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Notices / News Releases

1.1 Orders

1.1.1 Notice of Publication of Multilateral Instruments 11-102 and 11-103

NOTICE OF PUBLICATION OF
MULTILATERAL INSTRUMENT 11-102 PASSPORT SYSTEM AND
MULTILATERAL INSTRUMENT 11-103 FAILURE-TO-FILE CEASE TRADE ORDERS IN MULTIPLE JURISDICTIONS

June 23, 2016

The Canadian Securities Administrators (the CSA or we), except for the Ontario Securities Commission (the OSC), are implementing amendments to Multilateral Instrument 11-102 *Passport System* (MI 11-102 or the passport rule) and changes to Companion Policy 11-102CP *Passport System* (CP 11-102).

The CSA, except for the OSC and the Alberta Securities Commission (the ASC), are also implementing Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* (MI 11-103).

All members of the CSA are implementing the following policies:

- National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*;
- National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;
- National Policy 12-202 *Revocation of Certain Cease Trade Orders* (replacing current National Policy 12-202 *Revocation of a Compliance Related Cease Trade Order*, which will be withdrawn on June 23, 2016); and
- National Policy 12-203 *Management Cease Trade Orders* (replacing current National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults*, which will be withdrawn on June 23, 2016).

The amendments to MI 11-102, the changes to CP 11-102, MI 11-103 and the four National Policies (collectively, the 2016 Materials) were published on the OSC website at http://www.osc.gov.on.ca and in the OSC Bulletin on March 3, 2016. The 2016 Materials will come into force on June 23, 2016. The text of the 2016 Materials is reproduced in Chapter 5 of this Bulletin.

1.1.2 Notice of Ministerial Approval of Amendments to NI 23-101 Trading Rules

NOTICE OF MINISTERIAL APPROVAL OF
AMENDMENTS TO NATIONAL INSTRUMENT 23-101 TRADING RULES

On May 27, 2016, the Minister of Finance approved amendments (Amendments) to National Instrument 23-101 *Trading Rules* (the Rule). The Amendments are reproduced in Chapter 5 of this Bulletin and at www.osc.gov.on.ca.

The Amendments were published in the Bulletin on April 7, 2016 at (2016), 39 O.S.C.B. 3237. No changes have been made to the rule since this publication.

The substance and purpose of the Amendments is to update the Rule and its related Companion Policy (23-101CP) in relation to the application of the order protection rule (OPR), and in response to recent market developments. The Amendments adjust the rule framework in a manner that maintains the core principles of OPR, but address some of the inefficiencies and costs that have resulted from its implementation.

In particular, the Amendments impose a market share threshold for the application of OPR, and place a cap on active trading fees. Further, OPR-related guidance has been added to 23-101CP to address circumstances where a marketplace has introduced an intentional order processing delay.

The Amendments will come into force on **July 6, 2016**, with the exception of the market share threshold, which will come into force on **October 1, 2016**.

1.1.3 CSA Staff Notice 23-316 Order Protection Rule: Implementation of the Market Share Threshold and Amendments to Companion Policy 23-101 Trading Rules

CSA Staff Notice 23-316
Order Protection Rule: Implementation of the Market Share Threshold and Amendments to Companion Policy 23-101 Trading Rules

June 20, 2016

INTRODUCTION

On April 7, 2016, the Canadian Securities Administrators (the CSA or we) published notice of amendments to National Instrument 23-101 *Trading Rules* (NI 23-101) and its related Companion Policy (23-101CP) (together, the Amendments). The Amendments introduce, among other things, a market share threshold that is intended to provide flexibility to marketplace participants in determining if and when to access trading on certain marketplaces. They also clarify the meaning of "automated trading functionality" with respect to marketplaces that impose intentional order processing delays.

Subject to obtaining all Ministerial approvals, the Amendments will become effective on July 6, 2016, except for the Amendments related to the market share threshold, which will become effective on October 1, 2016.

The text of the Amendments is available on the websites of the CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

PURPOSE

The purpose of this notice is to provide the list of marketplaces that display orders that will not be protected (unprotected marketplaces) for the purposes of the order protection rule (OPR):

(i) as of July 6, 2016 because they do not provide automated trading functionality as they have an intentional order processing delay, and

(ii) as of October 1, 2016 as they do not meet the market share threshold (which has been set at 2.5% of total value and volume traded).

This notice also describes how market share for each marketplace was calculated.

DISCUSSION

(a) Current OPR

Section 6.1 of NI 23-101 requires marketplaces to establish, maintain and ensure compliance with policies and procedures that are reasonably designed to prevent trade-throughs of better priced protected bids and offers. Section 6.4 of NI 23-101 imposes the same requirement on marketplace participants that assume responsibility for compliance with OPR by entering directed-action orders.

Section 1.1 of NI 23-101 defines protected bids and offers as bids and offers displayed on a marketplace offering automated trading functionality, and about which information is provided to an information processor.

Orders on "dark" marketplaces are not protected as they are not displayed. Therefore, orders on ICX, LiquidNet and MatchNow are unprotected for the purposes of OPR.[1]

In addition, orders displayed on TSX Alpha Exchange are currently unprotected as a condition of approval of rule changes that introduced an intentional order processing delay.

(b) Application of OPR to marketplaces with intentional order processing delays

Effective July 6, 2016, section 1.1.2.1 of 23-101CP will clarify the interpretation of automated trading functionality. The section outlines the circumstances in which a marketplace that introduces an intentional order processing delay would not be considered to be providing automated trading functionality. In those circumstances, the orders on that marketplace would not be protected.

Consequently, as of July 6, 2016, orders displayed on the Neo Book of Aequitas NEO Exchange Inc. (Aequitas) will be unprotected. This is because the Neo Book does not offer "automated trading functionality" as set out in NI 23-101 and 23-101CP.

It should be noted that Aequitas's Lit Book is a separate book from the Neo Book and does not have an order processing delay. As a result, orders entered on the Lit Book will continue to be protected unless it is impacted by the market share threshold, described below, coming into force October 1, 2016.

(c) Application of OPR to marketplaces that do not meet the market share threshold

Effective October 1, 2016, the Amendments will revise the definition of "protected bid" and "protected offer" to include a requirement that the marketplace on which the bid or offer is displayed meets the market share threshold set by the regulator or, in Québec, the securities regulatory authority. In addition, orders displayed on a recognized exchange that does not meet the market share threshold will be protected, but only with respect to securities listed by and traded on that exchange (together with orders on marketplaces that meet the market share threshold, protected marketplaces).

For orders of an exchange's listed securities to be protected, we note that an exchange must display orders, offer "automated trading functionality" and comply with Part 7 of National Instrument 21-101 *Marketplace Operation*[2] (NI 21-101). Similarly, if an exchange offers multiple trading facilities for its listed securities, orders will only be protected on those facilities that display orders, offer "automated trading functionality" and comply with Part 7 of NI 21-101.

The market share threshold has been set at 2.5%, calculated as described below.

The implementation of the Amendments will result in a number of marketplaces being unprotected (or protected only for their own listed securities) because they do not meet the threshold.

