale of LMP Tokens are trades in securities not previously issued and are, therefore, distributions.

43. No preliminary prospectus or prospectus was filed for the distribution of the LMP Tokens. The investments did not qualify for any exemption from the prospectus requirements, and no reports of exempt distribution were filed with the Commission.

44. By engaging in the conduct described above, LMP has engaged in distributions of securities without filing a preliminary prospectus or a prospectus and without an applicable exemption to the prospectus requirement, contrary to s. 53(1) of the Act.

Unlawful Operation of a Marketplace

45. The LMP Platform is a marketplace under the Act.

46. Beginning April 2022, when the LMP Platform began operating, LMP has operated a marketplace, without either recognition as an exchange contrary to s. 21(1) of the Act or registration as a dealer and approval to operate an Alternative Trading System (ATS) contrary to s. 6.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**).

Authorizing, Permitting, or Acquiescing in Breaches of Ontario Securities Law

47. The LMP Principals, as legal or *de facto* directors and officers of LMP, authorized, permitted or acquiesced in the conduct described above. As a result, the LMP Principals are deemed not to have complied with Ontario securities law pursuant to s. 129.2 of the Act.

BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

48. The Commission alleges the following breaches of Ontario securities law and conduct contrary to the public interest:

    i. LMP, Bahadori and Nikdel directly or indirectly engaged or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to s. 126.1(1)(b) of the Act;

    ii. LMP engaged in, and held itself out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement, contrary to s. 25(1) of the Act;

    iii. LMP engaged in distributions of securities without filing a preliminary prospectus or prospectus and without an applicable exemption from the prospectus requirement, contrary to s. 53(1) of the Act;

    iv. LMP operated a marketplace, without either recognition as an exchange contrary to s. 21(1) of the Act or registration as a dealer and approval to operate an ATS contrary to s. 6.1 of NI 21-101;

    v. The LMP Principals authorized, permitted or acquiesced in LMP's non-compliance with Ontario securities law, including contraventions of ss. 126.1(1)(b), 25(1), 53(1) and 21(1) of the Act and/or s. 6.1 of NI 21-101, and are therefore deemed not to have complied with Ontario securities law pursuant to s. 129.2 of the Act;

    vi. The LMP Principals made statements to the Commission that were misleading, untrue and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act; and

    vii. The Respondents engaged in conduct that is contrary to the public interest.

49. These allegations may be amended, and further and other allegations may be added as counsel may advise, and the Capital Markets Tribunal (the **Tribunal**) may permit.

ORDERS SOUGHT

50. The Commission requests that the Tribunal make the following orders as against each of the Respondents:

    i. that they cease trading in any securities or derivatives permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of s. 127(1) of the Act;

    ii. that they be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of s. 127(1) of the Act;

    iii. that they resign any position they may hold as a director or officer of any issuer, pursuant to paragraph 7 of s. 127(1) of the Act;

    iv. that they be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8 of s. 127(1) of the Act;

    v. that they resign any position they may hold as a director or officer of any registrant, pursuant to paragraph 8.1 of s. 127(1) of the Act;

    vi. that they be prohibited from becoming or acting as a director or officer of any registrant permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.2 of s. 127(1) of the Act;

    vii. that any exemptions contained in Ontario securities law do not apply to them permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of s. 127(1) of the Act;

    viii. that they be reprimanded, pursuant to paragraph 6 of s. 127(1) of the Act;

    ix. that they be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.5 of s. 127(1) of the Act;

    x. that they pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of s. 127(1) of the Act;

    xi. that they disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of s. 127(1) of the Act;

xii. that they pay costs of the investigation and the hearing, pursuant to s. 127.1 of the Act; and

xiii. such other order as the Tribunal considers appropriate in the public interest.

DATED this 19th day of February, 2025

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ONTARIO SECURITIES COMMISSION

Applicant

AND

LIQUID MARKETPLACE INC.,
LIQUID MARKETPLACE CORP.,
RYAN BAHADORI,
AMIN NIKDEL AND
DENNIS DOMAZET

Respondents

AMENDED APPLICATION FOR ENFORCEMENT PROCEEDING
(Subsection 127(1) and Section 127.1 of the *Securities Act*, RSO 1990 c S.5)

A. OVERVIEW

1. This matter involves a fraud in the crypto asset sector.

2. The Liquid Marketplace business promotes and sells crypto assets that purportedly represent fractional ownership of valuable collectibles (**LMP Tokens**). The collectibles include trading cards and digital assets such as non-fungible tokens (**NFTs**) which are purportedly fractionalized into LMP Tokens. These LMP Tokens are offered to investors through an online platform accessible through LMP's (defined below) website at www.liquidmarketplace.io (the **LMP Platform**). LMP Tokens are securities and/or derivatives under the *Securities Act*, RSO 1990, c S.5 (the **Act**).

3. Liquid Marketplace is operated and controlled by Ryan Bahadori, Amin Nikdel and Dennis Domazet (together, the **LMP Principals**) and operated primarily through two entities: Liquid MarketPlace Inc. (**LMP Inc.**) and Liquid Marketplace Corp. (**LMP Nevada**, together with LMP Inc., **LMP**).

4. LMP, Bahadori and Nikdel have perpetrated a fraud on investors. Approximately US$2.7 million has been obtained by LMP from the sale of LMP Tokens to LMP Token purchasers (**Token Purchasers**). LMP, Bahadori and Nikdel made false and misleading statements to Token Purchasers including that LMP Tokens represent legal ownership in underlying collectibles, and that the collectibles themselves had been authenticated, appraised and insured.

5. In addition, LMP sold and facilitated the trading of LMP Tokens without complying with the prospectus and registration requirements of the Act, thus depriving investors of important safeguards to protect them from unscrupulous and fraudulent conduct.

6. Finally, the LMP Principals also made misleading and untrue statements to the Ontario Securities Commission (the **Commission**) during the Commission's investigation into LMP. The LMP Principals misled the Commission by hiding the true nature and total amount of money they had paid themselves.

B. GROUNDS

The Commission makes the following allegations of fact:

I. The Liquid Marketplace Business

7. Bahadori, Nikdel and Domazet are individuals residing in Ontario.

8. At all material times, Bahadori (co-founder and Chief Executive Officer), Nikdel (co-founder, Chief Operations Officer and Chief Technology Officer) and Domazet (formerly Chief Financial Officer and ongoing advisor to the business) were the legal or *de facto* directing and controlling minds of LMP.

9. The LMP Principals have operated the business and LMP Platform primarily through two companies: LMP Inc., and LMP Inc.'s wholly-owned subsidiary, LMP Nevada.

10. LMP Inc. was incorporated under the *Canada Business Corporations Act*, RSC 1985, c C-44 in or around February 2021. Each of the LMP Principals is, or has been, an officer and/or director of LMP Inc. Each of the LMP Principals is also a shareholder of LMP Inc.

11. LMP Nevada was incorporated in the State of Nevada in or around February 2023. Bahadori and Nikdel are officers and directors of LMP Nevada. Beginning in or around March 2023, LMP Nevada has carried on activities of LMP, including holding U.S. corporate bank accounts and raising capital.

12. LMP Platform operations began on or around April 3, 2022. LMP represents that it "tokenizes" valuable collectibles (i.e., fractionalizes legal ownership of the collectibles into LMP Tokens). LMP promotes, sells and facilitates the trading of the LMP Tokens on the LMP Platform, as described below. The collectibles that are purportedly tokenized on the LMP Platform include trading cards and digital assets such as NFTs. Most of the collectibles were contributed by LMP personnel or other non-arm's length associates (**Collectors**).

II. The Sale of LMP Tokens

13. Investors can purchase LMP Tokens in two ways. Initially, LMP Tokens for each collectible are offered for "pre-order" on an "**Initial Drop**" where they are offered to Token Purchasers for a set price of US$0.10 each. The number of LMP Tokens offered for a collectible's Initial Drop is purportedly based on the offering price of that collectible, divided by the US$0.10 token price, less the number of LMP Tokens reserved for the Collector. By way of illustration only, if a collectible were valued at $10,000, it would be fractionalized into 100,000 LMP Tokens. According to LMP's representations, the number of tokens on offer on Initial Drop would be 100,000, less the number of LMP Tokens reserved for the Collector.

14. Only once all LMP Tokens representing a particular collectible are fully sold on the Initial Drop are the LMP Tokens for that collectible to be moved to the LMP "**Marketplace**" on the LMP Platform. Here, buyers and sellers can enter into various types of orders to trade LMP Tokens at any price they wish. Buy and sell orders are then matched automatically using an algorithm. Collectibles whose tokens do not sell out on the Initial Drop are to be removed from the LMP Platform and money returned to those who pre-ordered tokens in the Initial Drop.

15. To purchase LMP Tokens, investors must create an account, agree to LMP's Terms of Use, and deposit fiat currency or crypto assets on the LMP Platform, which are converted to U.S. Dollars and held in an LMP custody bank account.

16. LMP charges fees for: (i) any collectible whose LMP Tokens are moved to the Marketplace; (ii) trades made in the Marketplace; and (iii) investors' deposits into, and withdrawals from, their LMP Platform accounts.

i. Promotion of LMP Tokens as an Investment

17. LMP promotes LMP Tokens as a means to profit or obtain increased value. The LMP Platform offers two main ways Token Purchasers can earn profits on their investments in LMP Tokens: (i) through trades on the Marketplace described above; and (ii) through sale of collectibles via a buyout offer or at auction. Token Purchasers can vote on the sale of collectibles, such as on whether a collectible should be sent for sale at auction, or whether to accept a buyout offer (**Sale Votes**).

18. In particular, LMP communications and promotional materials that were disseminated to actual and prospective investors make representations that the collectibles underlying the LMP Tokens are attractive investments with anticipated returns because they are, among other things, "good hedge[s] on inflation" with "long-term growth potential". LMP has also purported to list collectibles on Initial Drop at "cheap" or discounted prices, further creating an expectation of profits for Token Purchasers whether through LMP Token trades on the Marketplace or Sale Votes to sell or auction the collectibles for their purportedly higher market value.

19. LMP facilitates the sale of collectibles by, among other things: (i) maintaining and operating the Marketplace through which Token Purchasers can make trades; (ii) enabling certain users to make buyout offers through the LMP Platform; (iii) effecting certain buyouts, in its discretion; (iv) maintaining relationships with auction houses; and (v) once Token Purchasers vote to auction a collectible, sending the collectible for sale at such auction houses. After a collectible is sold, LMP delivers the proceeds of sale to Token Purchasers proportionate to the percentage of LMP Tokens they held for the collectible.

ii. LMP Token Sales Involve Securities

20. The LMP business involves securities and/or derivatives in two ways. First, the LMP Tokens themselves are securities and/or derivatives under the Act.

21. Second, LMP also retains custody of the LMP Tokens, holding them in LMP-controlled crypto wallets. Token Purchasers do not have possession or control of LMP Tokens. It is not possible for Token Purchasers to withdraw or otherwise request delivery of the LMP Tokens into an investor-controlled wallet. Accordingly, in practice, LMP only provides Token Purchasers with instruments or contracts involving crypto assets. These instruments or contracts constitute securities and/or derivatives under the Act.

III. Fraud on Token Purchasers

22. The Respondents obtained approximately US$2.7 million from Token Purchasers through the sale of LMP Tokens.

i. Overview of Fraud on Token Purchasers

23. As described in greater detail below, LMP, Bahadori and Nikdel defrauded Token Purchasers by misrepresenting the fundamental characteristics, values and risks of the LMP Tokens they were selling. In particular, LMP, Bahadori and Nikdel made or caused to be made representations to the effect that: (i) LMP Tokens represent legal ownership, recorded on the blockchain, of a fraction of an underlying collectible that could be traded in the Marketplace only after all tokens for a collectible had been sold on Initial Drop; and (ii) LMP authenticates, appraises and insures the collectibles.

24. Contrary to these representations and as described in greater detail below, (i) LMP Tokens do not represent legal ownership of underlying collectibles, purported Token Purchaser ownership is not recorded on any blockchain, and LMP moved collectibles to the Marketplace that had failed to sell out on Initial Drop; and (ii) LMP does not authenticate, appraise or insure the collectibles. These false and misleading representations exposed Token Purchasers to undisclosed risks, caused investor losses and benefitted LMP and its associates.

ii. LMP Tokens Do Not Represent Legal Ownership of Collectibles

25. LMP represented to actual and prospective Token Purchasers that LMP Tokens represent legal fractional ownership of the underlying collectibles, including that:

    i. Legal ownership of a collectible is transferred to the LMP Tokens pursuant to a listing agreement between LMP and a Collector. LMP requires all Collectors to sign such a listing agreement before listing a Collectible for sale on the LMP Platform;

    ii. LMP Tokens are offered for “pre-order” on an Initial Drop and only once all tokens for a collectible are fully sold on the Initial Drop does the collectible move to the Marketplace where Token Purchasers can trade their fractional ownership (purportedly represented by the LMP Tokens) with other LMP Platform users;

    iii. Each LMP Token is on the Ethereum blockchain and proof of purchase of an LMP Token is recorded and transferable on the blockchain; and

    iv. LMP has structures in place to protect Token Purchasers’ purported proprietary interests in an LMP insolvency event.

26. Contrary to these representations:

    i. LMP has only entered into listing agreements for five of the thirty-seven collectibles that were listed on the LMP Platform, and has no other documentation to transfer legal ownership of the collectibles from Collectors to Token Purchasers;

    ii. LMP moved collectibles to the Marketplace that had not sold out on the Initial Drop and deposited the unsold LMP Tokens into LMP Platform accounts that were owned or controlled by the LMP Principals or their affiliates;

    iii. LMP failed to mint or create tokens for many of the collectibles, and no purported Token Purchaser ownership has been recorded on any blockchain. Rather, LMP tracks LMP Token sales and trades through an ‘off-chain’ ledger system; and

    iv. LMP has no structures in place to protect Token Purchasers’ purported proprietary interests in an insolvency event.

iii. LMP Does Not Authenticate, Appraise or Insure the Collectibles

27. LMP represented to actual and prospective Token Purchasers that:

    i. Each collectible that is tokenized for listing on the LMP Platform is properly authenticated, including representations that collectibles are “carefully inspected for authenticity”, go through an “extensive” authentication process and additional evaluation is conducted to “guarantee” the collectibles’ authenticity;

    ii. Each collectible is also appraised and LMP determines a fair offering price for each collectible after working with “renowned experts relevant to the particular collectible” and “constant” monitoring of global collectible markets for data on sales amounts and assets sold; and

    iii. The collectibles are insured and safely stored in a third-party vault.

28. Contrary to LMP's representations:

i. LMP does not authenticate the collectibles, does not have the credentials to perform such authentications, and does not coordinate the authentication of the collectibles by any qualified third party. Even when a Collector was known to have previously brought fraudulent collectibles for tokenization on the LMP Platform, LMP did not conduct diligence to ensure the authenticity of subsequent collectibles offered by such (non-arm's-length) Collector;

ii. LMP does not appraise or otherwise ensure the fair valuation of the collectibles. Rather, LMP accepts whatever price is stipulated by Collectors who profit from the sale of LMP Tokens for their collectibles. For at least eleven collectibles, LMP also artificially raised the Initial Drop price by 8% beyond what Collectors were seeking, and gave the additional 8% worth of LMP Tokens free-of-charge to an LMP associate. Furthermore, LMP hid instances where the market did not show sufficient interest in the collectible at the stated value on Initial Drop by moving collectibles to the Marketplace that had not sold out on the Initial Drop and not disclosing the fact that such collectibles had failed to sell out from Token Purchasers, as described at subparagraph 26.ii above; and

iii. LMP does not insure the collectibles and has failed to ensure that the collectibles stored in third-party vaults are covered by any insurance. LMP stores some of the collectibles in a Canadian safe deposit box, and the rest in third-party storage vaults located in the United States. LMP has no insurance over the collectibles in the Canadian safe deposit box, and has relied on the third-party vaults' insurance without confirming whether or to what extent any vault insurance covers the collectibles stored in their vaults.

IV. The LMP Principals' Misleading Statements to the Ontario Securities Commission

29. Over the course of the Commission's investigation, each of the LMP Principals attended compelled interviews under oath. In addition, each of the LMP Principals helped prepare responses to the Commission's written requests for records and information.

30. Initially, the LMP Principals provided false and misleading information to the Commission about the true amount and nature of remuneration they took from LMP. In particular, the LMP Principals hid consulting payments they each received to shell companies (their **Kooney Companies**).

31. For example, in a written response to a Commission question for the LMP Principals to advise of "all compensation" provided to each of them "including the amount and form of compensation", the LMP Principals answered that they each only received a $102,153.86 salary in 2022, and that no salaries were paid in 2023. The response made no mention of any other forms of compensation.

32. Additionally, in their interviews, each of the LMP Principals gave false and misleading responses as follows:

i. Bahadori was asked multiple times in a variety of ways to advise (a) of the total amount of all compensation he received from LMP and (b) whether he or the other LMP Principals received any compensation through another company. Bahadori gave a number of false and misleading responses, including that: (i) he identified one company, not his Kooney Company, which he claimed was the sole company he had incorporated; (ii) each of the LMP Principals only received a $102,153.86 salary in 2022; (iii) Bahadori and Nikdel took no salaries in 2023; (iv) even if Bahadori received any compensation payments via another corporation, any such compensation was included in his $102,153.86 salary; and (v) Bahadori did not spend LMP funds on personal items or expenses that were "flashy or of substantial value like jewellery [and] watches"; and

ii. In response to questions about his compensation from LMP, Nikdel advised that he was paid an annual salary of $150,000 but he stopped taking a salary in summer 2022. When asked if he received "any other form of compensation", Nikdel responded "No."; and

iii. Domazet was asked to identify all companies that he had incorporated. In response, Domazet identified three companies, but did not mention his Kooney Company or other companies that he had incorporated.