Calculation of the market share threshold

The market share threshold has been set at 2.5%. Each marketplace's market share has been calculated based on the marketplace's average share of the adjusted[3] volume and value traded (equally weighted)[4] over a one-year period[5] and is applied at the market or facility level where a marketplace operates more than one visible market or facility.[6]

Excluded from the market share threshold calculation are:

- Trades involving dark passive orders,
- The non-interfered portion of intentional crosses,[7]

1 Orders on Aequitas Dark book and Nasdaq CXD will also be unprotected after these books are launched.

2 Part 7 of NI 21-101 requires marketplaces that display orders in exchange-traded securities to provide pre- and post-trade information to an information processor as required by the information processor.

3 Volume and value traded are adjusted to exclude certain trades.

4 When determining each marketplace's market share, the volume and value traded on unprotected marketplaces is included in the calculation.

5 Volume and value are calculated on a total market basis, rather than calculated separately on the basis of listing marketplace.

6 Certain marketplaces have distinct order books, to which the market share threshold is applied separately.

7 On some marketplaces, the execution of an intentional cross by a dealer can be broken up or "interfered" with by an existing order from the same dealer, which has already been entered on the marketplace at the same price as the intentional cross. Because the interfering order would have been protected under OPR, it would be included in the market share calculation.

- Trades from call markets and call facilities (including existing opening and closing call facilities),
- Odd-lot trades,
- Auto-executed trades in fulfillment of market maker obligations or participation rights, and
- Trades involving special terms orders.

The market share threshold that will be effective on October 1, 2016 was calculated based on trading data from June 1, 2015 to May 31, 2016.

In early 2017, the market share of each marketplace will be recalculated based on trading data from the first to last trading day of 2016. In January 2017, we will publish an updated list of protected and unprotected marketplaces that will be in effect from April 1, 2017 to March 31, 2018. Market share will be recalculated annually after that based on the prior year's trading data.

(d) List of protected and unprotected marketplaces

Below we have listed the protected and unprotected marketplaces.

The orders displayed on the following marketplaces are protected because either the marketplace meets the market share threshold and/or the orders are for securities that are listed by and traded on that marketplace:

Marketplace	Market Share	Status	Reason Protected
Nasdaq CXC	11.94%	Protected	Meets market share threshold
Nasdaq CX2	5.63%	Protected	Meets market share threshold
OMEGA	4.70%	Protected	Meets market share threshold
TSX	55.44%	Protected	Meets market share threshold
TSX VENTURE	9.64%	Protected	Meets market share threshold
AEQUITAS Lit Book	1.13%	Protected for Aequitas-listed securities only	Exchange protected for its listed securities
CSE	2.18%	Protected for CSE-listed securities only	Exchange protected for its listed securities

The list below identifies the unprotected marketplaces. Orders displayed on marketplaces that do not offer "automated trading functionality" will not be protected as of July 6, 2016.

Orders displayed on marketplaces that do not meet the threshold will be unprotected as of October 1, 2016.

Orders displayed on the following marketplaces will be unprotected:

Marketplace	Market Share	Status	Reason Unprotected
AEQUITAS Neo Book	0.78%	Unprotected	Does not provide automated trading functionality
ALPHA	7.18%	Unprotected	Does not provide automated trading functionality
AEQUITAS Lit Book	1.13%	Unprotected for securities other than Aequitas-listed securities	Does not meet market share threshold
CSE	2.18%	Unprotected for securities other than CSE-listed securities	Does not meet market share threshold
LYNX	0.40%	Unprotected	Does not meet market share threshold
ICX		Unprotected	Does not display orders

Marketplace	Market Share	Status	Reason Unprotected
LIQUIDNET		Unprotected	Does not display orders
MATCHNOW		Unprotected	Does not display orders

QUESTIONS

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1.1.4 CSA Staff Notice 21-318 Information Processor for Corporate Debt Securities

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 21-318
Information Processor for Corporate Debt Securities

June 23, 2016

I. Introduction

Staff of the Canadian Securities Administrators (CSA staff or we) are publishing this notice to inform the public that the Investment Industry Regulatory Organization of Canada (IIROC) will act as an information processor for corporate debt securities under National Instrument 21-101 *Marketplace Operation* (NI 21-101) effective July 4, 2016.

II. Background and Regulatory Requirements

Fixed income transparency is an important element of fair and efficient capital markets. Transparency also supports investor protection by facilitating investors' ability to make informed trading decisions.

Regulatory requirements for fixed income transparency are outlined in NI 21-101. With respect to corporate debt securities, NI 21-101 requires that marketplaces that display orders of corporate debt securities provide information regarding orders for these securities to an information processor, as required by the information processor. Marketplaces, inter-dealer bond brokers and dealers are also required to provide trade information for corporate debt securities to an information processor, as required by the information processor.[1]

The role of the information processor is to provide transparency to the public regarding trades in corporate bonds. NI 21-101 contains a framework for the regulation of an information processor. Specifically, NI 21-101 mandates the information processor to:

- provide prompt and accurate order and trade information;
- not unreasonably restrict fair access to such information;
- provide timely, accurate, reliable and fair collection, processing, distribution and publication of information for orders for, and trades in, securities;
- maintain reasonable books and records; and
- maintain resilient systems and arrange to conduct an annual independent systems review.

CanPX Inc. (CanPX) is the existing information processor for corporate debt securities and its term will end on June 30, 2016.[2]

Increasing post-trade corporate debt transparency is a key element of CSA staff's initiative to enhance fixed income regulation. This initiative, described in detail in a number of notices that were published in the past year,[3] has the following objectives:

- to facilitate more informed decision making by all market participants;
- to improve market integrity; and
- to evaluate whether access to the fixed income market is fair and equitable for all investors.

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1 NI 21-101 also has transparency requirements for government debt securities, however, these requirements have been postponed until January 1, 2018.

2 CanPX is owned by the largest investment dealers and inter-dealer bond brokers.

3 These include CSA Staff Notice 21-315 *Next Steps in Regulation and Transparency of the Fixed Income Market* published for comment on September 17, 2015 and CSA Staff Notice 21-317 *Next Steps in Implementation of a Plan to Enhance Regulation of the Fixed Income Market* published on April 21, 2016.

CSA staff's plan to increase post-trade transparency for corporate debt securities entails moving from the existing industry-based approach to a regulatory-led process to transparency by designating IIROC as the information processor for corporate debt securities.

Below, we summarize IIROC's proposal for an information processor.

III. IIROC as an Information Processor

a. Summary of IIROC's Operations as an Information Processor

To act as an information processor for corporate debt securities, IIROC has filed Form 21-101F5 *Initial Operation Report for Information Processor* (Form 21-101F5), in accordance with the requirements of NI 21-101.

As an information processor, IIROC will collect corporate debt data and make publicly available a subset of this data, described below, in accordance with the requirements of NI 21-101. IIROC will collect data through the Market Trade Reporting System (MTRS 2.0), which facilitates dealers' reporting of fixed income trades in accordance with the requirements of IIROC Rule 2800C *Transaction Reporting for Debt Securities*.[4] To disseminate corporate debt data, IIROC will launch a web-based system that will allow the general public to search, access and view data relating to corporate debt securities two days after a trade occurs (T+2).

The data that will be made transparent will consist of both historical data for each bond and transaction details for each trade. The corporate debt data that will be made publicly available will include the bond issuer's name, interest rate, yield, price and volume. The volume will be subject to volume caps of $2 million for investment grade corporate debt securities and $200,000 for non-investment grade corporate debt securities (Volume Caps) that will mask the true size of the trade. The complete list of data fields that will be included in the information disseminated is included at **Appendix A** of this notice.

The data will be disseminated by 7:00 a.m. on T+2. The delay is due to the fact that data reported into MTRS 2.0 is reported to IIROC one day following the trade (T+1)[5] and IIROC requires time to process the information reported and ensure it is ready for dissemination. The dissemination delay, along with the Volume Caps, are also important measures to manage the potential impact of increased transparency on the liquidity of the corporate bond securities, which has been raised as a concern by market participants. Staff acknowledge that some concerns have also been raised regarding the appropriateness of these dissemination delays and of the Volume Caps. We confirm that we will review the trading activity for corporate debt securities to determine whether the initial dissemination delay of T+2 and the Volume Caps need to be changed over time.

The data described at **Appendix A** will be made available free of charge. IIROC may create and distribute additional data products for a fee at a later date, but this initial data will continue to be free. IIROC will need to obtain CSA approval of any fees it proposes to charge for the additional data products.

b. Implementation

With IIROC as an information processor, corporate debt transparency will be introduced by IIROC in two stages.

1. Stage 1 – on July 6, 2016 (two days after IIROC will launch its information processor operations on July 4, 2016), IIROC will start disseminating post-trade information for the corporate debt securities reported to IIROC at that time[6] and for which trade data is currently made transparent by CanPX (Designated Corporate Debt Securities)[7] and for retail trades in all other corporate debt securities reported to IIROC,[8] on T+2 and subject to Volume Caps; and

2. Stage 2 – in 2017, IIROC will expand the dissemination of information to trades in all corporate debt securities reported to IIROC at that time,[9] also on T+2 and subject to Volume Caps.

In the interim period, between Stage 1 and Stage 2, IIROC will work with CSA staff to update the list of Designated Corporate Debt Securities and to ensure it continues to include the most liquid corporate bonds over this period.

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4 http://www.iiroc.ca/Rulebook/MemberRules/Rule02800C_en.pdf.

5 The reporting timeframes are set out in subsection 2.5(a) of IIROC Rule 2800C. Trades that occur after 6 p.m. on a business day and trades that occur outside of a business day are reported on T+2.

6 In Stage 1, only IIROC dealer members that are Government Securities Distributors (GSDs) and those that have affiliates that are GSDs are required to report their fixed income transactions or the fixed income transactions of their GSD affiliates, if applicable, to IIROC.

7 These represent the most liquid corporate bonds from a variety of industry groups, issuers and different maturity levels.

8 IIROC Rule 2800C requires that retail trades be identified with a retail indicator.

9 In Stage 2, all GSD and non-GSD dealer members are required to report their fixed income transactions to IIROC.

c. Staff's Review of IIROC's Proposal for an Information Processor

We have reviewed IIROC's proposal and Form 21-101F5 to determine whether it is contrary to the public interest for IIROC to act as an information processor.[10] Staff are of the view that IIROC is well positioned to perform this role for the reasons set out below.

- It has the system in place to collect corporate debt information and the dealers that are subject to the transparency requirements in NI 21-101 are already reporting this information through MTRS 2.0;
- The development of the transparency system is well underway, and IIROC is ready to make corporate debt trade data transparent in accordance with the implementation timelines above;
- IIROC has sufficient financial and human resources for this function; we note that IIROC already has staff that monitor the integrity and timeliness of the data reported to it through MTRS 2.0, and has committed to designating staff to monitor, address queries and complaints regarding data that will be displayed;
- It will make available comprehensive corporate debt information to all market participants, including investors, at no cost; and
- It has an appropriate governance structure and conflicts of interest policies and procedures in place.

d. Regulatory Requirements and Oversight by CSA Staff

As an information processor, IIROC will be subject to the applicable regulatory requirements in NI 21-101. IIROC will also comply with a number of undertakings, listed at Appendix B of this notice (the Undertakings) and terms and conditions issued by the Autorité des marchés financiers (the AMF Recognition Order).

CSA staff will conduct oversight activities to ensure that, as an information processor, IIROC complies with the requirements in NI 21-101, the Undertakings and the AMF Recognition Order.

IV. Conclusion

Based on IIROC's proposal for an information processor for corporate debt securities and Form 21-101F5 filed by IIROC, the CSA Chairs have determined that it is not contrary to the public interest for IIROC to be an information processor for corporate debt securities beginning July 4, 2016. The corporate debt trade information will be disseminated to the public as of July 6, 2016.

V. Questions

Questions may be referred to:

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[10] Subsection 16.2(1) of the Companion Policy to NI 21-101 indicates that the Canadian securities regulatory authorities will review Form 21-101F5 to determine whether it is contrary to the public interest for the person or company who filed the form to act as an information processor. In Quebec, the information processor needs to be formally recognized by the securities regulatory authority.

APPENDIX A

DATA FIELDS FOR THE CORPORATE DEBT INFORMATION TO BE DISSEMINATED BY IIROC AS AN INFORMATION PROCESSOR

The data fields below will be made publicly available by IIROC as an information processor. They apply to the corporate bonds included in each phase of the implementation of the transparency framework.[11]

I. Summary level data for each bond

1. CUSIP and/or ISIN number, where available
2. Issuer name
3. Maturity date
4. Coupon rate
5. Last traded price
6. Last traded yield
7. Total trade count (total trades done on the last trade date)
8. Last trade date
9. Highest traded price on the last trade date
10. Lowest traded price on the last trade date

II. Transaction data for each trade

1. CUSIP and/or ISIN number, where available
2. Issuer name
3. Maturity date
4. Coupon rate
5. Date of execution
6. Time of execution
7. Settlement date
8. Type (indicates whether the transaction is new, a cancelation or a correction)
9. Volume (subject to volume caps)
10. Price
11. Yield
12. Account type (retail or institutional counterparty)
13. An indication of whether a commission was recorded (“yes” or “no” answer)

[11] In Phase 1 (2016), the information that will be made available is post-trade information for all trades in Designated Debt Securities and for retail trades in all other corporate debt securities reported to IIROC at that time. In Phase 2 (2017), the information that will be made available is post-trade information for trades in all corporate debt securities reported to IIROC.