33. In reality, in or around 2021-2023, the LMP Principals received different forms of compensation from LMP, including the following.

34. Bahadori received:

i. approximately $285,000 in salary;

ii. over $1 million to his Kooney Company, including amounts to offset Bahadori personal expenses and advances; and

iii. a June 2023 US$10,000 interest-free loan from LMP to pay for his personal rent.

35. Nikdel received:

i. approximately $260,000 in salary; and

ii. approximately $750,000 to his Kooney Company, including amounts to offset an advance to fund Nikdel's personal LMP Platform account.

36. Domazet received:

i. approximately $190,000 in salary;

ii. approximately $490,000 and US$240,000 in payments to his Kooney Company and one other company – Lone Star Advisory Ltd. – through which Domazet received these payments after he dissolved his Kooney Company in or around early 2023;

iii. approximately $40,000 in payments to another entity owned by Domazet for accounting and tax services provided to LMP and the Kooney Companies; and

iv. over $50,000 towards the renting and furnishing of a residential condominium owned by Domazet.

37. It was only after the Commission independently discovered these payments and questioned the LMP Principals that they admitted to these payments.

38. Not only did the earlier responses fail to disclose payments to the Kooney Companies, but the responses also failed to disclose any of the other forms of compensation received by the LMP Principals.

39. Each of the LMP Principals made misleading or untrue statements and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act.

V. Unregistered Trading

40. Neither LMP Inc. nor LMP Nevada was registered with the Commission in any capacity under the Act. No exemptions from the registration requirement were available to LMP under Ontario securities law.

41. Based on the conduct described above, beginning April 2022, LMP has engaged in, or held itself out as engaging in, the business of trading in LMP Tokens without the necessary registration or an applicable exemption from the registration requirement, contrary to s. 25(1) of the Act.

VI. Illegal Distribution

42. The sale of LMP Tokens are trades in securities not previously issued and are, therefore, distributions.

43. No preliminary prospectus or prospectus was filed for the distribution of the LMP Tokens. The investments did not qualify for any exemption from the prospectus requirements, and no reports of exempt distribution were filed with the Commission.

44. By engaging in the conduct described above, LMP has engaged in distributions of securities without filing a preliminary prospectus or a prospectus and without an applicable exemption to the prospectus requirement, contrary to s. 53(1) of the Act.

VII. Unlawful Operation of a Marketplace

45. The LMP Platform is a marketplace under the Act.

46. Beginning April 2022, when the LMP Platform began operating, LMP has operated a marketplace, without either recognition as an exchange contrary to s. 21(1) of the Act or registration as a dealer and approval to operate an Alternative Trading System (ATS) contrary to s. 6.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**).

VIII. Authorizing, Permitting, or Acquiescing in Breaches of Ontario Securities Law

47. The LMP Principals, as legal or *de facto* directors and officers of LMP, authorized, permitted or acquiesced in the conduct described above. As a result, the LMP Principals are deemed not to have complied with Ontario securities law pursuant to s. 129.2 of the Act.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

48. The Commission alleges the following breaches of Ontario securities law and conduct contrary to the public interest:

    i. LMP, Bahadori and Nikdel directly or indirectly engaged or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to s. 126.1(1)(b) of the Act;

    ii. LMP engaged in, and held itself out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement, contrary to s. 25(1) of the Act;

    iii. LMP engaged in distributions of securities without filing a preliminary prospectus or prospectus and without an applicable exemption from the prospectus requirement, contrary to s. 53(1) of the Act;

    iv. LMP operated a marketplace, without either recognition as an exchange contrary to s. 21(1) of the Act or registration as a dealer and approval to operate an ATS contrary to s. 6.1 of NI 21-101;

    v. The LMP Principals authorized, permitted or acquiesced in LMP's non-compliance with Ontario securities law, including contraventions of ss. 126.1(1)(b), 25(1), 53(1) and 21(1) of the Act and/or s. 6.1 of NI 21-101, and are therefore deemed not to have complied with Ontario securities law pursuant to s. 129.2 of the Act;

    vi. The LMP Principals made statements to the Commission that were misleading, untrue and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act; and

    vii. The Respondents engaged in conduct that is contrary to the public interest.

49. These allegations may be amended, and further and other allegations may be added as counsel may advise, and the Capital Markets Tribunal (the **Tribunal**) may permit.

D. ORDERS SOUGHT

50. The Commission requests that the Tribunal make the following orders as against each of the Respondents:

    i. that they cease trading in any securities or derivatives permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of s. 127(1) of the Act;

    ii. that they be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of s. 127(1) of the Act;

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    xi. that they disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of s. 127(1) of the Act;

xii. that they pay costs of the investigation and the hearing, pursuant to s. 127.1 of the Act; and

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DATED this 19th day of February, 2025

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A. OVERVIEW

1. This matter involves a ~~multi-layered~~ fraud in the crypto asset sector.

2. The Liquid Marketplace business promotes and sells crypto assets that purportedly represent fractional ownership of valuable collectibles (**LMP Tokens**). The collectibles include trading cards and digital assets such as non-fungible tokens (**NFTs**) which are purportedly fractionalized into LMP Tokens. These LMP Tokens are offered to investors through an online platform accessible through LMP's (defined below) website at www.liquidmarketplace.io (the **LMP Platform**). LMP Tokens are securities and/or derivatives under the *Securities Act*, RSO 1990, c S.5 (the **Act**).

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4. ~~LMP and its Principals (the **Respondents**)~~ LMP, Bahadori and Nikdel have perpetrated a fraud on investors ~~in two ways. First, the Respondents raised over $10 million by selling common shares and promissory notes in LMP to investors located primarily in Canada and the U.S. (**Share and Note Purchasers**). From these funds, the Respondents misappropriated approximately $3 million, including through hidden payments to shell companies, for the personal enrichment of the LMP Principals~~.

5. ~~Second, a~~Approximately US$2.7 million has been obtained by LMP from the sale of LMP Tokens to LMP Token purchasers (**Token Purchasers**). LMP, Bahadori and Nikdel made false and misleading statements to Token Purchasers including that LMP Tokens represent legal ownership in underlying collectibles, and that the collectibles themselves had been authenticated, appraised and insured.

6. In addition, LMP sold and facilitated the trading of LMP Tokens without complying with the prospectus and registration requirements of the Act, thus depriving investors of important safeguards to protect them from unscrupulous and fraudulent conduct.

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B. GROUNDS

The Commission makes the following allegations of fact:

I. The Liquid Marketplace Business

8. Bahadori, Nikdel and Domazet are individuals residing in Ontario.

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17. LMP charges fees for: (i) any collectible whose LMP Tokens are moved to the Marketplace; (ii) trades made in the Marketplace; and (iii) investors' deposits into, and withdrawals from, their LMP Platform accounts.

i. Promotion of LMP Tokens as an Investment

18. LMP promotes LMP Tokens as a means to profit or obtain increased value. The LMP Platform offers two main ways Token Purchasers can earn profits on their investments in LMP Tokens: (i) through trades on the Marketplace described above; and (ii) through sale of collectibles via a buyout offer or at auction. Token Purchasers can vote on the sale of collectibles, such as on whether a collectible should be sent for sale at auction, or whether to accept a buyout offer (**Sale Votes**).

19. In particular, LMP communications and promotional materials that were disseminated to actual and prospective investors make representations that the collectibles underlying the LMP Tokens are attractive investments with anticipated returns because they are, among other things, "good hedge[s] on inflation" with "long-term growth potential". LMP has also purported to list collectibles on Initial Drop at "cheap" or discounted prices, further creating an expectation of profits for Token Purchasers whether through LMP Token trades on the Marketplace or Sale Votes to sell or auction the collectibles for their purportedly higher market value.

20. LMP facilitates the sale of collectibles by, among other things: (i) maintaining and operating the Marketplace through which Token Purchasers can make trades; (ii) enabling certain users to make buyout offers through the LMP Platform; (iii) effecting certain buyouts, in its discretion; (iv) maintaining relationships with auction houses; and (v) once Token Purchasers vote to auction a collectible, sending the collectible for sale at such auction houses. After a collectible is sold, LMP delivers the proceeds of sale to Token Purchasers proportionate to the percentage of LMP Tokens they held for the collectible.

ii. LMP Token Sales Involve Securities

21. The LMP business involves securities and/or derivatives in two ways. First, the LMP Tokens themselves are securities and/or derivatives under the Act.

22. Second, LMP also retains custody of the LMP Tokens, holding them in LMP-controlled crypto wallets. Token Purchasers do not have possession or control of LMP Tokens. It is not possible for Token Purchasers to withdraw or otherwise request delivery of the LMP Tokens into an investor-controlled wallet. Accordingly, in practice, LMP only provides Token

Purchasers with instruments or contracts involving crypto assets. These instruments or contracts constitute securities and/or derivatives under the Act.

~~*III.* Fraud on Share and Note Purchasers~~

23. ~~In or around March 2021 to August 2022, LMP and its Principals raised approximately US$6.8 million and CA$0.9 million by selling common shares and share options of LMP Inc. to approximately 146 investors located primarily in Canada and the US. Since around June 2023, LMP and its Principals have raised at least a further US$1.4 million by selling unsecured convertible promissory notes in LMP Nevada.~~

24. ~~The Respondents defrauded Share and Note Purchasers by misappropriating millions of dollars of funds from LMP for the LMP Principals' personal enrichment by: (i) making hidden payments to shell corporations without any legitimate business purpose; and (ii) providing interest-free loans from investor funds to LMP Principals for personal use, which loans were never repaid.~~

~~*i. Hidden Payments to LMP Principals' Shell Companies*~~

25. ~~In or around fall 2021, the LMP Principals devised a scheme to make significant payments to themselves through purported consulting companies – Kooney Industries Inc. (Bahadori), Kooney Marketing Inc. (Nikdel), and Kooney Management Corp. (Domazet) (each individually a **Kooney Company** and together, the **Kooney Companies**).~~

26. ~~Beginning in November 2021, each of the LMP Principals received payments to his Kooney Company while also earning hundreds of thousands of dollars in salary from LMP.~~

27. ~~In total, the LMP Principals authorized approximately $2.5 million in payments to the LMP Principals' Kooney Companies.~~

28. ~~There was no business purpose for the payments to the Kooney Companies. There are no consulting services agreements between LMP and any of the Kooney Companies, and the services purportedly provided to LMP by the Kooney Companies were identical to the pre-existing roles and responsibilities of the LMP Principals, for which they were already earning generous salaries.~~

29. ~~The LMP Principals did not disclose their Kooney Company payments to actual or prospective Share and Note Purchasers.~~

~~*ii. Personal Loans to Bahadori and Nikdel*~~

30. ~~The LMP Principals also authorized the use of investor funds to make interest-free personal loans to Bahadori and Nikdel. In total, at least $550,000 of investor funds were received by Bahadori and Nikdel by way of, among other things: (i) nearly half a million dollars worth of loans made to Bahadori for personal use; and (ii) advances to Bahadori (approximately $56,000) and Nikdel (approximately 37,000) to fund their personal LMP Platform accounts. These loans and advances have not been repaid.~~

31. ~~With respect to paragraph 30(i), Bahadori used LMP credit cards and funds to pay for nearly half a million dollars' worth of personal expenses including high-end fashion, expensive jewellery and watches, personal health and luxury spa services. These Bahadori personal expenses were accounted for as loans from LMP to Bahadori and his Kooney Company. Bahadori did not repay LMP for any of his personal spending loans. Instead, many of Bahadori's personal expenditures were written off by periodically offsetting them against amounts purportedly owing to Bahadori's Kooney Company. By December 2022, Bahadori and/or his Kooney Company still owed LMP over $286,000 for personal expenses. To write off this outstanding loan, the LMP Principals declared a notional "bonus" from LMP to Bahadori's Kooney Company for the exact amount Bahadori owed LMP, and used the "bonus" to offset Bahadori's outstanding loan owed to LMP.~~

IV. Fraud on Token Purchasers

32. The Respondents obtained approximately US$2.7 million from Token Purchasers through the sale of LMP Tokens.

i. Overview of Fraud on Token Purchasers

33. As described in greater detail below, LMP, Bahadori and Nikdel defrauded Token Purchasers by misrepresenting the fundamental characteristics, values and risks of the LMP Tokens they were selling. In particular, LMP, Bahadori and Nikdel made or caused to be made representations to the effect that: (i) LMP Tokens represent legal ownership, recorded on the blockchain, of a fraction of an underlying collectible that could be traded in the Marketplace only after all tokens for a collectible had been sold on Initial Drop; and (ii) LMP authenticates, appraises and insures the collectibles.

34. Contrary to these representations and as described in greater detail below, (i) LMP Tokens do not represent legal ownership of underlying collectibles, purported Token Purchaser ownership is not recorded on any blockchain, and LMP

moved collectibles to the Marketplace that had failed to sell out on Initial Drop; and (ii) LMP does not authenticate, appraise or insure the collectibles. These false and misleading representations exposed Token Purchasers to undisclosed risks, caused investor losses and benefitted LMP and its associates.

ii. LMP Tokens Do Not Represent Legal Ownership of Collectibles

35. LMP represented to actual and prospective Token Purchasers that LMP Tokens represent legal fractional ownership of the underlying collectibles, including that:

i. Legal ownership of a collectible is transferred to the LMP Tokens pursuant to a listing agreement between LMP and a Collector. LMP requires all Collectors to sign such a listing agreement before listing a Collectible for sale on the LMP Platform;

ii. LMP Tokens are offered for "pre-order" on an Initial Drop and only once all tokens for a collectible are fully sold on the Initial Drop does the collectible move to the Marketplace where Token Purchasers can trade their fractional ownership (purportedly represented by the LMP Tokens) with other LMP Platform users;

iii. Each LMP Token is on the Ethereum blockchain and proof of purchase of an LMP Token is recorded and transferable on the blockchain; and

iv. LMP has structures in place to protect Token Purchasers' purported proprietary interests in an LMP insolvency event.

36. Contrary to these representations:

i. LMP has only entered into listing agreements for ~~six~~ five of the thirty-seven collectibles that were listed on the LMP Platform, and has no other documentation to transfer legal ownership of the collectibles from Collectors to Token Purchasers;

ii. LMP moved collectibles to the Marketplace that had not sold out on the Initial Drop and deposited the unsold LMP Tokens into LMP Platform accounts that were owned or controlled by the LMP Principals or their affiliates;

iii. LMP failed to mint or create tokens for many of the collectibles, and no purported Token Purchaser ownership has been recorded on any blockchain. Rather, LMP tracks LMP Token sales and trades through an 'off-chain' ledger system; and

iv. LMP has no structures in place to protect Token Purchasers' purported proprietary interests in an insolvency event.

iii. LMP Does Not Authenticate, Appraise or Insure the Collectibles

37. LMP represented to actual and prospective Token Purchasers that:

i. Each collectible that is tokenized for listing on the LMP Platform is properly authenticated, including representations that collectibles are "carefully inspected for authenticity", go through an "extensive" authentication process and additional evaluation is conducted to "guarantee" the collectibles' authenticity;

ii. Each collectible is also appraised and LMP determines a fair offering price for each collectible after working with "renowned experts relevant to the particular collectible" and "constant" monitoring of global collectible markets for data on sales amounts and assets sold; and

iii. The collectibles are insured and safely stored in a third-party vault.

38. Contrary to LMP's representations:

i. LMP does not authenticate the collectibles, does not have the credentials to perform such authentications, and does not coordinate the authentication of the collectibles by any qualified third party. Even when a Collector was known to have previously brought fraudulent collectibles for tokenization on the LMP Platform, LMP did not conduct diligence to ensure the authenticity of subsequent collectibles offered by such (non-arm's-length) Collector;

ii. LMP does not appraise or otherwise ensure the fair valuation of the collectibles. Rather, LMP accepts whatever price is stipulated by Collectors who profit from the sale of LMP Tokens for their collectibles. For at least eleven collectibles, LMP also artificially raised the Initial Drop price by 8% beyond what Collectors were seeking, and gave the additional 8% worth of LMP Tokens free-of-charge to an LMP associate. Furthermore, LMP hid instances where the market did not show sufficient interest in the collectible at the stated value on Initial Drop

by moving collectibles to the Marketplace that had not sold out on the Initial Drop and not disclosing the fact that such collectibles had failed to sell out from Token Purchasers, as described at subparagraph 26~~36~~.ii above; and

iii. LMP does not insure the collectibles and has failed to ensure that the collectibles stored in third-party vaults are covered by any insurance. LMP stores some of the collectibles in a Canadian safe deposit box, and the rest in third-party storage vaults located in the United States. LMP has no insurance over the collectibles in the Canadian safe deposit box, and has relied on the third-party vaults' insurance without confirming whether or to what extent any vault insurance covers the collectibles stored in their vaults.

V. The LMP Principals' Misleading Statements to the Ontario Securities Commission

39. Over the course of the Commission's investigation, each of the LMP Principals attended compelled interviews under oath. In addition, each of the LMP Principals helped prepare responses to the Commission's written requests for records and information.