APPENDIX B

UNDERTAKINGS PROVIDED BY IIROC AS AN INFORMATION PROCESSOR

In connection with Form 21-101F5 filed by IIROC and its role as an information processor for corporate debt securities (IIROC IP), IIROC IP undertakes the following to the securities regulatory authority:

1. Changes to Form 21-101F5

a. As required by section 14.2 of National Instrument 21-101 Marketplace Operation (NI 21-101), IIROC IP will file with the CSA amendments to the information provided in Form 21-101F5. The significant changes referred to in subsection 14.2(1) of NI 21-101 will be reviewed and approved by CSA staff prior to their implementation. For clarity, these significant changes will include the following:

- changes to the governance of IIROC IP;
- any changes to the functions performed by IIROC IP;
- the addition of any new advisory committees to IIROC IP;
- significant changes to the terms of reference of any advisory committees;
- changes in the corporate structure of IIROC IP;
- any new products developed using the data reported by market participants to IIROC IP in accordance with the obligations of NI 21-101 (IP Data Products);
- changes to the IP Data Products;
- changes in the policies and procedures for monitoring the integrity and timeliness of data reported to and disseminated by IIROC IP;
- changes to the methodology for selecting the most liquid corporate bonds for which trade data will be disseminated by IIROC IP until such time when it disseminates trade data for all corporate bonds;
- new fees and fee changes;
- new or changes to any arrangements for payment to the market participants that are required to report corporate debt information in accordance with the requirements of NI 21-101 (Data Contributors), and
- significant changes to the systems and technology used by IIROC as an IP.

b. IIROC IP will file with CSA staff all material contracts related to the IP services.

2. Resources

a. IIROC IP will maintain sufficient financial resources to ensure its ability to conduct its operations.

b. IIROC IP will ensure that sufficient human resources are available and appropriately trained to properly perform its functions, including monitoring the timeliness and integrity of corporate debt data reported to and displayed by the IP.

3. Agreements with Data Contributors

a. IIROC IP will ensure that Data Contributors are given access to IIROC IP on fair and reasonable terms.

b. Any new agreements or contracts to be entered into between IIROC IP and Data Contributors will be provided to CSA staff for review and approval prior to their execution.

c. Proposed material changes to agreements or contracts between IIROC IP and Data Contributors will be provided to CSA staff for review and approval.

4. Fees, Fee Structure and Revenue Sharing

a. IIROC IP will make available, on its website, the fee schedule for the IP Data Products.

b. IIROC IP will make available, on its website, any payment arrangements with the Data Contributors.

5. Data Reported to and Disseminated by IIROC IP

a. IIROC IP staff will monitor the timeliness and accuracy of information received by and disseminated by the IP on an ongoing basis and take adequate measures to resolve any data integrity issues on a timely basis.

b. Within 45 days from the end of each quarter, IIROC will provide to CSA staff quarterly reports on the timeliness and integrity of the information reported to and disseminated by IIROC IP, highlighting significant issues and proposed steps for resolution. These reports will include significant data integrity issues identified in the field examinations of Data Contributors conducted by IIROC.

c. In conjunction with CSA staff, IIROC IP will:

- review the continuing adequacy of the initial dissemination delay for the corporate debt trade data made available by IIROC IP (T+2 dissemination delay);
- develop a plan to change the T+2 dissemination delay, if such changes are needed based on the results of the review;
- review the continuing adequacy of the initial volume caps that will apply to the corporate debt trade data made available by IIROC IP; and
- make recommendations and implement changes to these volume caps, if such changes are needed based on the results of the review.

6. Self-assessment

a. IIROC IP will conduct an annual self-assessment of its compliance with subsections 14.4(2), (4) and (5) of NI 21-101 and with its performance with respect to the undertakings provided to the CSA. The report will be provided to CSA staff within 90 days from the end of IIROC's fiscal year.

1.5 Notices from the Office of the Secretary

1.5.1 Garth H. Drabinsky et al.

FOR IMMEDIATE RELEASE
June 15, 2016

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

AND

IN THE MATTER OF
GARTH H. DRABINSKY,
MYRON I. GOTTLIEB AND
GORDON ECKSTEIN

TORONTO – The Commission issued an Order in the above named matter which provides that the confidential pre-hearing conference scheduled to take place at 10:00 a.m. on June 20, 2016 shall be rescheduled to 11:00 a.m. on June 27, 2016 or at such other time and on such other date as may be ordered by the Commission.

A copy of the Order dated June 15, 2016 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
ROBERT BLAIR
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.5.2 Pro-Financial Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
June 17, 2016

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.,
STUART MCKINNON and
JOHN FARRELL

TORONTO – The Commission issued an Order in the above named matter which provides that:

1. The hearing date of June 17, 2016 is vacated;

2. Staff's written closing submissions shall be served and filed on or before August 5, 2016;

3. The Respondents' written closing submissions shall be served and filed on or before August 19, 2016;

4. Staff's reply closing submissions, if any, shall be served and filed on or before September 8, 2016; and

5. Oral closing submissions in respect of the Merits Hearing shall be heard on September 15, 2016 at 10:00 a.m.

A copy of the Order dated June 17, 2016 is available at www.osc.gov.on.ca.

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1.5.3 Aouad Choufi

FOR IMMEDIATE RELEASE
June 20, 2016

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

AND

IN THE MATTER OF
AOUAD CHOUFI

TORONTO – The Commission issued an Order in the above named matter which provides that:

(a) Staff's application to continue this proceeding by way of a written hearing is granted;

(b) Staff's materials shall be served and filed no later than 5:00 p.m. EDT on June 30, 2016;

(c) Choufi's responding materials, if any, shall be served and filed no later than 5:00 p.m. EDT on July 28, 2016; and

(d) Staff's reply materials, if applicable, shall be served and filed no later than 5:00 p.m. EDT on August 11, 2016.

A copy of the Order dated June 20, 2016 is available at www.osc.gov.on.ca.

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1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sun Life Global Investments (Canada) Inc. and Sun Life Multi-Strategy Target Return Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief provided to a commodity pool subject to NI 81-104 to invest up to 10% of net assets in aggregate in underlying funds subject to UCITS rules – relief granted from counterparty designated rating requirement and custodian requirements to enter into cleared swaps transactions – relief granted from counterparty designated rating requirements for non-cleared over-the-counter derivatives – relief granted from requirement for non-Canadian dealers to have publicly available audited financial statements.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.5(2) and 2.7(1), 6.1, 6.8(2).
National Instrument 81-104 Commodity Pools, s. 1.1(1).

May 10, 2016

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
SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.
(the Filer)

AND

IN THE MATTER OF
SUN LIFE MULTI-STRATEGY TARGET RETURN FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) and section 10.1 of National Instrument 81-104 *Commodity Pools* (**NI 81-104**), exempting the Fund from the following provisions of NI 81-102:

(i) the requirements in subsection 2.5(2) of NI 81-102 that an investment fund must not purchase or hold a security of another investment fund unless: (a) the other investment fund is a mutual fund that is subject to NI 81-102 and offers or has offered securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**); (b) at the time of purchase of that security, the other investment fund holds no more than 10 percent of its net asset value in securities of other investment funds; (c) the investment fund and the other investment fund are reporting issuers in the local jurisdiction; (d) no sales fees or redemption fees are payable by the

investment fund in relation to its purchases and redemptions of the securities of the other investment fund if the other investment fund is managed by the manager or an affiliate or associate of the manager of the investment fund; and (e) no sales fees or redemption fees are payable by the investment fund in relation to its purchases or redemptions of securities of the other investment fund that, to a reasonable person would duplicate a fee payable by an investor in the investment fund (collectively, the **Underlying Funds Requirements**) in order to permit the Fund to invest up to 10 percent of its net assets in one or more Underlying Funds (as defined below) (the **Underlying Funds Relief**);

(ii) (a) the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating (the **Counterparty Designated Rating Requirement**); and

(b) the requirement in subsection 6.1(1) of NI 81-102 to hold all portfolio assets of an investment fund under the custodianship of one custodian (the **Custodian Requirement**) in order to permit the Fund to deposit cash and other portfolio assets directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) as margin

in each case, with respect to Cleared Swaps (as defined below) (collectively, the **Cleared Swaps Relief**);

(iii) the Counterparty Designated Rating Requirement in subsection 2.7(1) of NI 81-102 with respect to OTC Derivatives (as defined below) (the **OTC Derivatives Counterparty Designating Rating Requirement Relief**); and

(iv) the requirement in subsection 6.8(2)(b) of NI 81-102 that an investment fund must not deposit portfolio assets with a dealer as margin for transactions outside of Canada involving clearing corporation options, options on futures or standardized futures unless the dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million (the **Dealer Audited Financial Statements Requirement**) in order to permit the Fund to deposit portfolio assets as margin with a dealer that does not have separate audited financial statements that have been made public (the **Dealer Audited Financial Statements Relief**).

The Underlying Funds Relief, the Cleared Swaps Relief, the OTC Derivatives Counterparty Designated Ratings Requirement Relief and the Dealer Audited Financial Statements Relief are, collectively, the **Requested Relief**.

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

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

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

Interpretation

Terms defined in NI 81-102, National Instrument 14-101 *Definitions*, and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. Capitalized terms used in this decision have the following meanings:

AIGSL means Aviva Investors Global Services Limited, an affiliate of Aviva Investors

Aviva Investors means Aviva Investors Canada Inc.

CFTC means the U.S. Commodity Futures Trading Commission

Cleared Swap means any derivative transaction that can be entered into on a cleared basis, whether or not such derivative is subject to a clearing determination or a clearing obligation issued by the CFTC or ESMA, as the case may be

Clearing Corporation means any clearing organization registered with the CFTC or central counterparty authorized by ESMA, as the case may be, that, in either case, is also recognized or exempt from recognition in Ontario

Dodd-Frank means the Dodd-Frank Wall Street Reform and Consumer Protection Act

EMIR means the European Market Infrastructure Regulation

ESMA means the European Securities and Markets Authority

European Economic Area means all of the European Union countries and also Iceland, Liechtenstein and Norway

Futures Commission Merchant means any futures commission merchant that is registered with the CFTC and/or is a clearing member for purposes of EMIR, as applicable, and is a member of a Clearing Corporation

LSOC Model means the legally segregated operationally commingled model adopted by the CFTC for cleared swaps collateral

Member States means each of the United Kingdom, Ireland, Luxembourg, Germany, France, Netherlands, Italy and Spain, a subset of the member states of the European Union that have translated the UCITS directive into local legislation or rules

OTC means over-the-counter

OTC Derivatives means all options, debt-like securities, swaps and forward contracts that are not traded on an exchange and that are not cleared

S&P means Standard & Poor's Ratings Services, a part of McGraw Hill Financial

UCITS means an undertaking for collective investments in transferable securities

UCITS Framework means the Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS developed by the Committee of European Securities Regulators

UCITS fund means the regulated retail mutual fund offered as an open-ended investment company in the United Kingdom and a Société d'Investissement à Capital Variable in Europe by Aviva Investors and its affiliates that has the same investment objective and strategies as the Fund

Underlying Fund means any fund authorized as a UCITS by, and subject to the supervision of, a national competent authority in any Member State

U.S. fund means the investment company registered under the Investment Company Act of 1940, as amended, offered in the United States by Aviva Investors and its affiliates that has the same investment objective and strategies as the Fund

U.S. Person has the meaning attributed thereto by the CFTC

Representations

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

Background Facts

1. The Filer is the trustee, the investment fund manager and the portfolio manager of the Fund. The Filer is registered as an investment fund manager in each of the Provinces of Ontario, Québec and Newfoundland and Labrador, as a mutual fund dealer in each Jurisdiction and as a portfolio manager and a commodity trading manager in the Province of Ontario. The head office of the Filer is in Toronto, Ontario.

2. The Filer has retained Aviva Investors as the sub-advisor of the Fund. Aviva Investors is registered as a portfolio manager and an exempt market dealer in each of the Provinces of Canada. Aviva Investors, in turn, has retained AIGSL to provide the investment advice to it in respect of the investment portfolio of the Fund.

3. AIGSL currently advises a number of investment vehicles offered globally that use an investment strategy similar to the strategy for the Fund, which investment vehicles are available both directly and through intermediaries to retail customers in a number of countries. In particular, Aviva Investors' affiliates currently offer to retail investors the UCITS fund in the United Kingdom and in Europe, the U.S. fund in the United States and a feeder fund in Australia that invests in the UCITS fund. In addition, Aviva Investors' affiliates are making application to register the UCITS fund in certain Asian jurisdictions.

4. The Fund is a mutual fund created under the laws of the Province of Ontario and is governed as a commodity pool by the provisions of NI 81-102 and NI 81-104, subject to any relief therefrom granted by the securities regulatory authorities.

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

6. The securities of the Fund will be qualified for distribution pursuant to a prospectus that will be prepared and filed in accordance with the applicable securities legislation of the Jurisdictions. Accordingly, the Fund will be a reporting issuer or the equivalent in each Jurisdiction.

7. The proposed investment objective of the Fund is to seek long-term absolute return by delivering a positive return over rolling three-year periods, regardless of the prevailing market environment.

8. In pursuing its investment objective, the Fund will aim to generate a positive return over rolling three-year periods of, on average, 5% per annum above a prevailing Canadian cash rate before the deduction of fees and expenses. In seeking to target this level of return, the Fund will also aim to manage volatility to a target of less than half the volatility of global equities represented by the MSCI All Country World Index, measured over the same rolling three-year periods. For this purpose, volatility will be the measure of the extent to which the prices of the securities of the Fund fluctuates over time. The Fund may invest globally in equity and fixed income securities, securities of other investment funds, cash and near cash investments, money market instruments, derivatives and other financial instruments.

9. The Fund will make significant use of derivative instruments and may take both long and short positions. Derivatives may be used for purposes of hedging, efficient portfolio management and/or investment purposes. They will be used to take long and short positions in markets, assets and groups of assets. In its use of derivatives, the Fund will aim to contribute to the target return and the volatility objectives of the Fund. The use of derivative instruments as part of the investment strategy will mean that the Fund may, from time to time, have substantial holdings in liquid assets, including deposits and money market instruments. The Fund will also engage in synthetic short selling through the permitted derivative instruments.