40. ~~As described above, the LMP Principals misappropriated significant amounts of investor funds.~~ Initially, the LMP Principals provided false and misleading information to the Commission about the true amount and nature of remuneration they took from LMP~~, hiding the true nature and total amount of money misappropriated for their benefit~~. In particular, the LMP Principals hid consulting payments they each received to shell companies (their **Kooney Companies**).

41. For example, in a written response to a Commission question for the LMP Principals to advise of "all compensation" provided to each of them "including the amount and form of compensation", the LMP Principals answered that they each only received a $102,153.86 salary in 2022, and that no salaries were paid in 2023. The response made no mention of any other forms of compensation.

42. Additionally, in their interviews, each of the LMP Principals gave false and misleading responses as follows:

i. Bahadori was asked multiple times in a variety of ways to advise (a) of the total amount of all compensation he received from LMP and (b) whether he or the other LMP Principals received any compensation through another company. Bahadori gave a number of false and misleading responses, including that: (i) he identified one company, not his Kooney Company, which he claimed was the sole company he had incorporated; (ii) each of the LMP Principals only received a $102,153.86 salary in 2022; (iii) Bahadori and Nikdel took no salaries in 2023; (iv) even if Bahadori received any compensation payments via another corporation, any such compensation was included in his $102,153.86 salary; and (v) Bahadori did not spend LMP funds on personal items or expenses that were "flashy or of substantial value like jewellery [and] watches"; and

ii. In response to questions about his compensation from LMP, Nikdel advised that he was paid an annual salary of $150,000 but he stopped taking a salary in summer 2022. When asked if he received "any other form of compensation", Nikdel responded "No."; and

iii. Domazet was asked to identify all companies that he had incorporated. In response, Domazet identified three companies, but did not mention his Kooney Company or other companies that he had incorporated.

43. ~~In reality, in or around 2021-2023:~~

~~i. Bahadori received over $300,000 in salary and over $1.2 million in payments to his Kooney Company;~~

~~ii. Bahadori also spent nearly half a million dollars of LMP investor funds on personal expenses, including over $50,000 of investor funds on high-end jewellery, watches and clothing;~~

~~iii. Bahadori also received US$10,000 from LMP investor funds to pay for his personal rent;~~

~~iv. Approximately $93,000 of investor funds were used to fund Bahadori and Nikdel's personal accounts on the LMP Platform;~~

~~v. Nikdel received over $260,000 in salary and approximately $750,000 in payments to his Kooney Company;~~

~~vi. Domazet received nearly $200,000 in salary and at least approximately $490,000 and US$240,000 in payments to his Kooney Company and one other company – Lone Star Advisory Ltd. – through which Domazet received these payments after he dissolved his Kooney Company in or around early 2023; and~~

vii. ~~Domazet also received approximately $50,000 of investor funds towards the renting and furnishing of a residential condominium owned by Domazet.~~

44. In reality, in or around 2021-2023 the LMP Principals received different forms of compensation from LMP, including the following.

45. Bahadori received:

    i. approximately $285,000 in salary;

    ii. over $1 million to his Kooney Company, including amounts to offset Bahadori personal expenses and advances; and

    iii. a June 2023 US$10,000 interest-free loan from LMP to pay for his personal rent.

46. Nikdel received:

    i. approximately $260,000 in salary; and

    ii. approximately $750,000 to his Kooney Company, including amounts to offset an advance to fund Nikdel's personal LMP Platform account.

47. Domazet received:

    i. approximately $190,000 in salary;

    ii. approximately $490,000 and US$240,000 in payments to his Kooney Company and one other company – Lone Star Advisory Ltd. – through which Domazet received these payments after he dissolved his Kooney Company in or around early 2023;

    iii. approximately $40,000 in payments to another entity owned by Domazet for accounting and tax services provided to LMP and the Kooney Companies; and

    iv. over $50,000 towards the renting and furnishing of a residential condominium owned by Domazet.

48. It was only after the Commission independently discovered these payments and questioned the LMP Principals that they admitted to these payments.

49. Not only did the earlier responses fail to disclose payments to the Kooney Companies, but the responses also failed to disclose any of the other forms of compensation received by the LMP Principals~~, including the various payments and loans for the LMP Principals' personal use or benefit~~.

50. Each of the LMP Principals made misleading or untrue statements and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act.

VI. Unregistered Trading

51. Neither LMP Inc. nor LMP Nevada was registered with the Commission in any capacity under the Act. No exemptions from the registration requirement were available to LMP under Ontario securities law.

52. Based on the conduct described above, beginning April 2022, LMP has engaged in, or held itself out as engaging in, the business of trading in LMP Tokens without the necessary registration or an applicable exemption from the registration requirement, contrary to s. 25(1) of the Act.

VII. Illegal Distribution

53. The sale of LMP Tokens are trades in securities not previously issued and are, therefore, distributions.

54. No preliminary prospectus or prospectus was filed for the distribution of the LMP Tokens. The investments did not qualify for any exemption from the prospectus requirements, and no reports of exempt distribution were filed with the Commission.

55. By engaging in the conduct described above, LMP has engaged in distributions of securities without filing a preliminary prospectus or a prospectus and without an applicable exemption to the prospectus requirement, contrary to s. 53(1) of the Act.

VIII. Unlawful Operation of a Marketplace

56. The LMP Platform is a marketplace under the Act.

57. Beginning April 2022, when the LMP Platform began operating, LMP has operated a marketplace, without either recognition as an exchange contrary to s. 21(1) of the Act or registration as a dealer and approval to operate an Alternative Trading System (ATS) contrary to s. 6.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**).

IX. Authorizing, Permitting, or Acquiescing in Breaches of Ontario Securities Law

58. The LMP Principals, as legal or *de facto* directors and officers of LMP, authorized, permitted or acquiesced in the conduct described above. As a result, the LMP Principals are deemed not to have complied with Ontario securities law pursuant to s. 129.2 of the Act.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

59. The Commission alleges the following breaches of Ontario securities law and conduct contrary to the public interest:

    i. ~~The Respondents~~ LMP, Bahadori and Nikdel directly or indirectly engaged or participated in an act, practice or course of conduct relating to securities, derivatives or the underlying interest of a derivative that they knew or reasonably ought to have known perpetrated a fraud on a person or company, contrary to s. 126.1(1)(b) of the Act;

    ii. LMP engaged in, and held itself out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement, contrary to s. 25(1) of the Act;

    iii. LMP engaged in distributions of securities without filing a preliminary prospectus or prospectus and without an applicable exemption from the prospectus requirement, contrary to s. 53(1) of the Act;

    iv. LMP operated a marketplace, without either recognition as an exchange contrary to s. 21(1) of the Act or registration as a dealer and approval to operate an ATS contrary to s. 6.1 of NI 21-101;

    v. The LMP Principals authorized, permitted or acquiesced in LMP's non-compliance with Ontario securities law, including contraventions of ss. 126.1(1)(b), 25(1), 53(1) and 21(1) of the Act and/or s. 6.1 of NI 21-101, and are therefore deemed not to have complied with Ontario securities law pursuant to s. 129.2 of the Act;

    vi. The LMP Principals made statements to the Commission that were misleading, untrue and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act; and

    vii. The Respondents engaged in conduct that is contrary to the public interest.

60. These allegations may be amended, and further and other allegations may be added as counsel may advise, and the Capital Markets Tribunal (the **Tribunal**) may permit.

D. ORDERS SOUGHT

61. The Commission requests that the Tribunal make the following orders as against each of the Respondents:

    i. that they cease trading in any securities or derivatives permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of s. 127(1) of the Act;

    ii. that they be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of s. 127(1) of the Act;

    iii. that they resign any position they may hold as a director or officer of any issuer, pursuant to paragraph 7 of s. 127(1) of the Act;

    iv. that they be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8 of s. 127(1) of the Act;

    v. that they resign any position they may hold as a director or officer of any registrant, pursuant to paragraph 8.1 of s. 127(1) of the Act;

    vi. that they be prohibited from becoming or acting as a director or officer of any registrant permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.2 of s. 127(1) of the Act;

    vii. that any exemptions contained in Ontario securities law do not apply to them permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of s. 127(1) of the Act;

viii. that they be reprimanded, pursuant to paragraph 6 of s. 127(1) of the Act;

ix. that they be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.5 of s. 127(1) of the Act;

x. that they pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of s. 127(1) of the Act;

xi. that they disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of s. 127(1) of the Act;

xii. that they pay costs of the investigation and the hearing, pursuant to s. 127.1 of the Act; and

xiii. such other order as the Tribunal considers appropriate in the public interest.

DATED this ~~19th day of June, 2024~~ 19th day of February, 2025

ONTARIO SECURITIES COMMISSION
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A.3.2 Ontario Securities Commission and Robert George Freeman – s. 127(8)

ONTARIO SECURITIES COMMISSION
(Applicant)

AND

ROBERT GEORGE FREEMAN
(Respondent)

File No. 2024-12

Adjudicator: M. Cecilia Williams (Chair)

February 21, 2025

ORDER
(Subsection 127(8) of the *Securities Act*, RSO 1990 c S.5)

WHEREAS the Capital Markets Tribunal held a hearing in writing to consider a motion by the Ontario Securities Commission to extend a temporary order of the Commission dated July 29, 2024, and extended on August 8, September 24, 2024, and February 11, 2025, against Robert George Freeman (the **Temporary Order**);

ON READING the materials filed by the representatives for the Commission and the correspondence of the parties, and on considering that Freeman consents to an extension of the Temporary Order;

IT IS ORDERED THAT:

1. pursuant to subsection 127(8) and paragraph 2 of subsection 127(1) of the *Securities Act*, all trading in the securities of QuBiologics Inc. by Freeman, directly or indirectly, or by any person on behalf of Freeman, including but not limited to any act, advertisement, solicitation, conduct, or negotiation, directly or indirectly in furtherance of a trade, shall cease until 4:30 p.m. on August 13, 2025; and

2. pursuant to subsection 127(8) and paragraph 3 of subsection 127(1) of the *Securities Act*, any exemptions contained in Ontario securities law do not apply to Freeman until 4:30 p.m. on August 13, 2025.

“M. Cecilia Williams”

A.3.3 Ontario Securities Commission et al. – ss. 127(1), 127(8)

ONTARIO SECURITIES COMMISSION

(Applicant)

AND

CRAIG DUNKERLEY,
CLAUDIA HARVEY,
BGRE CAPITAL CORPORATION,
BG WEALTH GROUP INC.,
BG WEALTH GROUP GROWTH FUND LP,
BG WEALTH HOLDINGS CORPORATION,
BG WEALTH GP INC.,
BG WEALTH PROPERTIES INC.,
BG PROPERTY HOLDINGS INC., AND
BLACKTHORN INVESTMENT GROUP INC.

(Respondents)

File No. 2025-4

Adjudicator: Jane Waechter

February 24, 2025

ORDER
(Subsections 127(1) and 127(8) of the *Securities Act,* RSO 1990, c S.5)

WHEREAS on February 24, 2025 the Capital Markets Tribunal held a hearing by videoconference to consider an application by the Ontario Securities Commission to extend a temporary order of the Commission dated February 6, 2025, and extended on February 18, 2025;

ON READING the materials filed by the representatives for the Commission, and on hearing the submissions of the representatives for each of the Commission and the respondents and on being advised that the respondents do not oppose the extension of the temporary order;

IT IS ORDERED THAT:

1. pursuant to subsection 127(8) and clause 2 of subsection 127(1), all trading in securities of BGRE Capital Corporation, BG Wealth Group Inc., BG Wealth Group Growth Fund LP, BG Wealth Holdings Corporation, BG Wealth GP Inc., BG Wealth Properties Inc., BG Property Holdings Inc., and Blackthorn Investment Group Inc. shall cease until 4:30 p.m. on October 6, 2025;

2. pursuant to subsection 127(8) and clause 2 of subsection 127(1), trading in any securities by Craig Dunkerley, Claudia Harvey, BGRE Capital Corporation, BG Wealth Group Inc., BG Wealth Group Growth Fund LP, BG Wealth Holdings Corporation, BG Wealth GP Inc., BG Wealth Properties Inc., BG Property Holdings Inc., and Blackthorn Investment Group Inc., or by any person on their behalf, including but not limited to any act, advertisement, solicitation, conduct, or negotiation, directly or indirectly in furtherance of a trade, shall cease until 4:30 p.m. on October 6, 2025; and

3. pursuant to subsection 127(8) and clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to Craig Dunkerley, Claudia Harvey, BGRE Capital Corporation, BG Wealth Group Inc., BG Wealth Group Growth Fund LP, BG Wealth Holdings Corporation, BG Wealth GP Inc., BG Wealth Properties Inc., BG Property Holdings Inc., and Blackthorn Investment Group Inc. until 4:30 p.m. on October 6, 2025.

"Jane Waechter"

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B. Ontario Securities Commission

B.2
Orders

B.2.1 Signal Gold Inc. – 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).

Applicable Legislative Provisions

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
SIGNAL GOLD INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

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

2. The head office of the Applicant is located at Suite 401 – 20 Adelaide Street East, Toronto, Ontario, M5C 2T6;

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

4. On February 14th, 2025, the Applicant was granted an order (the Reporting Issuer Order) pursuant to subclause 1(10)(a)(ii) of the Securities Act (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or equivalent in any other jurisdiction in Canada in accordance with section 21 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 pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED at Toronto on this 20th day of February, 2025.

"Erin O'Donovan"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2025/0026
SEDAR+#: 6228885

B.2.2 Dore Copper Mining 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).

February 12, 2025

**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
DORE COPPER MINING CORP.
(the Filer)**

ORDER

Background

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

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

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

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

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.

"Erin O'Donovan"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2025/0018

B.2.3 IBI Group Inc.

Headnote

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

Applicable Legislative Provisions

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

February 13, 2025

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
IBI GROUP INC.
(the Filer)

ORDER

Background

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

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

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

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

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.

“Lina Creta”
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2025/0031

B.2.4 Plateau Energy Metals Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application to cease to be a reporting issuer under applicable securities laws – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation except it has not filed certain continuous disclosure documents.

Applicable Legislative Provisions

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

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
PLATEAU ENERGY METALS INC.
(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 **Relief Sought**).

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

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

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

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 was originally incorporated by way of articles of amalgamation on October 31, 2007 as Macusani Yellowcake Inc. On September 30, 2012, the Filer amalgamated with Peru Uranium Inc. under the name of Macusani Yellowcake Inc. By articles of amendment dated April 29, 2015, the Filer changed its name to Plateau Uranium Inc. By articles of amendment dated March 12, 2018, the Filer changed its name to Plateau Energy Metals Inc. On May 11, 2021, the Filer filed articles of arrangement between the Filer and American Lithium Corp. (**American Lithium**).

2. The Filer is a reporting issuer under the securities legislation of British Columbia, Alberta and Ontario.

3. The Filer's head and registered office is located at 40 Temperance Street, Suite 3200, Bay Adelaide Centre, North Tower, Toronto, Ontario, M5H 0B4 Canada.

4. On February 9, 2021, the Filer and American Lithium announced that they had entered into an arrangement agreement pursuant to which American Lithium agreed to acquire all of the issued and outstanding common shares of the Filer by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario) (the **Arrangement**).

5. On April 9, 2021, the Filer obtained an interim order from the Ontario Superior Court of Justice (the **Court**) for the Filer to hold a special meeting (the **Special Meeting**) of shareholders and optionholders of the Filer (the **Securityholders**) to approve the Arrangement. The Arrangement was approved by Securityholders at the Special Meeting held on May 3, 2021. The Court subsequently issued a final order approving the Arrangement on May 4, 2021.

6. On May 11, 2021, the Filer and American Lithium announced the completion of the Arrangement, and American Lithium acquired 127,213,511 common shares of the Filer (the **Common Shares**), representing all of the outstanding shares of the Filer. As a result of the Arrangement, the Filer became a wholly-owned subsidiary of American Lithium.

7. The authorized capital of the Filer consists of an unlimited number of Common Shares without par value, of which 127,213,511 are currently outstanding and an unlimited number of preferred shares without par value, of which none are currently outstanding.

8. The Common Shares were previously listed on the TSX Venture Exchange under the stock symbol "PLU" but were delisted effective as at the close of

business on May 18, 2021 in connection with the Arrangement, following which the Filer no longer has any securities listed on any exchange.

9. There are no securities of the Filer which are outstanding other than the Common Shares.

10. The Filer has one securityholder, being American Lithium.

11. The Filer does not intend to seek financing by way of a public or private offering of its securities in Canada or elsewhere.

12. On June 1, 2022, the Ontario Securities Commission issued a failure-to-file cease trade order (the **FFCTO**) as a result of the Filer's failure to file the following continuous disclosure documents:

    (a) audited annual financial statements for the year ended September 30, 2021;

    (b) management's discussion and analysis (**MD&A**) relating to the audited annual financial statements for the year ended September 30, 2021;

    (c) interim financial statements for the periods ended March 31, 2021, June 30, 2021, December 31, 2021 and March 31, 2022;

    (d) MD&A relating to the interim financial statements for the periods ended March 31, 2021, June 30, 2021, December 31, 2021 and March 31, 2022; and

    (e) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**) (collectively, the **Unfiled Documents**).