Underlying Funds Relief

10. The investment strategies of the Fund permit the Fund to invest in one or more other investment funds, including exchange-traded funds the securities of which are index participation units and Underlying Funds.

11. Each Underlying Fund (i) has, or will have, a primary purpose to invest money provided by its securityholders and (ii) has, or will have, securities that entitle its securityholders to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the net assets of such Underlying Fund. Accordingly, each Underlying Fund is, or will be, a mutual fund within the meaning of Canadian securities legislation and, therefore, is, or will be, considered to be an investment fund in Canada.

12. Each Underlying Fund is, or will be, subject to investment restrictions and practices under the laws of the relevant Member State that are applicable to mutual funds that are sold to the general public. The Underlying Funds are, or will be, authorized as a UCITS by the applicable national competent authority of a Member State.

13. No Underlying Fund is, or will be, subject to NI 81-102 and no Underlying Fund distributes, or will distribute, its securities in Canada under a simplified prospectus in accordance with NI 81-101.

14. None of the Underlying Funds are or will be managed by the Filer or an affiliate or associate of the Filer.

15. At the time of purchase by the Fund of securities of an Underlying Fund, either the Underlying Fund will hold no more than 10 percent of its net asset value in securities of other investment funds or the Underlying Fund: (a) will have adopted a fundamental investment objective to track the performance of another investment fund or similar investment product; (b) will purchase or hold securities of investment funds that are the equivalent of “money market funds” (as such term is defined in NI 81-102); or (c) will purchase or hold securities that are “index participation units” (as such term is defined in NI 81-102) issued by an investment fund.

16. In the case of those Underlying Funds that are, or will be, exchange-traded funds whose securities are listed on a stock exchange in a Member State, certain brokerage fees may be incurred by the Fund for the purchase or sale on the applicable stock exchanges of the securities issued by such Underlying Funds.

17. The Filer believes that it is in the best interests of the Fund to be permitted to invest up to 10 percent of its net assets in one or more Underlying Funds, as such investments will allow the Fund to gain exposure to certain asset classes and markets in an economically efficient manner. Investing in one or more Underlying Funds will enable the Fund to better capitalize on global economic trends and respond to market conditions.

18. The Fund will otherwise comply fully with section 2.5 of NI 81-102 in its investment in each Underlying Fund and will provide all disclosure mandated for investment funds investing in other investment funds. In particular, additional disclosure will be made in the simplified prospectus of the Fund that the Underlying Funds are not subject to Canadian securities regulation.

19. Each Underlying Fund is, or will be, subject to investment restrictions and practices that are substantially similar to the restrictions in NI 81-102.

Cleared Swaps Relief

20. The investment strategies of the Fund permit the Fund to enter into derivative transactions, including Cleared Swaps. The portfolio management team of AIGSL considers Cleared Swaps to be an important investment tool that is available to it to properly manage the Fund's portfolio.

21. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a Clearing Corporation. Generally, where a U.S. Person is a party to any of a fixed-to-floating interest rate swap, basis swap, forward rate agreement in U.S. dollars, the Euro, Pounds Sterling or the Japanese Yen, overnight index swap in U.S. dollars, the Euro and Pounds Sterling or untranched credit default swaps on certain North American indices (CDX.NA.IG and CDX.NA.HY) and European indices (iTraxx Europe, iTraxx Europe Crossover and iTraxx Europe HiVol) at various tenors, that swap must be cleared, absent an available exception.

22. EMIR also requires that certain OTC derivatives be cleared through a central counterparty authorized to provide clearing services for purposes of EMIR. Generally, where one party to a swap is a financial counterparty or a non-financial counterparty whose OTC derivative trading activity exceeds a certain threshold, in each case established in a state that is a participant in the European Economic Area, that swap will be required to be cleared. The first clearing directive has been issued in respect of certain interest rate swaps and will be phased-in based on the categories of both parties to the trade.

23. In addition to clearing swaps that are mandated to be cleared under Dodd-Frank and/or EMIR, many of the global Clearing Corporations offer clearing services in respect of other types of derivative transactions. Many global derivative end-users enter into Cleared Swaps on both a voluntary and a mandatory basis.

24. In order to benefit from both the pricing benefits and reduced trading costs that AIGSL is often able to achieve through its trade execution practices for its managed investments funds and accounts and from the reduced costs associated with Cleared Swaps as compared to other OTC trades, the Filer wishes that the Fund have the ability to enter into Cleared Swaps.

25. In the absence of the Requested Relief from the Counterparty Designated Rating Requirement and the Custodian Requirement in respect of Cleared Swaps, AIGSL will need to structure the derivative transactions entered into by the Fund so as to avoid clearing, including the clearing requirements of the CFTC and under EMIR, as applicable. The Filer respectfully submits that this would not be in the best interests of the Fund and its investors for a number of reasons, as set out below.

26. The Filer strongly believes that it is in the best interests of the Fund and its investors to be able to execute OTC derivatives with global counterparties, including U.S. and European swap dealers.

27. In its role as a fiduciary for the Fund, the Filer has determined that central clearing represents the best choice for the investors in the Fund to mitigate the legal, operational and back office risks faced by investors in the global swap markets.

28. As referred to above, AIGSL uses the same trade execution practices for all of its managed investment funds and accounts, including the UCITS fund and the U.S. fund. An example of these trade execution practices is block trading, where a large number of securities are purchased or sold or large derivative trades are entered into on behalf of a number of investment funds and accounts advised by AIGSL. These practices include the use of Cleared Swaps. If the Fund is unable to employ these trade execution practices, then AIGSL will have to create separate trade execution practices only for the Fund and will have to execute trades for the Fund on a separate basis. This will increase the operational risk for the Fund, as separate execution procedures will need to be established and followed only for the Fund. In addition, the Fund will not be able to enjoy the possible price benefits and reduction in trading costs that AIGSL may be able to achieve through a common practice for its managed investment funds and accounts. In the Filer's opinion, best execution and maximum certainty can best be achieved through common trade execution practices. In the case of OTC derivatives, these practices involve the execution of Cleared Swaps.

29. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the Fund. The Filer respectfully submits that the Fund should be encouraged to comply with the robust clearing requirements established by the CFTC and under EMIR by granting it the Requested Relief from the Counterparty Designated Rating Requirement and the Custodian Requirement in respect of Cleared Swaps.

30. The Requested Relief from the Counterparty Designated Rating Requirement and the Custodian Requirement in respect of Cleared Swaps is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, i.e., clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, such Requested Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.

OTC Derivatives Counterparty Designated Rating Requirement Relief

31. The investment strategies of the Fund permit the Fund to enter into derivative transactions, including OTC Derivatives, Cleared Swaps and exchange-traded derivatives. In order to mitigate counterparty risk, AIGSL, on behalf of the Fund, intends to enter into OTC Derivatives with a number of counterparties. Counterparty diversification allows the Fund to effectively manage and spread the counterparty risk among a number of derivative market participants. In addition, if AIGSL decides that it no longer wants to transact with one counterparty on behalf of the Fund, having existing relationships with a number of counterparties helps with the novation process, as these counterparties will have already conducted their credit assessment against the Fund. Having trading relationship with a large number of counterparties also allows the Fund to benefit from more competitive pricing and better service and execution. However, not all counterparties offer the types of derivative products that AIGSL will want the Fund to purchase or enter into.

32. In executing derivative transactions for its managed investment funds and accounts, AIGSL seeks best execution, including the best terms and pricing available. In most cases, AIGSL transacts with global counterparties that offer a broader range of products and better pricing than their Canadian counterparts.

33. The credit ratings assigned to the short-term and long-term debt obligations of many global counterparties do not satisfy the designated rating requirement provided for in NI 81-102.

34. While the Filer understands that the Counterparty Designated Rating Requirement is one method that the Fund can use to mitigate counterparty risk, it believes that counterparty diversification is also an effective mitigation tool. In addition, best execution of derivative transactions is an important factor for the Fund and its securityholders.

35. The Filer believes that counterparty risk can be effectively mitigated in a manner that still permits best execution. AIGSL is a sophisticated user of derivative instruments and has robust risk management techniques and policies in place that, in the opinion of AIGSL, mitigate counterparty risk at least as effectively as the Counterparty Designated Rating Requirement. AIGSL has considerable experience in using derivatives and it monitors and manages every position in line with industry best practice. Its efficient use of risk budgeting and its integration of risk into the portfolio management process has historically resulted in a portfolio where potential and realized risks are significantly mitigated. For example, under AIGSL's policies, the net mark-to-market value of the Fund's OTC Derivatives positions with any one counterparty, less the market value of any collateral posted by that counterparty in favour of the Fund, will not exceed 10 percent of the net asset value of the Fund. In addition, all OTC Derivatives that the Fund enters into will be fully collateralized in favour of the Fund through daily collateral calls with the Fund's counterparties. In other words, the full amount of the Fund's counterparty payment risk will be covered by the collateral that is posted by the counterparty. Appropriate haircuts will be assigned to any non-cash collateral that is held in favour of the Fund. All of the collateral posted by a counterparty in favour of the Fund will be held by the Fund's custodian in an account in the name of the Fund. In the event of a counterparty default, the collateral held by or on behalf of the Fund would be used to cover the close out of the applicable OTC Derivative positions or the placing of replacement OTC Derivative positions, as appropriate.

36. In addition to AIGSL's policy regarding collateral, AIGSL has two minimum debt rating threshold policies that apply to the use of derivatives by accounts advised by it, such as the Fund. Generally speaking, AIGSL will not enter into a new relationship with a derivative counterparty on behalf of the Fund unless that counterparty has a minimum credit rating of A- (as rated by S&P). This policy, however, is subject to certain exceptions, including if AIGSL's internal credit assessment indicates that the counterparty is a better credit risk than reflected by its credit rating and/or the counterparty is a key liquidity provider that mitigate, at least in part, the counterparty's credit rating. If AIGSL, on behalf of the Fund, has an existing and ongoing relationship with a derivative counterparty, then, in general, it will not enter into a new transaction with that counterparty if the counterparty is downgraded to a level below BBB+ (as rated by S&P).

Dealer Audited Financial Statements Requirement Relief

37. Many dealers that trade in clearing corporation options, options on futures and/or standardized futures are securities dealers that are wholly-owned subsidiaries of larger securities dealers or financial institutions. As a result of the corporate structure, many of the dealers with whom the Fund will want to deposit margin in connection with clearing corporation options, options on futures and/or standardized futures do not have separate financial statements that have been made public, as their financial positions are consolidated into the audited financial statements of their parents.

These dealers do, however, have other publicly available financial information that indicates their net worth, including financial information filed with applicable securities regulatory authorities.

38. The Filer respectfully submits that the policy rationale for the net worth requirement in subsection 6.8(2)(b) of NI 81-102 is to ensure that any dealer that receives and/or holds margin or collateral from an investment fund must have a net worth that is sufficient to mitigate, at least in part, the risk of loss of any margin or collateral properly owing to the investment fund during or on settlement of a transaction. Provided that the dealer is otherwise able to demonstrate its net worth through publicly available documentation, there is no policy rationale for requiring each dealer to have audited financial statements that have been made public.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that:

(i) in the case of the Underlying Funds Relief:

(a) each Underlying Fund is subject to investment restrictions and practices under the laws of the relevant Member State that are applicable to mutual funds that are sold to the general public and are regulated investment funds authorized as a UCITS by the applicable national competent authority of a Member State;

(b) the Fund will not purchase securities of an Underlying Fund if, immediately after the purchase, more than 10 percent of its net assets would consist of investment in one or more Underlying Funds;

(c) at the time of purchase by the Fund of securities of an Underlying Fund, either the Underlying Fund will hold no more than 10 percent of its net asset value in securities of other investment funds or the Underlying Fund:

(I) will have adopted a fundamental investment objective to track the performance of another investment fund or similar investment product;

(II) will purchase or hold securities of investment funds that are the equivalent of “money market funds” (as such term is defined in NI 81-102); or

(III) will purchase or hold securities that are “index participation units” (as such term is defined in NI 81-102) issued by an investment fund;

(d) the Fund will otherwise comply fully with section 2.5 of NI 81-102 in its investment in each Underlying Fund and will provide all disclosure mandated for investment funds investing in other investment funds; and

(e) if the laws applicable to the Underlying Fund that are, as at the date of this decision, substantially similar to Part 2 of NI 81-102 change in a manner that is materially inconsistent with Part 2 of NI 81-102, the Fund shall not acquire any additional securities of any Underlying Fund and shall dispose of the securities of the Underlying Funds then held by it in an orderly and prudent manner;

(ii) in the case of the Cleared Swaps Relief, when any rules applicable to customer clearing of OTC derivatives enter into force the Clearing Corporation is permitted to offer customer clearing of OTC derivatives in Ontario and provided further that:

(a) in respect of the deposit of cash and other portfolio assets as margin, in Canada,

(I) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and

(II) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Fund as at the time of deposit;

(b) in respect of the deposit of cash and other portfolio assets as margin, outside of Canada,

(I) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;

(II) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of $50 million; and

(III) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Fund as at the time of deposit; and

(c) this decision with respect to the Cleared Swaps Relief will terminate on the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives;

(iii) in the case of the OTC Derivatives Counterparty Designated Rating Requirement Relief:

(a) if the Fund enters into, or holds, an OTC Derivative with a counterparty whose equivalent debt does not have a designated rating, the counterparty will deposit, in accordance with industry practice, in favour of the Fund collateral having a mark-to-market value at least equal to the obligation of such counterparty to the Fund under the OTC Derivative; and

(b) if the Fund enters into, or holds, an OTC Derivative with a counterparty whose equivalent debt is rated below the following rating categories:

(I) in the case of long term debt, A (low) in the case of DBRS Limited, A- in the case of each of Fitch, Inc. and S&P, or A3 in the case of Moody's Canada Inc. or, in each case, the applicable DRO affiliate, or