13. In addition to the Unfiled Documents, the Filer has subsequently failed to file the following documents:

    (a) audited annual financial statements for the years ended September 30, 2022, 2023 and 2024;

    (b) MD&A relating to the audited annual financial statements for the years ended September 30, 2022, 2023 and 2024;

    (c) interim financial statements for the periods ended March 31, 2023 and 2024, June 30, 2022, 2023 and 2024, and December 31, 2022 and 2023;

    (d) MD&A relating to the interim financial statements for the periods ended March 31, 2023 and 2024, June 30, 2022, 2023 and 2024, and December 31, 2022 and 2023; and

    (e) certification of the foregoing filings as required by NI 52-109 (collectively, the **Subsequently Unfiled Documents**).

14. The Filer has concurrently filed an application (the **FFCTO Application**) with the OSC under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*, for an order (the **FFCTO Relief**) pursuant to Section 144 of the Legislation revoking the FFCTO without requiring the Filer to file the Unfiled Documents and Subsequently Unfiled Documents, to be effective on the same date as the Relief Sought.

15. The Filer is not in default of any requirements of the FFCTO or the applicable securities legislation of any jurisdiction of Canada or the rules and regulations made pursuant thereto, except for the obligation to file the Unfiled Documents and the Subsequently Unfiled Documents.

16. But for the fact that the Filer is subject to the FFCTO as a result of failing to file the Unfiled Documents and the Subsequently Unfiled Documents, each of which were due to be filed after the completion of the Arrangement, the Filer would be eligible to use the "simplified procedure" under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*.

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

18. 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.

19. 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.

Order

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 Relief Sought is granted.

DATED at Toronto on this 20th day of February, 2025.

"Leslie Milroy"
Manager, Corporate Finance
Ontario Securities Commission
OSC File #: 2024/0728

B.2.5 Brookfield Asset Management Ltd. – s. 6.1 of NI 62-104

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from requirements applicable to issuer bids in Part 2 of NI 62-104 – issuer proposes to acquire 2,000,000 of its class A limited voting shares from its parent company in connection with the establishment of its escrowed stock plan – the consideration that will be paid by the issuer for its class A limited voting shares will be a discounted price to the closing price of the shares on the day prior to the closing date – the escrowed stock plan received the shareholder approval required by the TSX rules – the purchase of class A limited voting shares was approved by the issuer's board – the purchase is de minimis, representing less than 1% of the issuer's issued and outstanding class A limited voting shares – the issuer announced the proposed purchase of class A limited voting shares in a news release, subject to regulatory approval – requested relief granted, subject to conditions.

Statutes Cited

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

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

AND

IN THE MATTER OF
BROOKFIELD ASSET MANAGEMENT LTD.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Brookfield Asset Management Ltd. (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to Section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**") exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the "**Issuer Bid Requirements**") in connection with the proposed purchase (the "**Proposed Purchase**") by the Issuer of 2,000,000 Class A Limited Voting Shares of the Issuer (the "**Subject Shares**") from Brookfield Corporation ("**BN**") for the purpose of administering the Escrowed Stock Plan (as defined below);

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

AND UPON the Issuer having represented to the Commission that:

1. The Issuer is a corporation existing and in good standing under the *Business Corporations Act* (British Columbia).

2. The Issuer's head office is located at Brookfield Place, 250 Vesey Street, 15th Floor, New York, New York, 10281-0221, United States and its registered office is located at 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

3. The authorized share capital of the Issuer consists of:

   (a) an unlimited number of Class A Limited Voting Shares ("**Issuer Shares**"), of which there were 1,637,198,026 Issuer Shares issued and outstanding as of February 14, 2025;

   (b) 21,280 Class B Limited Voting Shares ("**Class B Shares**"), of which there were **21,280** issued and outstanding as of February **14**, 2025; and

   (c) an unlimited number of Class A Preference Shares, issuable in series, none of which are issued and outstanding.

4. The Issuer Shares are listed on the New York Stock Exchange (the "**NYSE**") and the Toronto Stock Exchange (the "**TSX**") under the symbol "BAM".

5. The Class B Shares are held by a trust, the beneficial interests of which, and the voting interests in its trustee, are held one-third by Mr. Bruce Flatt, one-third by Mr. Jack L. Cockwell and one-third jointly by Messrs. Brian W. Kingston, Brian D. Lawson, Cyrus Madon, Samuel J. B. Pollock and Sachin Shah in equal parts.

6. The Issuer is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.

7. BN is a corporation existing and in good standing under the *Business Corporations Act* (Ontario).

8. BN's registered and head office is located at Suite 100, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

9. On May 12, 2022, BN announced that it would separately list and distribute a 25% interest in its asset management business (the "**Asset Management Business**") to its shareholders (the "**Spin-out**"). In connection with the Spin-out, BN established and transferred the Asset Management Business to the Issuer and distributed Issuer Shares to BN shareholders. The Spin-out was approved at the special meeting of shareholders of BN that was held on November 9, 2022 (the "**2022 Special Meeting**") and completed on December 9, 2022.

10. On October 31, 2024, the Issuer entered into an agreement with BN to undertake a transaction (the "**Arrangement**") whereby BN would exchange all of its common shares of Brookfield Asset Management ULC ("**BAM ULC**") representing an approximate 73% interest in BAM ULC for Issuer Shares representing an approximate 73% interest in the Issuer on a one-for-one basis. On **February 4**, 2025, the Arrangement was completed, and BN now holds, directly and indirectly, 1,194,021,145 Issuer Shares.

11. The Issuer has a share compensation arrangement (the "**Escrowed Stock Plan**") for its designated executives to further align their interests with those of the Issuer's shareholders in a manner that is less dilutive than alternative long-term ownership plans.

12. The Escrowed Stock Plan constitutes a "security-based compensation arrangement" under applicable TSX rules. The Escrowed Stock Plan received the shareholder approval required by the TSX rules at the 2022 Special Meeting.

13. Pursuant to the Escrowed Stock Plan:

    (a) the Issuer forms a new subsidiary (the "**ESPco**") and capitalizes it with cash in exchange for common shares and preferred shares of the ESPco;

    (b) the ESPco uses the cash to acquire Issuer Shares;

    (c) the Issuer grants to each of its designated executives a specified amount of non-voting common shares of the ESPco (the "**Escrowed Shares**");

    (d) Escrowed Shares are generally expected to vest as to 20% each year over five years from the grant date, subject to the designated executive's continued employment with the Issuer;

    (e) following the vesting date of the Escrowed Shares, generally up to a maximum of 10 years from the initial grant date, each designated executive will be entitled to receive from the Issuer in exchange for their respective Escrowed Shares, new Issuer Shares with a value equal to the then net asset value of the Escrowed Shares. The net asset value will be the amount by which the Issuer Shares held by the ESPco have appreciated from the date the Escrowed Stock Plan is established based on the volume-weighted average price of Issuer Shares on the NYSE on the date of the exchange; and

    (f) after the exchange of the Escrowed Shares for new Issuer Shares, the ESPco will be wholly owned by the Issuer and will be wound up, as a result of which, the Issuer Shares held by the ESPco will be cancelled, resulting in no net dilution to existing shareholders of the Issuer. Dividends on the Issuer Shares held by the ESPco will be used to pay dividends on the preferred shares of the ESPco that are issued to the Issuer to capitalize the ESPco.

14. The Issuer Shares owned by the ESPco will not be voted.

15. The Issuer has proposed to BN that the ESPco purchase the Subject Shares from BN on February 24, 2025 (the "**Closing Date**") at a price equal to the lesser of (a) 96% of the average volume weighted trading price of the Issuer Shares on the NYSE for the 5 trading days preceding the Closing Date and (b) the closing price of the Issuer Shares on the NYSE on the day preceding the Closing Date (the "**Purchase Price**"). BN has irrevocably offered to sell the Subject Shares to the ESPco at the Purchase Price on the Closing Date.

16. The Proposed Purchase amounts to an issuer bid by the Issuer because the purchase of the Issuer Shares is being initiated by the Issuer in order to establish the Escrowed Stock Plan and will be made by the ESPco at the direction of the Issuer, and the Issuer Shares that are acquired by the ESPco will ultimately be cancelled by the Issuer.

17. The Proposed Purchase is subject to approval by the board of directors of the Issuer ("**Board**") based on a recommendation by the Governance, Nominating and Compensation Committee (the "**Committee**"), which consists entirely of independent directors.

18. The Board has determined that:

    (a) the Proposed Purchase is not prejudicial to the shareholders of the Issuer and will not adversely affect the Issuer or its shareholders; and

    (b) the Escrowed Stock Plan is in the best interests of the Issuer and its shareholders, and that the Proposed Purchase is the best way to obtain Issuer Shares for the Escrowed Stock Plan, as the Proposed Purchase does not remove the Subject Shares from the Issuer's public float and allows the Issuer to purchase the Subject Shares at a discounted price.

19. The Subject Shares represent less than 0.15% of the issued and outstanding Issuer Shares, an amount that is not material to the Issuer from a financial perspective.

20. The Subject Shares represent 0.1% of BN's post-Arrangement ownership and the Proposed Purchase will not have any material effect on the control of the Issuer.

21. As of the Closing Date, the Issuer would be able to rely on the "liquid market" exemption from the formal valuation requirement set out in section 3.4 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (the "**Liquid Market Exemption**").

22. The purchase of the Subject Shares will be funded by available liquidity and will not impose an imprudent financial burden on the Issuer.

23. The Issuer, the ESPco, and BN will not complete the Proposed Purchase at any time that either of them is aware of any "material change" or "material fact" (each as defined in the *Securities Act* (Ontario)) in respect of the Issuer, BN, or the Issuer Shares that has not been generally disclosed.

24. Other than the Purchase Price, no additional fee or other consideration will be paid by the Issuer or the ESPco in connection with the purchase of the Subject Shares.

25. The Issuer announced its intention to purchase the Subject Shares from BN in connection with the administration of the Escrowed Stock Plan in a press release that was published on February 12, 2025.

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

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchase, provided that:

(a) at the time of the Proposed Purchase, neither the Issuer, the ESPco, nor BN is aware of any "material change" or "material fact" (each as defined in the *Securities Act* (Ontario)) in respect of the Issuer, BN, or the Issuer Shares that has not been generally disclosed;

(b) the value of the consideration paid for the Subject Shares is not in excess of a price equal to the lesser of (a) 96% of the average volume weighted trading price of the Issuer Shares on the NYSE for the 5 trading days preceding the Closing Date and (b) the closing price of the Issuer Shares on the NYSE on the day preceding the Closing Date;

(c) as at the Closing Date, the Board remains of the view that the Liquid Market Exemption is available to the Issuer in respect of the Proposed Purchase; and

(d) other than the Purchase Price, no additional fee or other consideration will be paid by the Issuer or the ESPco in connection with the purchase of the Subject Shares.

DATED at Toronto, Ontario this 24th day of February, 2025.

"David Mendicino"
Manager, Mergers & Acquisitions
Ontario Securities Commission

B.2.6 Plateau Energy Metals Inc. – 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
PLATEAU ENERGY METALS INC.
(the Applicant)**

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

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

AND UPON the Applicant representing to the Commission that:

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

2. the Applicant's head and registered office is located at 40 Temperance Street, Suite 3200, Bay Adelaide Centre, North Tower, Toronto, Ontario, M5H 0B4 Canada;

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

4. on February 20, 2025, 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 of Canada in accordance with the procedure for other applications set out in section 21 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 pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED at Toronto on this 21st day of February, 2025.

"Leslie Milroy"
Manager, Corporate Finance
Ontario Securities Commission
OSC File #: 2024/0729

B.2.7 Gear Energy Ltd.

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).

Citation: *Re Gear Energy Ltd.*, 2025 ABASC 15

February 14, 2025

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

AND

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

AND

**IN THE MATTER OF
GEAR ENERGY LTD.
(the Filer)**

ORDER

Background

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

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

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

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

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

Interpretation

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.

"Timothy Robson"
Manager, Legal
Corporate Finance
Alberta Securities Commission

OSC File #: 2025/0033

B.2.8 Gatos Silver, Inc.

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: 2025 BCSECCOM 68

February 20, 2025

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
GATOS SILVER, INC.
(the Filer)

ORDER

Background

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

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

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

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

Interpretation

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

Representations

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

1. the 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 #: 2025/0036

B.3
Reasons and Decisions

B.3.1 MTFX Inc.

Headnote

Application for a decision to exempt a money services business (MSB) from the dealer registration and prospectus requirements in connection with certain distributions of and trades in over-the-counter (OTC) derivatives that are made by the filer with a "permitted counterparty" or an "eligible derivatives party" – "permitted counterparty" defined to mean "permitted client" as defined in Section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – "eligible derivatives party" as defined in section 1.1 of National Instrument 93-101 Derivatives: Business Conduct (NI 93-101) – exemption sought as an interim response to current regulatory uncertainty associated with the regulation of OTC derivatives, pending the development by the Canadian Securities Administrators (the CSA) of a uniform framework for the regulation of OTC derivatives in all provinces and territories of Canada – Decision includes terms and conditions of relief that are based on the regulatory framework for derivatives firms set out in NI 93-101 and the proposed derivatives registration rule being developed by the CSA and a "sunset date" that is date that is the earlier of: (i) the date that is four years after the date of the Decision; (ii) 90 days after the date of registration of the filer under securities, commodity futures or derivatives legislation in Canada, and (iii) the coming into force in the jurisdiction of legislation or a rule that specifically governs dealer, adviser or other registration requirements applicable to market participants in connection with OTC derivative transactions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 53(1) and 74.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 1.1 ("permitted client").
National Instrument 93-101 Derivatives: Business Conduct and Proposed National Instrument 93-102 Derivatives: Registration ("eligible derivatives party", "commercial hedger" and "eligible commercial hedger").

February 14, 2025

**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
MTFX INC.
(the Filer)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filer and its officers, directors and representatives be exempt from

(a) the dealer registration requirement (the **Dealer Registration Relief**), and

(b) the prospectus requirement (the **Prospectus Relief**),

in the Legislation in respect of distributions of or other trades in OTC Derivatives (as defined below) in connection with the Filer's foreign exchange risk management and payment services business (the **Filer's FX Business**) made by

i. the Filer to or with a Permitted Counterparty (as defined below) or an Eligible Derivatives Party (as defined below), and

ii. a Permitted Counterparty or an Eligible Derivatives Party to or with the Filer,

as the case may be, subject to the terms and conditions below (the **Requested Relief**).

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

1. the Ontario Securities Commission (the **OSC**) is the principal regulator for the Application; and

2. the Filer has provided notice that, in the case of the Dealer Registration Relief and, in the jurisdictions where required, the Prospectus Relief, section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Newfoundland and Labrador, Northwest Territories, Nunavut, Prince Edward Island and Yukon (collectively, with Ontario, the **Applicable Jurisdictions**).

Interpretation

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

In this decision, the following terms have the following meanings:

Clearing Corporation has the meaning ascribed to that term in Appendix A to this decision;

Client means an Existing Client (as defined below) or a New Client (as defined below), as applicable;

Commercial Hedger has the meaning ascribed to that term in section 1.1 [*Definition of terms used throughout this Instrument*] of NI 93-101;

Eligible Commercial Hedger has the meaning ascribed to that term in section 1.1 [*Definition of terms used throughout this Instrument*] of NI 93-101;

Eligible Derivatives Party has the meaning ascribed to that term in section 1.1 [*Definition of terms used throughout this Instrument*] of NI 93-101;

Forward Contract has the meaning ascribed to that term in Appendix A to this decision;

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

NI 93-101 means National Instrument 93-101 *Derivatives: Business Conduct*;

OSA means the *Securities Act* (Ontario);

OTC Derivative has the meaning ascribed to that term in Appendix A to this decision;

Option has the meaning ascribed to that term in Appendix A to this decision;

Permitted Counterparty means a person or company that is a "permitted client", as that term is defined in section 1.1 [*Definition of terms used throughout this Instrument*] of NI 31-103; and

Underlying Interest has the meaning ascribed to that term in Appendix A to this decision.

Representations

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

The Filer

1. The Filer is incorporated under the *Business Corporations Act* (Ontario).

2. The Filer is a privately held entity owned directly and indirectly by its four principals, Abdulaziz Harji, Shamim Harji, Hanif Harji and Arif Harji.

3. The Filer is engaged predominantly in the business of offering global payments and currency exchange services in the United States and Canada.

4. As part of the services offered, the Filer markets various financial products that allow businesses and, in some cases, individuals to hedge specific risks, including the risk of currency value fluctuations and to send and receive international payments. Such products include Forward Contracts.

5. The Filer is registered as a Money Services Business (**MSB**) under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (**PCMLTFA**) and associated regulations. As an MSB, the Filer fully complies with anti-money laundering and anti-terrorist financing laws and regulations in Canada and, in particular, the Guidelines produced by the Financial Transactions and Reports Analysis Centre of Canada (**FINTRAC**).

6. The Filer is licensed as a MSB in the categories of currency exchange and fund transfer under the *Money-services Businesses Act* (Quebec) (**MSBA**).

7. The Filer is not registered under the securities, commodity futures or derivatives legislation of any of the provinces or territories of Canada in any capacity.

8. The Filer is currently offering foreign exchange and payment services to businesses in Ontario, Quebec, British Columbia, Alberta, Manitoba, Saskatchewan, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and New Brunswick.

9. In respect of the provinces outside of the Jurisdiction, Quebec, Newfoundland and Labrador and Prince Edward Island, the Filer relies on exemptions for trading in OTC Derivatives with “Qualified Parties” set out in the following instruments:

Alberta	ASC Blanket Order 91-507 *Over-the-Counter Trades in Derivatives*
British Columbia	Blanket Order 91-501 *Over-the-Counter Derivatives*
Manitoba	Blanket Order 91-501 *Over-the-Counter Trades in Derivatives*
New Brunswick	Local Rule 91-501 *Derivatives*
Nova Scotia	Blanket Order 91-501 *Over the Counter Trades in Derivatives*
Saskatchewan	General Order 91-908 *Over-the-Counter Derivatives*

10. In Quebec, the Filer relies on the exemption for trading in OTC Derivatives with “accredited counterparties” set out in section 7 of the *Derivatives Act* (Quebec).

11. The Filer does not currently trade in OTC Derivatives with Clients in the Northwest Territories, Nunavut, and Yukon.

12. The Filer is seeking the Requested Relief in the Applicable Jurisdictions in connection with the Application because the OSC and the regulators in the other Applicable Jurisdictions have not adopted blanket orders or local rules comparable to the above instruments and there is no comparable exemption in the OSA or the securities legislation of the other Applicable Jurisdictions. Rather, the Filer understands that the OSC has historically considered applications for exemptive relief by firms seeking to trade OTC Derivatives on a case-by-case basis, pending the development of modernized derivatives business conduct and registration rules.

13. The Filer currently enters into OTC Derivatives with counterparties in the Jurisdiction, Newfoundland and Labrador and Prince Edward Island which meet certain internally specified criteria and can demonstrate conclusively that they are hedging actual or anticipated commercial risks associated with fluctuations in the exchange rate between currencies (**Existing Clients**).

14. The Filer has outstanding OTC Derivatives transactions with Existing Clients and which have expiry or maturity dates beyond the effective date of this Decision (**Existing Transactions**). The Filer seeks to continue Existing Transactions pursuant to the terms under which such Existing Transactions were undertaken and consistent with the applicable requirements of the Terms and Conditions of the Relief.

15. The Filer intends to enter into arrangements for OTC Derivatives transactions (**New Transactions**) with counterparties in the Applicable Jurisdictions with whom it does not currently have arrangements (**New Clients**) consistent with all the requirements of the Terms and Conditions of the Relief.

16. The Filer does not and will not offer OTC Derivatives linked to bitcoin, ether or anything commonly considered a crypto asset, digital or virtual currency, or other novel or emerging asset classes to its Clients in the Applicable Jurisdictions.

17. The Filer is applying for the Requested Relief on a without prejudice basis and in the interest of obtaining regulatory certainty as to their status in the Applicable Jurisdictions. Other than in connection with the subject matter of this Application in the Jurisdiction, Newfoundland and Labrador and Prince Edward Island, in respect of which the Filer makes no admission, the Filer is not in default of securities, commodity futures or derivatives legislation in any province or territory of Canada.

OSC staff position

18. OSC staff have advised the Filer that OTC Derivatives may, depending on the nature of the contract, the manner in which it is offered, the nature of the client, and the manner in which the underlying or reference asset is delivered or custodied, constitute or involve "securities" and "derivatives" for the purposes of Ontario securities law.

19. In support of this view, OSC staff have referred the Filer to the following guidance and caselaw by the OSC and the Canadian Securities Administrators (**CSA**):

- OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* (**OSC Staff Notice 91-702**) and the cases cited therein, including *Pacific Coast Coin Exchange* v. *Ontario (Securities Commission)* and subsequent exemptive relief decisions that have granted exemptive relief to investment dealers based on the guidance in OSC Staff Notice 91-702;

- CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets*;

- Commission and Court decisions involving online trading platforms and evidence of ownership of a commodity, including "warehouse receipts", for investment or speculative purposes;

- OSC guidance in the Companion Policy to OSC Rule 91-506 *Derivatives: Product Determination* (**OSC Rule 91-506**) on when a foreign exchange derivative may be considered to qualify for the "spot currency exclusion" in s. 2(1)(c) of OSC Rule 91-506; and

- Recent exemptive relief decisions involving MSBs, including *Re Cambridge Mercantile Corp.* dated August 8, 2023 (2023), 46 OSCB 6757.

20. OSC staff have also advised the Filer that as rules are developed and implemented by the CSA that are specifically tailored to over-the-counter derivatives, the Filer will be subject to those rules or instruments in respect of the Filer's trades in OTC Derivatives with Clients.

21. On April 19, 2018, the CSA published a Notice and Request for Comment on the Proposed National Instrument 93-102 *Derivatives: Registration* (**Proposed NI 93-102**). On September 28, 2024, NI 93-101 took effect. NI 93-101 and Proposed NI 93-102 together are intended to implement a comprehensive regime for the regulation of persons or companies that are in the business of trading or advising on derivatives.

Proposed Conduct of OTC Derivative Transactions

22. Consistent with its Existing Transactions, the Filer proposes that New Transactions will be bilateral OTC Derivative transactions with counterparties located in the Applicable Jurisdictions that consist exclusively of persons or companies that are Permitted Counterparties and Eligible Derivatives Parties. The Filer understands that the Permitted Counterparties and Eligible Derivatives Parties would be entering into the OTC Derivative transactions for hedging purposes and not for speculative or investment purposes.

23. The Underlying Interest of the OTC Derivatives to be entered into between the Filer and a Permitted Counterparty or an Eligible Derivatives Party will consist of an actual or anticipated commercial or financial foreign currency asset or liability.

24. The Filer may provide early settlement limits and mark-to-market (**MTM**) limits before requiring margin or collateral, and may require a Client to deposit margin or collateral with the Filer in respect of its obligations in connection with an OTC Derivative transaction that is out of the money (**OTM**), as a means of managing the MTM risk that the Filer faces with Clients on OTM positions (where the MTM value of the OTC Derivative reflects a credit exposure to the Filer). A Client will be credit risk assessed to determine the maximum MTM exposure acceptable to the Filer. If the MTM exposure of a Client which is subject to margin terms exceeds the acceptable MTM limit, they will be required to post additional collateral (or variation margin) to the Filer in order to maintain their position in the OTC Derivative.

25. Since Clients are not entering into OTC Derivatives transactions for speculative purposes, the Filer may stipulate a threshold amount in its contracts, which is the reference value of the MTM exposure of the OTC Derivative above which collateral has to be posted to the Filer. Higher credit risk Clients may additionally be required to post initial margin at the outset of an OTC Derivative transaction, as an extra cushion of support to protect the Filer against unexpected credit and

operational risks. These risks can include problems such as operational error, large changes in MTM value of an OTC Derivative, as well as delays in receiving collateral.

26. The Filer seeks the Requested Relief as an interim solution, pending the development of a uniform framework for the regulation of OTC Derivative transactions in all provinces and territories of Canada.

Rationale for Requested Relief

27. Filer acknowledges that the definitions of the terms “security” and “derivative” in the OSA are broad and agrees that Clients could benefit from the protection of additional risk disclosure delivered in connection with the exemption order. Accordingly, the Filer is willing to electronically deliver or make available an information statement or other offering document to Clients in order to more fully explain the structure, features and risks of the Filer's OTC Derivatives, as more fully set out in Appendix B.

28. The Requested Relief would provide the Filer and its Clients additional certainty with respect to characterization of OTC Derivative transactions in Canada, by permitting these parties to enter into OTC Derivative transactions in reliance upon exemptions from the dealer registration and prospectus requirements of the securities legislation of the Jurisdiction and each Applicable Jurisdiction on the basis of certain terms and conditions that are set forth in Proposed NI 93-102.

29. If the Requested Relief is granted, the Filer will comply with the terms and conditions of the Requested Relief including the Risk Mitigation Terms and Conditions in Appendix B (collectively, the **Terms and Conditions of the Relief**).

30. The Filer acknowledges that the scope of the Requested Relief and the Terms and Conditions of the Relief may change as a result of developments in international and domestic capital markets or the Filer's activities, or as a result of any changes to the laws in the Applicable Jurisdictions affecting trading in derivatives, commodity futures contracts, commodity futures options or securities.

Books, Records and Reporting

31. The Filer acknowledges that it is or will become, as a result of the Decision, a “market participant” for the purposes of the OSA. For the purposes of the OSA, and as a market participant, the Filer is required by subsection 19(1) of the OSA to: (i) keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions that it executes on behalf of others; and (ii) keep such books, records and documents as may otherwise be required under Ontario securities law.

32. For the purposes of its compliance with subsection 19(1) of the OSA, the Filer keeps, and will continue to keep, books and records that comply with the applicable recordkeeping requirements in NI 93-101.

33. In respect of the OTC Derivative transactions, the Filer complies with any applicable OTC Derivatives-specific trade reporting rules and instruments in effect in the provinces and territories of Canada, including the following:

    (a) The derivatives trade reporting rules (including, OSC Rule 91-507 *Derivatives: Trade Reporting*);

    (b) The fee rule (OSC Rule 13-502 *Fees*), specifically Part 6 “Derivatives Participation Fees”;

    (c) The derivatives business conduct rule (National Instrument 93-101 *Derivatives: Business Conduct*);

    (d) The mandatory clearing rule (National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives*); and

    (e) The segregation and portability rule (National Instrument 94-102 *Derivatives: Customer Clearing and Protection of Customer Collateral and Positions.*

34. The Filer does not and will not operate a “marketplace” as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the OSA.

Proficiency

35. The Filer represents that the third-party derivatives training courses which are currently available (such as the Canadian Securities Institute's Derivatives Fundamentals Course) are not well-suited to the nature of the Filer’s FX Business. Such courses cover a wide variety of products and assets classes (including exchange-traded products), whereas the Filer’s business is limited to spot foreign exchange contracts and Forward Contracts, used solely for commercial hedging purposes. For clarity, the Filer does not offer Options.

36. In order to ensure that any newly-hired individual dealers of the Filer have the proficiency required to carry out the Filer’s FX Business, the Filer has developed an internal training program, focused on understanding the technical functions of

the trading platform, the risks and obligations resulting from OTC Derivatives trading, the function of derivatives markets and the policies and procedures implemented by the Filer.

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 is that the Requested Relief is granted, provided that:

(a) the Filer takes reasonable steps and documents such steps in writing to ensure that the Filer solicits and transacts in OTC Derivatives only with Clients in the Applicable Jurisdictions that are Permitted Counterparties or Eligible Derivatives Parties;

(b) in the case of a Client that is (i) an Eligible Derivatives Party and (ii) an individual or an Eligible Commercial Hedger, the Filer obtains a written waiver from the Client as contemplated by section 8(2)(a) of NI 93-101;

(c) in the case of a Client that is an individual and an Eligible Commercial Hedger, the Filer identifies and documents the nature of the Client's business and the related commercial risks that the Client is hedging as contemplated by section 8(2)(b) of NI 93-101;

(d) the Filer conducts all OTC Derivatives transactions with Clients in compliance with NI 93-101 and the Terms and Conditions of the Relief;

(e) the Filer remains in compliance with the requirements of the PCMLTFA, the MSBA and FINTRAC that apply to the Filer;

(f) the Filer has furnished to the Principal Regulator the name and principal occupation of its officers and directors, together with the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in Form 33-109F4 of National Instrument 33-109 *Registration Information* completed by any officer or director;

(g) the Filer will not provide advice or make a recommendation to a Client or prospective Client in relation to securities or derivatives, other than in connection with the Filer's FX Business and in accordance with NI 93-101 and the Terms and Conditions of the Relief. For clarity, the Filer may provide general information through its website or other marketing materials about the merits of a foreign exchange transaction provided the general advice is fair, balanced and not misleading, and the Filer may provide Clients with risk management advice and recommendations incidental to its foreign exchange products in accordance with NI 93-101 and the Terms and Conditions of the Relief. The Filer will not operate a managed account as that term is defined in section 1.1 of NI 93-101;

(h) the Filer shall promptly inform the Principal Regulator in writing of any material change affecting the Filer, being any change in the business, activities, operations or financial results or condition of the Filer that may reasonably be perceived by a Client to be material;

(i) the Filer shall promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to disciplinary matters against the Filer concerning the conduct of activities with respect to OTC Derivatives;

(j) the Filer shall promptly inform the Principal Regulator in writing of the issuance of an order or decision by a court, a commission or other similar regulatory body in or outside of Canada that suspends or terminates the ability of the Filer to trade OTC Derivatives;

(k) the Requested Relief shall immediately expire upon the earliest of

    (i) four years from the date that this Decision is issued;

    (ii) 90 days after the date of registration of the Filer under securities, commodity futures or derivatives legislation in any jurisdiction of Canada; and

    (iii) the coming into force in the Jurisdiction of legislation or a rule that specifically governs dealers, advisers, or other registration requirements applicable to market participants in connection with OTC Derivative transactions

(the **Interim Period**).

In respect of the Requested Relief:

"Michelle Alexander"
Manager, Trading and Markets
Ontario Securities Commission

OSC File #: 2024/0170

APPENDIX A

Definitions

"**Clearing Corporation**" means an association or organization through which Options or futures contracts are cleared and settled.

"**Forward Contract**" means an agreement, not entered into or traded on or through an organized market, stock exchange or futures exchange and cleared by a Clearing Corporation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement and at or by a time established by or determinable by reference to the agreement:

(a) make or take delivery of the Underlying Interest of the agreement; or

(b) settle in cash instead of delivery.

"**Option**" means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price determinable by reference to the agreement at or by a time established by the agreement:

(a) receive an amount of cash determinable by reference to a specified quantity of the Underlying Interest of the Option.

(b) purchase a specified quantity of the Underlying Interest of the Option.

(c) sell a specified quantity of the Underlying Interest of the Option.

"**OTC Derivative**" means one or more of, or any combination of, an Option, a Forward Contract, or any instrument of a type commonly considered to be a derivative, in which:

(a) the agreement relating to, and the material economic terms of, the Option, Forward Contract, swap, or other instrument have been customized to the purposes of the parties to the agreement and the agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;

(b) the creditworthiness of a party having an obligation under the agreement would be a material consideration in entering into or determining the terms of the agreement; and

(c) the agreement is not entered into or traded on or through an organized market, stock exchange or futures exchange.

"**Underlying Interest**" means, for a derivative, the commodity, interest rate, actual or anticipated commercial or financial foreign currency asset or liability, foreign exchange rate, security, economic indicator, index, basket, benchmark or other variable, or another derivative, and, if applicable, any relationship between, or combination of, any of the foregoing, from or on which the market price, value or payment obligations of the derivative are derived or based.

APPENDIX B

Business Conduct and Risk Mitigation

Terms and Conditions

Part I – Business Conduct

1. NI 93-101 was published on September 28, 2023, and became effective on September 28, 2024. NI 93-101 establishes a market conduct regime that is tailored for over-the-counter (**OTC**) derivatives markets and is substantially harmonized within Canada.

2. NI 93-101 applies a two-tiered framework to regulate business conduct in the OTC derivatives markets in Canada, as follows:

   (a) certain obligations apply in all cases when a derivatives firm is dealing with or advising a derivatives party, regardless of the level of sophistication or financial resources of the derivatives party; and

   (b) certain additional obligations:

      (i) apply if the derivatives firm is dealing with or advising a derivatives party that is not an eligible derivatives party (i.e., referred to in NI 93-101 as a non-eligible derivatives party); and

      (ii) apply but may be waived if the derivatives firm is dealing with or advising a derivatives party that is an eligible derivatives party that is an individual or a specified commercial hedger.

3. The Filer acknowledges that it is subject to NI 93-101 and agrees to comply with any applicable obligations in the rule, including but not limited to:

   Section 9 – Fair dealing

   Section 10 – Conflicts of interest

   Section 11 – Know your derivatives party

   Section 12 – Handling complaints

   Section 13 – Tied selling

   Section 14 – Derivatives-party-specific needs and objectives

   Section 15 – Suitability

   Section 16 – Permitted referral arrangement

   Section 19 – Relationship disclosure information

   Section 20 – Pre-transaction disclosure

   Section 28 – Content and delivery of transaction information

   Section 29 – Derivatives party statements

   Section 36 – Form, accessibility and retention of records.

   For clarity, certain of the requirements noted above shall not be applicable if the Filer is in compliance with Section 8 of NI 93-101.

Part II – Additional Obligations [*All Clients*]

Risk Disclosure Document

4. The Filer will, prior to a New Client's first OTC Derivatives Transaction with the Filer, and as part of the account-opening process, provide the New Client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (the Risk Disclosure Document). The Filer will also provide the Risk Disclosure Document to all Existing Clients. The Risk Disclosure Document will include a plain language description

of the structure, features and risks of the OTC Derivative, and the potential risks to the Client in the event of the bankruptcy or insolvency of the Filer.

5. The Risk Disclosure Document will clearly explain, in plain language, that the Filer is not registered under the securities, commodity futures or derivatives laws of any jurisdiction of Canada and that client assets are not protected under the Canadian Investor Protection Fund (CIPF), the U.S. Securities Investor Protection Corporation, or equivalent protections.

6. Prior to each New Client's first OTC Derivatives Transaction, the Filer will also obtain a written or electronic acknowledgement from such New Client confirming that such New Client has received, read and understood the Risk Disclosure Document. Such acknowledgment will be separate from and prominent among other acknowledgements provided by the New Client as part of the account-opening process.

7. For each Existing Client, the Filer will also obtain a written or electronic acknowledgement from such Existing Client confirming that such Existing Client has received, read and understood the Risk Disclosure Document.

8. Within two weeks of the Principal Regulator granting the Decision, the Filer will ensure

   (a) that the Risk Disclosure Document to be provided to the Filer's Clients is updated to include a reference to and a copy of or link to this Decision; and

   (b) a complete copy of the Risk Disclosure Document to be provided to the Filer's Clients is delivered to the Principal Regulator.

9. The Filer will include in the Risk Disclosure Document disclosure that clearly explains, in plain language, that the Filer is not a registered dealer in any jurisdiction in Canada and as such is not required to make available to Clients the services of an independent dispute resolution or mediation service such as the Ombudsman for Banking Services and Investments.

Proficiency

10. The Filer will ensure that each of its Dealers has the appropriate education, training, and experience that a reasonable person would consider necessary to perform the activity competently, including understanding the structure, features, and risks of each OTC Derivative that the Dealer transacts.

Restriction on lending

11. In connection with the Filer's OTC Derivatives business, except as described in paragraphs 24 and 25, inclusive, of the Decision, the Filer will not lend money, extend credit or provide margin to a client.

Restriction on advising or managed accounts

12. The Filer is not registered to provide advice in relation to investments involving securities or derivatives. Accordingly, except as described below, the Filer will not advise a Client or prospective client about the merits of an investment in securities or derivatives or recommend or represent that an investment in securities or derivatives is a suitable investment for the Client or prospective client.

13. For clarity, the Filer may provide general information through its website or other marketing materials about the Filer's views as to the merits of a foreign exchange transaction or strategy provided such advice is fair, balanced and not misleading and the advice is not directed at or tailored to the needs of the particular person or company receiving the information, and the Filer may provide Clients with risk management advice and recommendations as to foreign exchange products or strategies for hedging purposes relative to the Client's specific circumstances and objectives.

14. The Filer will not operate a managed account as that term is defined in section 1.1 of NI 93-101.

Restriction on contracts linked to novel or emerging asset classes

15. The Filer will not offer OTC Derivatives linked to bitcoin, ether, cryptocurrencies or other novel or emerging asset classes, or options or other derivatives thereon, to Clients in the Applicable Jurisdictions without the prior written consent of the Principal Regulator in the Jurisdiction or the relevant regulator in the other Applicable Jurisdictions.

Custody of Client Collateral

16. The Filer will hold assets equal to the total value of a Client's Client Collateral in respect of a Client in an Applicable Jurisdiction:

   (a) segregated from the Filer's own property,

(b) segregated from the Client Collateral of any other Client, and

(c) in the case of cash, in a designated account at a Canadian custodian (as defined in NI 31-103) or a Canadian financial institution.

The Filer will not use or invest any Client Collateral without the prior written consent of the Client, which may be granted by the Client on an omnibus basis in respect of all OTC Derivatives with the Filer. The Filer, rather than any Client, will bear any loss resulting from use or investment of Client Collateral.

Insurance

17. The Filer will comply with the requirements of section 12.3 of NI 31-103 and Appendix A [*Bonding and Insurance Clauses*] to NI 31-103 as if it were a registered dealer, except modified as follows:

A. Fidelity -- cover required

B. On Premises -- cover not required as no assets of material value are held on premises and no client assets are held on site

C. In transit -- cover not required as there will be no physical transit of cash and securities

D. Forgery or alterations -- cover required

E. Securities -- cover not required as risk not applicable to the Filer's business model.

Capital requirements

18. If, at any time, the excess working capital of the Filer, as calculated in accordance with Form 31-103F1 *Calculation of Excess Working Capital*, is less than zero, the Filer must notify the Principal Regulator as soon as possible.

19. The excess working capital of the Filer, as calculated in accordance with Form 31-103F1 *Calculation of Excess Working Capital*, must not be less than zero for 2 consecutive days.

20. For the purpose of completing Form 31-103F1 *Calculation of Excess Working Capital*, the minimum capital is the amount prescribed in section 12.1 of NI 31-103 for a registered dealer that is not also registered as an investment fund manager.

21. The Filer will establish, maintain and apply policies, procedures, controls and supervision sufficient to provide reasonable assurance that all of the following are satisfied:

(a) the Filer and each individual acting on its behalf in relation to transacting in an OTC Derivative complies with the Terms and Conditions of the Requested Relief;

(b) the risks relating to its OTC Derivatives trading activities are managed in accordance with the Filer's risk management policies and procedures;

(c) each individual who performs an activity on behalf of the Filer relating to transacting in an OTC Derivative, prior to commencing the activity and on an ongoing basis,

(i) has the experience, education and training that a reasonable person would consider necessary to perform the activity competently,

(ii) without limiting subparagraph 21(c)(i), has the understanding of the structure, features and risks of each OTC Derivative that the individual transacts in, and

(iii) has conducted themselves with integrity.

Business continuity and disaster recovery

22. The Filer will establish, maintain and apply a written business continuity and disaster recovery plan that is reasonably designed to allow the Filer to minimize disruption and allow the Filer to continue its business operations.

23. The business continuity and disaster recovery plan must outline the procedures to be followed in the event of an emergency or other disruption of the Filer's normal business activities.

24. The Filer must conduct tests of its business continuity and disaster recovery plan on a reasonably frequent basis and not less than annually.

Risk Management Policies and Procedures

25. The Filer must establish, maintain, and apply a written framework that is reasonably designed to establish a system of controls and supervision to monitor and manage the risks associated with its OTC Derivatives-related activity.

26. The framework referred to in paragraph 25 must be approved by the Filer's board of directors, or individuals acting in a similar capacity for the firm. The risk management framework referred to in paragraph 25 must, at a minimum

(a) identify material risks to the Filer, including risks from affiliated entities and from specific OTC Derivatives or types of OTC Derivatives,

(b) establish risk tolerance limits,

(c) establish requirements for the Filer to appropriately manage risks, including establishing requirements related to appropriate margining standards for OTC Derivatives,

(d) provide for the periodic review of the Filer's risks and risk tolerance limits to ensure they reflect the Filer's OTC Derivatives related activity,

(e) permit senior management to monitor compliance with risk management requirements and risk tolerance limits in order to detect and address non-compliance,

(f) provide for periodic reports to the Filer's senior management and its board of directors on the Filer's material risks, risk tolerance limits, compliance with risk management requirements, compliance with risk tolerance limits and recommendations for changing the risk management framework and risk tolerance limits, and

(g) when there is a material change to the Filer's risk exposures or a material breach of a risk limit, require the Filer to on a timely basis, provide the Filer's board of directors, or individuals acting in a similar capacity for the Filer, with a report relating to those changes.

27. The Filer must conduct an independent review of its risk management framework on a reasonably frequent basis.

Agreement for process of determining the value of a derivative

28. The Filer must agree on and clearly document the processes for determining the value of each OTC Derivative.

Agreement for process relating to disputes

29.

(1) The Filer must enter into a written agreement with its counterparties (including Clients) that establishes procedures and processes to identify, record and monitor disputes relating to material terms or valuation and exchange of collateral between the Filer and its counterparties, and to resolve disputes relating to the material terms or valuation of an OTC Derivative in a timely manner.

(2) If a dispute referred to in subparagraph 29(1) has not been resolved within 60 days of the date when the Filer should, acting reasonably, become aware of the dispute, the Filer must report the dispute to the Principal Regulator.

B.3.2 BMO Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemption Relief Applications in Multiple Jurisdictions – Relief from section 4.1 of NI 81-102 for dealer-managed investment funds to invest in non-reporting issuer debt securities underwritten by a related party or a syndicate including a related party, subject to specific terms and conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.1, 19.1.

February 14, 2025

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
BMO ASSET MANAGEMENT INC.,
CIBC ASSET MANAGEMENT INC.,
RBC GLOBAL ASSET MANAGEMENT INC.,
TD ASSET MANAGEMENT INC.
AND
1832 ASSET MANAGEMENT L.P.
(together, the Filers and, individually, a Filer)

AND

THE FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from each Filer on behalf of each existing and future investment fund of which the Filer, or an affiliate of the Filer or of the general partner of the Filer, is or becomes the manager or the portfolio adviser and to which National Instrument 81-102 *Investment Funds* (**NI 81-102**) applies (each a **Fund** and collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) (A) for an exemption (the **Exemption Sought**) under section 19.1 of NI 81-102 from the prohibition set out in subsection 4.1(1) of NI 81-102 (the **Underwriting Conflict Restriction**) which provides that the Fund must not knowingly make an investment in Non-RI Debt Securities (as hereinafter defined) during the period in which the dealer manager of the Fund, or an associate or affiliate of the dealer manager of the Fund, acts as an underwriter in the distribution of such Non-RI Debt Securities except as a member of the selling group distributing five percent or less of the Non-RI Debt Securities underwritten (the **Distribution**), or during the 60 days after the Distribution (the **60 Day Period**), and (B) to revoke the relief previously granted to the Funds described in Appendix A (the **Prior 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) each 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,* MI 11-102 and NI 81-102 have the same meanings if used in this decision, unless otherwise defined. In addition:

January 2022 Amendment means the amendments made to subsection 4.1(4) of NI 81-102 on January 6, 2022;

Non-RI Debt Securities means debt securities issued by an issuer that is not a reporting issuer in a Jurisdiction; and

RI Debt Securities means debt securities issued by an issuer that is a reporting issuer in a Jurisdiction.

Representations

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

1. The Filer is a corporation or limited partnership existing under the laws of its governing legislation and has its head office in the Jurisdiction.

2. The Filer currently is registered in the category of investment fund manager under the securities legislation of the Jurisdiction, as well as under the securities legislation of other Jurisdictions and in other categories.

3. The Filer is not in default of the securities legislation in any Jurisdiction.

4. Each Fund is, or will be, an investment fund that is a reporting issuer under the laws of one or more Jurisdictions and subject to the requirements of NI 81-102. Each Fund is, or in the future may be, a dealer managed investment fund.

5. To the best of the Filer's knowledge, each existing Fund for which the Filer, or an affiliate of the Filer or of the general partner of the Filer, is the investment fund manager, is not in default of the securities legislation in any Jurisdiction.

6. The investment objectives and strategies of each Fund permit it to invest in both RI Debt Securities and Non-RI Debt Securities.

7. Unless an exemption is available therefrom, each Fund is, or in the future may be, prohibited by the Underwriting Conflict Restriction from knowingly making an investment in Non-RI Debt Securities. The Underwriting Conflict Restriction does not apply to investments in debt securities issued or fully and unconditionally guaranteed by the government of Canada or the government of a Jurisdiction (**Government Debt Securities**).

8. Following the January 2022 Amendment, the exemption in subsection 4.1(4) of NI 81-102 from the Underwriting Conflict Restriction is available only in respect of RI Debt Securities and no longer available in respect of Non-RI Debt Securities. Prior to the January 2022 Amendment, the Funds were permitted to invest in both RI Debt Securities and Non-RI Debt Securities pursuant to the exemption that had been codified in subsection 4.1(4) of NI 81-102 since 2006. In addition, the Prior Relief in which the January 2022 Amendment was, in part, intended to codify, applied equally to RI Debt Securities and Non-RI Debt Securities. As such, the Exemption Sought is requested by the Filers to restore the ability of the Funds to invest in Non-RI Debt Securities.

9. The amount of Government Debt Securities available for investment in Canada is limited. As a result, investors in debt securities must rely increasingly on non-Government Debt Securities. However, because of the limited supply of non-Government Debt Securities in the primary market, holders of outstanding non-Government Debt Securities tend not to sell their holdings prior to the maturity date of their non-Government Debt Securities. This, in turn, results in limited availability of non-Government Debt Securities in the secondary market. Moreover, because of their limited availability, the non-Government Debt Securities that are available in the secondary market are usually sold at prices that are higher than if they were purchased in the primary market, assuming no change in the markets and in the status of the issuer. The excess demand for the limited supply of non-Government Debt Securities in both the primary and secondary markets makes it difficult for all prospective investors (including mutual funds) to acquire non-Government Debt Securities for investment purposes.

10. RI Debt Securities form a very small portion of the global universe of non-Government Debt Securities that have been permissible investments for the Funds since 2006. For this reason, it is critical, that the Funds continue to be permitted to purchase in the primary market Non-RI Debt Securities of issuers that are not reporting issuers, including non-public Canadian issuers and both public and non-public non-Canadian issuers.

11. For purposes of the Underwriting Conflict Restriction, an investment by a Fund in Non-RI Debt Securities does not create a conflict of interest different from investing in RI Debt Securities. As a result, the Filer's approach to mitigating conflicts of interest arising from an investment by a Fund in Non-RI Debt Securities addresses the same issues as the Filer addresses when considering an investment by a Fund in RI Debt Securities. Accordingly, the approach used by the Filer

to mitigate conflicts arising from a decision to invest a Fund in Non-RI Debt Securities should be no less stringent than the approach used by the Filer to mitigate conflicts arising from a decision to invest a Fund in RI Debt Securities.

12. As part of its responsibility under National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) to mitigate conflicts of interest of a Fund, when considering conflicts of interest arising from an investment by a Fund in Non-RI Debt Securities, the Filer normally considers a range of factors, including, at a minimum, the presence or absence of other purchasers of the Non-RI Debt Securities, the pricing of the Non-RI Debt Securities in the particular offering, and the participation of non-related underwriters in the Distribution of the Non-RI Debt Securities. The Filer's approach to mitigating conflicts of interest arising from investments in Non-RI Debt Securities has been presented to the Funds' Independent Review Committee for its consideration pursuant to subsection 5.2(2) of NI 81-107.

13. In certain cases, Non-RI Debt Securities may be appropriate investments for a Fund and consistent with its investment objectives. A Filer's decision to cause its Funds to participate in a Distribution will be made in the best interests of the Funds.

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:

1. the Exemption Sought is granted provided that:

    (a) in accordance with section 2.2 of NI 81-107, the Filer, as the investment fund manager of a Fund, has a written policy and procedure (a **Policy)** concerning the transactions contemplated by the Exemption Sought that specifies how conflicts of interest arising from the transactions will be mitigated;

    (b) the Policy requires that, subject to the exceptions described in paragraph (d) below, for each Distribution in which a Fund(s) seeks to participate, at least the following key substantive elements be present:

        (i) **<u>The Presence of Other Purchasers in the Offering:</u>** At least one arm's length purchaser purchases or has agreed to purchase Non-RI Debt Securities in the Distribution in addition to the Fund(s);

        (ii) **<u>Pricing:</u>** At least one arm's length purchaser of a specified percentage of the Distribution of the Non-RI Debt Security purchases the Non-RI Debt Security at the same price as the price applicable to the purchase by the Fund(s); and

        (iii) **<u>Composition of the Dealer Syndicate:</u>** At least one non-related underwriter is participating in the Distribution of Non-RI Debt Securities in the Distribution,

        (the **Substantive Elements),**

    (c) in complying with sections 5.1 and 5.4 of NI 81-107, the Policy is referred to the Funds' IRC;

    (d) with reference to sections 5.1 and 5.4 of NI 81-107, for any Distribution in which a Fund(s) seeks to participate in reliance on the Exemption Sought that does not contain all of the Substantive Elements and as such, does not comply with the Policy:

        (i) the Filer, as the investment fund manager of a Fund(s), provides a rationale for such approach together with a written explanation to the IRC describing why, in the absence of one or more Substantive Elements, the Fund's participation in the offering is still in the best interest of the Fund;

        (ii) the IRC's acceptance of that rationale is documented; and

        (iii) the IRC has approved the transaction in compliance with subsection 5.2(2) of NI 81-107;

    (e) the Policy, and any exceptions to the Policy pursuant to paragraph (d), are reviewed annually by the IRC;

    (f) at the time of the investment:

        (i) the IRC of the Fund has approved the transaction under subsection 5.2(2) of NI 81-107*;* and

        (ii) the distribution of the Non-RI Debt Security is made under an exemption from the prospectus requirement;

(g) for an investment made during the 60-Day Period, any of the following apply:

(i) the investment is made on an exchange on which the Non-RI Debt Security is listed and traded; or

(ii) if the Non-RI Debt Security does not trade on an exchange, the ask price is readily available, as provided in Commentary 7 to section 6.1 of NI 81-107, and the price paid is not higher than the available ask price of the Non-RI Debt Security at the time of the investment;

(h) at the time of each investment, the purchase is consistent with, or is necessary to meet, the investment objectives of the Fund and represents the business judgment of the portfolio adviser of the Fund uninfluenced by considerations other than the best interests of the Fund or in fact is in the best interests of the Fund;

(i) no later than the time the Fund files its annual financial statements, it files the particulars of each investment made by the Fund in reliance on the Exemption Sought during its most recently completed financial year; and

2. the Prior Relief is revoked.

"Stephen Paglia"
Manager, Investment Management Division
Ontario Securities Commission

Application File: #2022/0399 and 2022/0400
SEDAR+ File: # 3423553, 3423549, 3423550, 3423551, 3423582, 3423587, 3423588, 3423589, 3423590, 3423593, 3423594, 3423608, 3423609, 3423611, 3423613 and 3423552, 3423614, 3423615, 3423616, 3423617, 3423618, 3423619, 3423620, 3423621, 3423622, 3423623

Appendix A

Prior Relief

1. In the Matter of CIBC Asset Management Inc., CIBC Global Asset Management Inc., National Bank Securities Inc., Phillips, Hager & North Investment Management Ltd., RBC Asset Management Inc. and TD Asset Management Inc. (July 30, 2010). Ontario Securities Commission as the principal regulator.

2. In the Matter of BMO Investments Inc. (December 17, 2013). Ontario Securities Commission as the principal regulator.

3. In the Matter of RBC Global Asset Management Inc. (November 16, 2018). Ontario Securities Commission as the principal regulator.

B.3.3 Condor Gold plc

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).

February 11, 2025

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
CONDOR GOLD PLC
(the Applicant)

DECISION

Condor Gold plc
7/8 Innovation Pl. Douglas Dr.,
Godalming Surrey,
United Kingdom

Dear Sirs/Mesdames:

Re: Condor Gold plc (the Applicant) - application for an order under subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) (the Act) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under subclause 1(10)(a)(ii) of the Act that the Applicant is not a reporting issuer.

In this order, “securityholder” means, for a security, the beneficial owner of the security.

The Applicant has represented to the Commission that:

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.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

“Marie-France Bourret”
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2025/0039

B.3.4 Cortland Credit Group Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from paragraph 13.5(2)(b) to permit inter-fund trades in private debt securities between related counterparties subject to conditions – private debt securities not subject to bid and ask prices that are readily available.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(b), and 15.1.

February 10, 2025

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

AND

IN THE MATTER OF
CORTLAND CREDIT GROUP INC.
(the Filer)

AND

THE FUNDS
AND
THE PRIVATE CREDIT FUNDS
(as defined below)

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 (the **Legislation**) for an exemption from section 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell the securities of any issuer from or to the investment portfolio of an associate of a responsible person, or any investment fund for which a responsible person acts as an adviser; in each case in respect of trades involving Private Debt Securities (as defined below) (the **Exemption Sought**).

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions*, NI 81-102 and NI 31-103 have the same meaning in this decision unless otherwise defined. The following terms have the following meanings:

Existing Pooled Fund means Cortland Credit Strategies L.P., which is not a reporting issuer;

Existing Private Credit Fund means Cortland Credit Institutional L.P., which is not a reporting issuer;

Existing Offshore Fund means Cortland Credit Offshore Master Fund, Ltd., which is not a reporting issuer;

Funds means, collectively, the Pooled Funds and the Offshore Funds;

Inter-Fund Trade means the purchase or sale of securities (i) between Funds, (ii) between a Fund and a Private Credit Fund; and (iii) between a Managed Account and a Fund or a Private Credit Fund;

Managed Account means an account managed by the Filer for a client that is not a responsible person and over which the Filer has discretionary authority;

NI 81-102 means National Instrument 81-102 *Investment Funds* of the Canadian Securities Administrators, as the same may be amended from time to time;

Offshore Funds means the Existing Offshore Fund and any current or future investment fund organized under the laws of a jurisdiction outside of Canada that is not a reporting issuer of which the Filer or an affiliate of the Filer acts as the portfolio manager;

Pooled Funds means the Existing Pooled Fund any current or future investment fund that is not a reporting issuer, of which the Filer or an affiliate of the Filer acts as investment fund manager and portfolio manager; and

Private Credit Funds means the Existing Private Credit Fund and any current or future non-investment fund that is not a reporting issuer, which is managed by the Filer or an affiliate of the Filer and which has as a principal component of its investment strategy, the origination and management of private credit investments.

Representations

In support of this Decision, the Filer has made the following representations:

The Filer

1. The Filer is a corporation existing under the laws of the Province of Ontario with its head office in Toronto, Ontario.

2. The Filer is registered as an investment fund manager in the provinces of Ontario and Québec, as a portfolio manager in the Province of Ontario, and as an exempt market dealer in each of the provinces of Ontario, Québec, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia.

3. The Filer is, or will be, the portfolio manager of the Private Credit Funds, and the investment fund manager and/or portfolio manager of the Pooled Funds. The Filer, or an affiliate of the Filer, will be the portfolio manager of the Offshore Funds and will provide certain investment administrative services to the Offshore Funds.

4. The Filer also provides discretionary investment management services to clients through Managed Accounts.

5. The Filer, each Private Credit Fund and each existing Fund is not in default of securities legislation in the Jurisdiction.

The Private Credit Funds

6. Each of the Private Credit Funds is, or will be, an open-ended or closed-ended issuer established as a limited partnership under the laws of a jurisdiction of Canada.

7. No Private Credit Fund will be considered to be an “investment fund” under the applicable securities laws of the Jurisdiction due to the fact that the origination and management of private credit investments will be a principal element of the investment strategies of the Private Credit Funds.

8. None of the Private Credit Funds is, or will be, a reporting issuer in any jurisdiction of Canada, nor subject to NI 81-102.

9. The securities of the Private Credit Funds are, or will be, distributed on a private placement basis pursuant to available prospectus exemptions.

The Pooled Funds

10. Each of the Pooled Funds is, or will be, an open-ended or closed-ended investment fund established as a limited partnership or a trust under the laws of a jurisdiction of Canada.

11. None of the Pooled Funds is, or will be, a reporting issuer in any jurisdiction of Canada, nor subject to NI 81-102.

12. The securities of the Pooled Funds are, or will be, distributed on a private placement basis pursuant to available prospectus exemptions.

The Offshore Funds

13. Each of the Offshore Funds is, or will be, an open-ended investment fund established as a corporation, limited partnership or a trust under the laws of a jurisdiction located outside of Canada.

14. None of the Offshore Funds is, or will be, a reporting issuer in any jurisdiction of Canada, nor subject to NI 81-102.

15. The securities of the Offshore Funds are, or will be, distributed on a private placement basis to investors resident in one or more jurisdictions of Canada and/or investors resident outside of Canada on a basis which is exempt from the requirement to prepare and file prospectus in such jurisdictions.

Managed Accounts

16. Each Managed Account client wishing to receive the discretionary investment management services of the Filer has entered into, or will enter into, a written agreement (an **Investment Management Agreement**) whereby the client appoints the Filer to act as portfolio manager in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the client to execute the trade.

17. Each Investment Management Agreement or other documentation in respect of a Managed Account contains, or will contain, the authorization of the client for the Filer to engage in Inter-Fund Trades.

Private Debt

18. To the extent consistent with the investment objective of a Private Credit Fund, a Fund or a Managed Account, the investment portfolio of the Private Credit Fund, Fund, or Managed Account may include private debt securities and loans (or a portion of a loan) in respect of which the bid and ask price is not readily available given the limited number of investors/lenders and the limited amount of trading involved (**Private Debt Securities**).

Inter-Fund Trades

19. The Filer wishes to be able to permit any Fund, Private Credit Fund or Managed Account to engage in Inter-Fund Trades in respect of Private Debt Securities.

20. The Filer is unable to carry out Inter-Fund Trades in Private Debt between the Funds, Private Credit Funds and Managed Accounts because Private Debt Securities are not commonly traded in secondary markets, do not have an external pricing source, and accordingly do not have readily available bid and ask quotes. As such, absent the Exemption Sought, the Filer is prohibited by subparagraphs 13.5(2)(b)(ii) and (iii) of NI 31-103 from carrying out an Inter-Fund Trade on behalf of a Fund, Private Credit Fund or Managed Account in respect of Private Debt Securities.

Controls

21. Each Fund, Private Credit Fund or Managed Account will only purchase Private Debt Securities pursuant to an Inter-Fund Trade that are consistent with, or necessary to meet the investment objectives of the Fund, the Private Credit Fund or Managed Account as applicable. Each Fund, Private Credit Fund and Managed Account will only sell Private Debt Securities pursuant to an Inter-Fund Trade if the Filer has determined that disposing of such securities is appropriate for the Fund, Private Credit Fund or Managed Account, as applicable.

22. All decisions to purchase or sell Private Debt Securities pursuant to an Inter-Fund Trade will be made based on the judgment of responsible persons uninfluenced by considerations other than the best interests of the Funds, Private Credit Funds or Managed Account, as applicable.

23. The Filer has, or will have, policies and procedures in place to address any potential conflicts of interest that may arise as a result of Inter-Fund Trades in respect of Private Debt Securities and the Filer will be able to appropriately deal with any such conflicts.

24. The Filer, on behalf of each Pooled Fund, has established or will establish an independent review committee (the **IRC**) consistent with section 3.7 of National Instrument 81-107 (**NI 81-107**). The IRC of each Pooled Fund will be expected to comply with the standard of care set out in section 3.9 of NI 81-107. As specified in its Charter, the IRC will perform tasks additional to its primary role of reviewing conflict of interest matters that are referred to it by the Filer in respect of the Pooled Funds. Such additional tasks will include, among others, reviewing conflicts of interest as they apply to the Offshore Funds, and as they also apply to the Private Credit Funds which are not investment funds under securities legislation of the Jurisdiction.

25. The Filer will refer the Inter-Fund Trades in respect of Private Debt Securities involving a Fund or a Private Credit Fund to the IRC of such Fund or Private Credit Fund.

26. Prior to any Fund or Private Credit Fund making a purchase or sale of Private Debt Securities pursuant to an Inter-Fund Trade:

    (a) the IRC of the Fund or Private Credit Fund will approve the transaction in accordance with subsection 5.2(2) of NI 81-107;

    (b) the Filer will comply with section 5.1 of NI 81-107;

    (c) the Filer and the IRC of the Fund or Private Credit Fund will comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transaction; and

(d) the value attributed to Private Debt Securities determined from the use of the Filer's Valuation Models (as defined below) in connection with the Inter-Fund Trade will be confirmed as correct and appropriate by an independent reputable valuation firm in accordance with paragraph 28(b) below.

27. All Inter-Fund Trades will comply with paragraphs (e) and (g) of subsection 6.1(2) and with subsection 6.1(2.1) of NI 81-107.

Valuation

28. With respect to Private Debt Securities to be purchased or sold pursuant to an Inter-Fund Trade:

(a) The valuation and/or prices of the Private Debt Securities are not reported by an independent source. The Filer has developed valuation models and methodologies (the **Valuation Models**) specifically for Private Debt Securities to determine fair value. The Valuation Models are based on a fair value through profit and loss model with financial instruments such as Private Debt Securities valued at their fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The application of the Valuation Models and the inputs used in the Valuation Models are reviewed by an internal risk group of the Filer whose members do not include the portfolio management team which makes the investment decisions in respect of Private Debt Securities for a Fund, a Private Credit Fund or Managed Account, as applicable.

(b) The Valuation Models to be used by the Filer to determine the prices at which Private Debt Securities are purchased or sold by a Fund, a Private Credit Fund or Managed Account in connection with an Inter-Fund Trade will be verified on an annual basis by a reputable valuation firm that is: (i) independent of the Funds, the Private Credit Funds, the Filer and its affiliates; (ii) not the Auditor (as defined below) of a Fund, a Private Credit Fund or the Filer and its affiliates; and (iii) an accounting firm registered with the Canadian Public Accountability Board (**CPAB**) and the valuation services of which are provided by professionals who are active members of the Canadian Institute of Chartered Business Valuators. The independent valuation firm will review the Valuation Models developed and utilized by the Filer and confirm, prior to the Inter-Fund Trade being completed, that the value attributed to Private Debt Securities from the use of such Valuation Models at the time of, and in connection with, each Inter-Fund Trade, is correct and appropriate from the perspective of an independent third party. The Filer will not complete an Inter-Fund Trade unless and until such confirmation is received from the independent valuation firm.

(c) The Valuation Models to be used by the Filer to determine the prices at which Private Debt Securities are purchased or sold by a Fund or a Private Credit Fund in connection with an Inter-Fund Trade will also be used to calculate the net asset value for the purpose of the issue price or redemption price of units or shares of the Funds or Private Credit Funds, as applicable.

(d) A public accounting firm that is registered with the CPAB is, or will be, retained to act as auditor of each Fund and Private Credit Fund (the **Auditor**) and will carry out an audit, in accordance with generally accepted auditing standards, of the annual financial statements of each Fund and Private Credit Fund. The annual financial statements will be prepared in accordance with International Financial Reporting Standards. The Auditor will be independent of the Funds, the Private Credit Funds, the Filer and its affiliates, and the reputable valuation firm referenced in paragraph (b).

Compensation

29. The Filer and its affiliates will receive no remuneration with respect to any purchase or sale of Private Debt Securities in connection with an Inter-Fund Trade. In the case of syndicated Private Debt Securities, an agent bank may charge a Fund, a Private Credit Fund or Managed Account nominal fees for the transfer or assignment of such syndicated Private Debt Securities.

Record Keeping

30. For each purchase or sale of Private Debt Securities, the Filer will keep written records for the applicable financial year of each Fund, Private Credit Fund and for the year ended December 31st in respect of each Managed Account. These records will reflect details of the Private Debt Securities received or delivered by the applicable Fund, Private Credit Fund and Managed Account and the value assigned to such Private Debt Securities during the period. These records will be retained for five years after the end of the applicable financial year of each Fund, Private Credit Fund and Managed Account, the most recent two years in a reasonably accessible place.

Disclosure

31. The Filer will disclose in the next update of the offering documents of each Fund and Private Credit Fund, and the Investment Management Agreement or other documentation in respect of each Managed Account that Inter-Fund Trades of Private Debt Securities among the Funds, the Private Credit Funds and Managed Accounts may occur from time to time, and also disclose how the price of such Private Debt Securities is determined and the valuation procedure for such Private Debt Securities.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the following conditions are satisfied:

(a) the Inter-Fund Trade is consistent with the investment objectives of the Fund, Private Credit Fund or Managed Account, as applicable;

(b) the Filer refers an Inter-Fund Trade involving a Fund or Private Credit Fund to the IRC of that Fund or Private Credit Fund in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Fund or Private Credit Fund (as applicable) comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;

(c) the next update of the offering documents of each Fund or Private Credit Fund and the Investment Management Agreement or other documentation in respect of a Managed Account, involved in an Inter-Fund Trade discloses that the Fund, Private Credit Fund or Managed Account, as applicable, may engage in Inter-Fund Trades of Private Debt Securities from time to time and also discloses how the price of such Private Debt Securities is determined and the valuation procedure for such Private Debt Securities;

(d) in the case of an Inter-Fund Trade between Funds or between a Fund and a Private Credit Fund:

    (i) the IRC of each Fund and Private Credit Fund has approved the Inter-Fund Trade in respect of the Fund or Private Credit Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

    (ii) the Inter-Fund Trade complies with paragraphs (e) and (g) of subsection 6.1(2) and with subsection 6.1(2.1) of NI 81-107;

(e) in the case of an Inter-Fund Trade between a Managed Account and a Fund or a Private Credit Fund:

    (i) the IRC of the Fund or Private Credit Fund has approved the Inter-Fund Trade in respect of such Fund and Private Credit Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

    (ii) the Investment Management Agreement or other documentation in respect of the Managed Account authorizes the Inter-Fund Trade; and

    (iii) the Inter-Fund Trade complies with paragraphs (e) and (g) of subsection 6.1(2) and with subsection 6.1(2.1) of NI 81-107;

(f) The Filer will utilize the Valuation Models it has developed specifically for Private Debt Securities to determine fair value. The Valuation Models are based on a fair value through profit and loss model with financial instruments such as Private Debt Securities valued at their fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. The application of the Valuation Models and the inputs used in the Valuation Models are reviewed by an internal risk group of the Filer whose members do not include the portfolio management team which makes the investment decisions in respect of Private Debt Securities for the Funds, Private Credit Funds or Managed Accounts.

(g) The Valuation Models to be used by the Filer to determine the prices at which Private Debt Securities are purchased and sold by a Fund, Private Credit Fund or Managed Account in connection with an Inter-Fund Trade will be verified on an annual basis by a reputable valuation firm that is: (i) independent of the Funds, the Private Credit Funds, the Filer and its affiliates; (ii) not the Auditor of a Fund, Private Credit Fund, the Filer and its affiliates; and (iii) an accounting firm registered with the CPAB and the valuation services of

which are provided by professionals who are active members of the Canadian Institute of Chartered Business Valuators. The independent valuation firm will review the Valuation Models developed and utilized by the Filer and confirm, prior to the Inter-Fund Trade being completed, that the value attributed to Private Debt Securities from the use of such Valuation Models, at the time of, and in connection with, each Inter-Fund Trade are appropriate and correct from the perspective of an independent third party. The Filer will not complete an Inter-Fund Trade unless and until such confirmation is received from the independent valuation firm.

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

Application File #: 2024/0354

B.3.5 Desjardins Investments Inc. et al.

Headnote

Policy Statement 11-203 respecting Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from section 4.1 of Regulation 81-102 respecting Investment Funds for dealer-managed investment funds to invest in non-reporting issuer debt securities underwritten by a related party or a syndicate including a related party, subject to specific terms and conditions.

Applicable Legislative Provisions

Regulation 81-102 respecting Investment Funds, ss. 4.1, 19.1.

February 14, 2025

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

AND

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

AND

IN THE MATTER OF
DESJARDINS INVESTMENTS INC.

AND

NATIONAL BANK INVESTMENTS INC.
(together, the Filers and, individually, a Filer)

AND

THE FUNDS
(as defined below)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from each Filer on behalf of each existing and future investment fund of which the Filer, or an affiliate of the Filer, is or becomes the manager or the portfolio adviser and to which *Regulation 81-102 respecting Investment Funds*, CQLR, c. V-1.1, r. 39 (Regulation 81-102) applies (each a Fund and collectively, the Funds) for a decision under the securities legislation of the Jurisdictions (the Legislation) (A) for an exemption (the Exemption Sought) under section 19.1 of Regulation 81-102 from the prohibition set out in subsection 4.1(1) of Regulation 81-102 (the Underwriting Conflict Restriction) which provides that the Fund must not knowingly make an investment in Non-RI Debt Securities (as hereinafter defined) during the period in which the dealer manager of the Fund, or an associate or affiliate of the dealer manager of the Fund, acts as an underwriter in the distribution of such Non-RI Debt Securities except as a member of the selling group distributing five percent or less of the Non-RI Debt Securities underwritten (the Distribution), or during the 60 days after the Distribution (the 60 Day Period), and (B) to revoke the relief dated October 7, 2015 previously granted in the matter of Desjardins Investments Inc. and the Desjardins Funds and the relief dated November 21, 2017 previously granted in the matter of Desjardins Global Asset Management Inc. (together the Prior Relief) to the extent the Prior Relief relates to investments in debt securities not having a designated rating.

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

(a) the Autorité des marchés financiers is the principal regulator for this application;

(b) each Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR c. V-1.1, r. 1 (Regulation 11-102) is intended to be relied upon in each of the jurisdictions of Canada other than the Jurisdictions; and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, CQLR c. V-1.1, r. 3 , Regulation 11-102 and Regulation 81-102 have the same meaning if used in this decision, unless otherwise defined. In addition:

January 2022 Amendment means the amendments made to subsection 4.1(4) of Regulation 81-102 on January 6, 2022;

Non-RI Debt Securities means debt securities issued by an issuer that is not a reporting issuer in a jurisdiction; and

RI Debt Securities means debt securities issued by an issuer that is a reporting issuer in a jurisdiction.

Representations

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

1. The Filer is a corporation existing under the laws of its governing legislation and has its head office in Québec.

2. The Filer currently is registered in the category of investment fund manager under the securities legislation of the Jurisdictions, as well as under the securities legislation of other jurisdictions and in other categories.

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

4. Each Fund is, or will be, an investment fund that is a reporting issuer under the laws of one or more Jurisdictions and subject to the requirements of Regulation 81-102. Each Fund is, or in the future may be, a dealer managed investment fund.

5. To the best of the Filer's knowledge, each existing Fund for which the Filer, or an affiliate of the Filer or of the general partner of the Filer, is the investment fund manager, is not in default of the securities legislation in any Jurisdiction.

6. The investment objectives and strategies of each Fund permit it to invest in both RI Debt Securities and Non-RI Debt Securities.

7. Unless an exemption is available therefrom, each Fund is, or in the future may be, prohibited by the Underwriting Conflict Restriction from knowingly making an investment in Non-RI Debt Securities. The Underwriting Conflict Restriction does not apply to investments in debt securities issued or fully and unconditionally guaranteed by the government of Canada or the government of a Jurisdiction (Government Debt Securities).

8. Following the January 2022 Amendment, the exemption in subsection 4.1(4) of Regulation 81-102 from the Underwriting Conflict Restriction is available only in respect of RI Debt Securities and no longer available in respect of Non-RI Debt Securities. Prior to the January 2022 Amendment, the Funds were permitted to invest in both RI Debt Securities and Non-RI Debt Securities pursuant to the exemption that had been codified in subsection 4.1(4) of Regulation 81-102 since 2006. In addition, the Prior Relief which the January 2022 Amendment was, in part, intended to codify, applied equally to RI Debt Securities and Non-RI Debt Securities. As such, the Exemption Sought is requested by the Filers to restore the ability of the Funds to invest in Non-RI Debt Securities.

9. The amount of Government Debt Securities available for investment in Canada is limited. As a result, investors in debt securities must rely increasingly on non-Government Debt Securities. However, because of the limited supply of non-Government Debt Securities in the primary market, holders of outstanding non-Government Debt Securities tend not to sell their holdings prior to the maturity date of their non-Government Debt Securities. This, in turn, results in limited availability of non-Government Debt Securities in the secondary market. Moreover, because of their limited availability, the non-Government Debt Securities that are available in the secondary market are usually sold at prices that are higher than if they were purchased in the primary market, assuming no change in the markets and in the status of the issuer. The excess demand for the limited supply of non-Government Debt Securities in both the primary and secondary markets makes it difficult for all prospective investors (including mutual funds) to acquire non-Government Debt Securities for investment purposes.

10. RI Debt Securities form a very small portion of the global universe of non-Government Debt Securities that have been permissible investments for the Funds since 2006. For this reason, it is critical, that the Funds continue to be permitted

to purchase in the primary market Non-RI Debt Securities of issuers that are not reporting issuers, including non-public Canadian issuers and both public and non-public non-Canadian issuers.

11. For purposes of the Underwriting Conflict Restriction, an investment by a Fund in Non-RI Debt Securities does not create a conflict of interest different from investing in RI Debt Securities. As a result, the Filer's approach to mitigating conflicts of interest arising from an investment by a Fund in Non-RI Debt Securities addresses the same issues as the Filer addresses when considering an investment by a Fund in RI Debt Securities. Accordingly, the approach used by the Filer to mitigate conflicts arising from a decision to invest a Fund in Non-RI Debt Securities should be no less stringent than the approach used by the Filer to mitigate conflicts arising from a decision to invest a Fund in RI Debt Securities.

12. As part of its responsibility under *Regulation 81-107 respecting Independent Review Committee for Investment Funds*, CQLR c. V-1.1, r.43 (Regulation 81-107) to mitigate conflicts of interest of a Fund, when considering conflicts of interest arising from an investment by a Fund in Non-RI Debt Securities, the Filer normally considers a range of factors,, including, at a minimum, the presence or absence of other purchasers of the Non-RI Debt Securities, the pricing of the Non-RI Debt Securities in the particular offering, and the participation of non-related underwriters in the Distribution of the Non-RI Debt Securities. The Filer's approach to mitigating conflicts of interest arising from investments in Non-RI Debt Securities has been presented to the Funds' Independent Review Committee for its consideration pursuant to subsection 5.2(2) of Regulation 81-107.

13. In certain cases, Non-RI Debt Securities may be appropriate investments for a Fund and consistent with its investment objectives. A Filer's decision to cause its Funds to participate in a Distribution will be made in the best interests of the Funds.

Decision

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

The decision of the Decision Makers under the Legislation is that:

1. the Exemption Sought is granted provided that:

   (a) in accordance with section 2.2 of Regulation 81-107, the Filer, as the investment fund manager of a Fund, has a written policy and procedure (a Policy) concerning the transactions contemplated by the Exemption Sought that specifies how conflicts of interest arising from the transactions will be mitigated;

   (b) the Policy requires that, subject to the exceptions described in paragraph (d) below, for each Distribution in which a Fund(s) seeks to participate, at least the following key substantive elements be present:

      (i) The Presence of Other Purchasers in the Offering: At least one arm's length purchaser purchases or has agreed to purchase Non-RI Debt Securities in the Distribution in addition to the Fund(s);

      (ii) Pricing: At least one arm's length purchaser of a specified percentage of the Distribution of the Non-RI Debt Security purchases the Non-RI Debt Security at the same price as the price applicable to the purchase by the Fund(s); and

      (iii) Composition of the Dealer Syndicate: At least one non-related underwriter is participating in the Distribution of Non-RI Debt Securities in the Distribution,

      (the Substantive Elements),

   (c) in complying with sections 5.1 and 5.4 of Regulation 81-107, the Policy is referred to the Funds' IRC;

   (d) with reference to sections 5.1 and 5.4 of Regulation 81-107, for any Distribution in which a Fund(s) seeks to participate in reliance on the Exemption Sought that does not contain all of the Substantive Elements and as such, does not comply with the Policy:

      (i) the Filer, as the investment fund manager of a Fund(s), provides a rationale for such approach together with a written explanation to the IRC describing why, in the absence of one or more Substantive Elements, the Fund's participation in the offering is still in the best interest of the Fund;

      (ii) the IRC's acceptance of that rationale is documented; and

      (iii) the IRC has approved the transaction in compliance with subsection 5.2(2) of Regulation 81-107;

   (e) the Policy, and any exceptions to the Policy pursuant to paragraph (d), are reviewed annually by the IRC;

(f) at the time of the investment:

(i) the IRC of the Fund has approved the transaction under subsection 5.2(2) of Regulation 81-107; and

(ii) the distribution of the Non-RI Debt Security is made under an exemption from the prospectus requirement;

(g) for an investment made during the 60 Day Period, any of the following apply:

(i) the investment is made on an exchange on which the Non-RI Debt Security is listed and traded; or

(ii) if the Non-RI Debt Security does not trade on an exchange, the ask price is readily available, as provided in Commentary 7 to section 6.1 of Regulation 81-107, and the price paid is not higher than the available ask price of the Non-RI Debt Security at the time of the investment;

(h) at the time of each investment, the purchase is consistent with, or is necessary to meet, the investment objectives of the Fund and represents the business judgment of the portfolio adviser of the Fund uninfluenced by considerations other than the best interests of the Fund or in fact is in the best interests of the Fund;

(i) no later than the time the Fund files its annual financial statements, it files the particulars of each investment made by the Fund in reliance on the Exemption Sought during its most recently completed financial year; and

2. the exemptions granted from subsection 4.1(1) of Regulation 81-102 in the Prior Relief, which concern investments in debt securities not having a designated rating, are revoked.

"Frédéric Belleau"
Senior Director Investment Products and Sustainable Finance
Autorité des marchés financiers

Application File #: 2022/0396
SEDAR+ File #: 3423555, 3423557, 3423583, 3423596, 3423599, 3423603, 3423606 and 3423607

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
FuelPositive Corporation	February 3, 2025	February 24, 2025
Besra Gold Inc.	February 21, 2025	
Plateau Energy Metals Inc.	June 1, 2022	February 20, 2025

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	
HAVN Life Sciences Inc.	August 30, 2023	
Perk Labs Inc.	April 4, 2024	
Xcyte Digital Corp	February 4, 2025	

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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:
Evolve Solana ETF
Principal Regulator – Ontario
Type and Date
Preliminary Long Form Prospectus dated Feb 18, 2025
NP 11-202 Preliminary Receipt dated Feb 18, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06241525

Issuer Name:
Evolve Ripple ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Feb 18, 2025
NP 11-202 Preliminary Receipt dated Feb 19, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06241511

Issuer Name:
Mackenzie Canadian Enhanced Core Plus Fixed Income Fund
Mackenzie Global Enhanced Core Plus Fixed Income Fund
Mackenzie GQE Canadian Balanced Fund
Mackenzie GQE Canadian Equity Fund
Mackenzie GQE Global Balanced Fund
Mackenzie GQE US Long Short Fund
Mackenzie International All Cap Equity Fund
Mackenzie Target 2027 North American IG Corporate Bond Fund
Mackenzie Target 2029 North American IG Corporate Bond Fund
Mackenzie US Value Fund
Principal Regulator – Ontario
Type and Date
Preliminary Simplified Prospectus dated Feb 24, 2025
NP 11-202 Preliminary Receipt dated Feb 24, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06242000

Issuer Name:
Manulife Global Core Balanced Fund
Manulife Global Core Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Feb 19, 2025
Preliminary Receipt dated Feb 19, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06241887

Issuer Name:
Franklin All-Equity ETF Portfolio
Franklin ClearBridge Canadian Small Cap Fund
Franklin Conservative Income ETF Portfolio
Franklin Core ETF Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated Feb 19, 2025
NP 11-202 Final Receipt dated Feb 24, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06113730, 06113748

Issuer Name:
Renaissance Emerging Markets Fund
Renaissance Global Bond Fund
Renaissance Global Science & Technology Fund
CIBC Emerging Markets Equity Private Pool
CIBC Global Bond Private Pool
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated Feb 19, 2025
NP 11-202 Final Receipt dated Feb 21, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06151091, 06150827, 06151160

Issuer Name:
Imperial Emerging Economies Pool
Imperial International Bond Pool
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated Feb 19, 2025
NP 11-202 Final Receipt dated Feb 21, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06195680

Issuer Name:
Corton Enhanced Income Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated Feb 1, 2025
NP 11-202 Final Receipt dated Feb 19, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06136118

Issuer Name:
Desjardins Global Corporate Bond Fund
Desjardins Sustainable Global Corporate Bond Fund
Principal Regulator – Quebec
Type and Date:
Amendment No. 5 to Final Simplified Prospectus dated Feb 17, 2025
NP 11-202 Final Receipt dated Feb 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06076697, 06076726

Issuer Name:
VPI Mortgage Pool
Principal Regulator – Manitoba
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated Feb 18, 2025
NP 11-202 Final Receipt dated Feb 21, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06137054

Issuer Name:
Franklin International Low Volatility High Dividend Index ETF
Franklin U.S. Low Volatility High Dividend Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated Feb 19, 2025
NP 11-202 Final Receipt dated Feb 21, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06061547

Issuer Name:
Global X 0-3 Month T-Bill ETF
Principal Regulator – Ontario
Type and Date:
Amendment No. 3 to Final Simplified Prospectus dated Feb 14, 2025
NP 11-202 Final Receipt dated Feb 18, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06153651

Issuer Name:
CIBC Emerging Markets Fund
CIBC Global Technology Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated Feb 19, 2025
NP 11-202 Final Receipt dated Feb 21, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06115350

Issuer Name:
NewGen Alternative Income Fund
NewGen Focused Alpha Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 15, 2025
NP 11-202 Final Receipt dated Feb 18, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06228919

Issuer Name:
Mulvihill Canadian Bank Enhanced Yield ETF
Mulvihill Enhanced Split Preferred Share ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Feb 14, 2025
NP 11-202 Final Receipt dated Feb 18, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06227245

Issuer Name:
Harvest Alphabet Enhanced High Income Shares ETF
Harvest AMD Enhanced High Income Shares ETF
Harvest Broadcom Enhanced High Income Shares ETF
Harvest Coinbase Enhanced High Income Shares ETF
Harvest Costco Enhanced High Income Shares ETF
Harvest MicroStrategy Enhanced High Income Shares ETF
Harvest Netflix Enhanced High Income Shares ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Feb 19, 2025
NP 11-202 Final Receipt dated Feb 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #6236703

NON-INVESTMENT FUNDS

Issuer Name:
Borealis Mining Company Limited
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated February 21, 2025
NP 11-202 Final Receipt dated February 21, 2025
Offering Price and Description:
$10,000,004
17,857,150 Units
$0.56 per Unit
Filing # 06238457

Issuer Name:
Sintana Energy Inc.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated February 21, 2025
NP 11-202 Final Receipt dated February 21, 2025
Offering Price and Description:
$50,000,000 - Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Filing # 06237680

Issuer Name:
Trilogy Metals Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated February 19, 2025
NP 11-202 Preliminary Receipt dated February 20, 2025
Offering Price and Description:
US$50,000,000 - Common Shares, Warrants, Share Purchase Contracts, Subscription Receipts, Units
Filing # 06242190

Issuer Name:
MAXUS MINING INC.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 18, 2025
NP 11-202 Preliminary Receipt dated February 19, 2025
Offering Price and Description:
3,360,350 Common Shares on Exercise of 3,360,350 Outstanding Special Warrants
Filing # 06241745

Issuer Name:
Grown Rogue International Inc.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated February 18, 2025
NP 11-202 Final Receipt dated February 19, 2025
Offering Price and Description:
USD$50,000,000 - Subordinate Voting Shares, Warrants, Subscription Receipts, Debt Securities, Convertible Securities, Units
Filing # 06209069

Issuer Name:
Internet Sciences Inc.
Principal Regulator – Ontario
Type and Date:
Amendment to Preliminary Long Prospectus dated February 18, 2025
NP 11-202 Amendment Receipt dated February 19, 2025
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Filing # 06207312

Issuer Name:
Aritzia Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 18, 2025
NP 11-202 Preliminary Receipt dated February 18, 2025
Offering Price and Description:
$66,357,500
950,000 Subordinate Voting Shares
Price: $69.85 per Subordinate Voting Share
Filing # 06239537

Issuer Name:
Enbridge Inc.
Principal Regulator – Alberta
Type and Date:
Final Shelf Prospectus dated February 14, 2025
NP 11-202 Final Receipt dated February 18, 2025
Offering Price and Description:
MEDIUM TERM NOTES (UNSECURED)
Filing # 06241002

B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Altavia Capital Corp.	Exempt Market Dealer	February 18, 2025

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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 Contingent Derivative Orders – Request for Comment

REQUEST FOR COMMENT

CANADIAN INVESTMENT REGULATORY ORGANIZATION (CIRO)

PROPOSED AMENDMENTS TO UMIR RESPECTING CONTINGENT DERIVATIVE ORDERS

CIRO is publishing for public comment proposed amendments to the Universal Market Integrity Rules (**UMIR**) to facilitate the execution of an order for a listed security or quoted security that is contingent on the execution of one or more trades in a listed derivative that is also a related derivative (**Proposed Amendments**).

The Proposed Amendments would:

- add a definition of a “Contingent Derivative Order” in UMIR 1.1,
- add a designation for a “Contingent Derivative Order” in UMIR 6.2, and
- amend various definitions and provisions of UMIR to reflect the introduction of a “Contingent Derivative Order”.

A copy of the CIRO Rules Bulletin, including the text of the Proposed Amendments, is also available on the Ontario Securities Commission’s website at www.osc.ca. The comment period ends May 28, 2025.

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BG Wealth Group Inc.
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BG Wealth Holdings Corporation
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