(II) in the case of commercial paper/short term debt, R-2 (high) in the case of DBRS Limited, F2 in the case of Fitch, Inc., A-2 in the case of S&P, or P-2 in the case of Moody's Canada Inc. or, in each case, the applicable DRO affiliate,

then the counterparty will deposit, in accordance with industry practice, an independent amount of collateral in favour of the Fund, together with additional collateral that, separate from the independent amount, has a mark-to-market value at least equal to the obligation of such counterparty to the Fund under the OTC Derivative;

(c) the Fund will not enter into a new relationship with a derivative counterparty unless that counterparty has a minimum credit rating of A- (as rated by S&P), provided, however, that the Fund may enter into a new relationship with such a derivative counterparty if AIGSL's internal credit assessment indicates that the counterparty is a better credit risk than reflected by its credit rating and/or the counterparty is a key liquidity provider that mitigate, at least in part, the counterparty's credit rating;

(d) if the Fund has an existing and ongoing relationship with a derivative counterparty, then, in general, it will not enter into a new transaction with that counterparty if the counterparty is downgraded to a level below BBB+ (as rated by S&P); and

(e) the net mark-to-market value of the Fund's OTC Derivatives positions with any one counterparty, less the market value of any collateral posted by that counterparty in favour of the Fund, will not exceed 10 percent of the net asset value of the Fund; and

(iv) in the case of the Dealer Audited Financial Statements Requirement Relief, the dealer is able to demonstrate that it has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of $50 million.

"Darren McKall"
Manager, Investment Funds and Structured Products Branch

2.1.2 Northair Silver Corp. – s. 1(10)(a)(ii)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer 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 Northair Silver Corp., 2016 ABASC 153

June 6, 2016

Axium Law Corporation
Suite 190, 800 West Pender Street
Vancouver, BC V6C 2V6

Attention: Linda Desaulniers

Dear Madam:

Re: Northair Silver Corp. (the Applicant) – Application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions for a decision under the securities legislation (the **Legislation**) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, 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;

(b) no securities of the Applicant, 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;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.3 Invesco Canada Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief to permit a senior loan fund to borrow cash up to an amount equal to 10% of NAV as a temporary measure to accommodate requests for the redemption of units of the fund – relief needed due to longer settlement times of senior loans – relief subject to numerous conditions – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.6(a)(i), 19.1.

June 17, 2016

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

AND

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

AND

IN THE MATTER OF
INVESCO CANADA LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for an exemption, pursuant to Section 19.1 of National Instrument 81-102 *Investment Funds* ("**NI 81-102"**), from subparagraph 2.6(a)(i) of NI 81-102 to permit Trimark Floating Rate Income Fund (the "**Fund**") to borrow cash in an amount that does not exceed 10% of its net asset value, as a temporary measure to accommodate requests for redemptions of units of the Fund (the "**Exemption Sought**").

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

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

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

Interpretation

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

The following terms shall also have the following meanings:

Designated Counterparty means a person or company, or the direct or indirect parent company of such person or company, whose securities have a "designated rating" as defined in National Instrument 44-101 – *Short Form Prospectus Distributions*.

Drawdown Period means any period of time during which the Fund has outstanding borrowings greater than 5% of the Fund's net asset value.

Unitholder means a beneficial and registered holder of a Unit.

Units means the units of the Fund, and Unit means one of them.

Representations

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

1. The Filer, a corporation incorporated under the laws of the province of Ontario, which has its head office in Toronto, is the manager, trustee and portfolio manager of the Fund.

2. The Filer is not in default of any securities legislation in any of the jurisdictions in Canada.

3. The Fund is: (a) an open-ended mutual fund trust established under the laws of the province of Ontario whose securities are offered for sale to the general public under a simplified prospectus filed in every jurisdiction in Canada (the Prospectus); (b) a reporting issuer in every jurisdiction of Canada; and (c) not in default of any securities legislation in any jurisdiction in Canada.

4. The Fund is subject to and complies with NI 81-102, subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities.

5. The investment objective of the Fund is to seek to generate a high level of current income by investing primarily in floating rate debt instruments (also known as senior loans) of issuers located anywhere in the world.

6. The Fund has disclosure in the Prospectus that the Fund invests primarily in floating rate debt instruments of issuers rated below investment grade, or if not rated, deemed to be below investment grade. Part A of the Prospectus describes Senior Loan Risk, which is included as a primary risk factor of the Fund. In the explanation of Senior Loan Risk, the Filer highlights that senior loans may have longer than normal settlement periods, and that such settlement periods exceed T+ 3.

7. The Fund invests primarily in a portfolio of senior floating rate loans which are generally rated at or below BB+ by Standard & Poors, or Ba1 or less by Moody's Investor Services, Inc., or a similar rating by a designated rating organization (as defined in NI 44-101).

8. The Filer has access to quotations with bid-ask spreads from the major broker-dealers active in the senior loan market, allowing the Filer to monitor and assess the liquidity of the portfolio assets and the market as a whole. The Filer actively monitors earnings reports, price movements and bid-ask spreads of the Fund's portfolio as part of its active management, and monitors compliance to the investment strategy in real-time. The Fund's portfolio of senior loans is actively monitored by the Filer, and the Filer processes all information available to it as part of its daily portfolio management activities.

9. In addition to the ongoing monitoring of the markets and the Fund portfolio assets described above, each individual investment goes through a fundamental credit analysis (qualitative and quantitative), which includes an analysis of the possible downside of the investment, which may be referred to as stress tests, before the actual investment. These analyses will include, amongst other things:

   (a) revenue/EBITDA projections and sensitivity analysis including break-even point;

   (b) margin projections and sensitivity analysis;

   (c) impact of interest rates on cash flows;

   (d) free cash flow analysis; and

   (e) any other specific analysis appropriate for a particular sector and/or investment.

10. Because they are secured against specific collateral of the borrower, senior loans offer a higher likelihood of recovery in the event of a borrower default compared to equivalently rated unsecured high yield bonds. In addition, senior loans have a higher priority claim relative to other debt instruments, increasing the chances of recovery in the event of bankruptcy or reorganization.

11. The vast majority of sales of senior loans between the Fund and a Designated Counterparty will be subject to the standard terms and conditions for par / near par trade confirmations published by the Loan Syndications and Trading Association (the "**Terms**"), which Terms are binding on the parties to the transaction and do not contain any "outs" for force majeure or the stress or dislocation of the senior loan market (the foregoing does not apply in the rare case of a distressed loan).

12. During any Drawdown Period, the purchaser that will be interacting with the Fund with respect to a senior loan will always be a dealer that is a Designated Counterparty.

13. When selecting senior loans, the Filer uses a fundamental analysis to evaluate the investment opportunities of each issuer. When monitoring the risk associated with portfolio investments, the Filer considers whether the Fund is over or under represented in a specific industry sector. The Fund's investments are typically held until maturity but may be sold if attractive opportunities arise.

14. The Fund may invest in other financial instruments that may have economic characteristics similar to floating rate debt instruments. The Fund will typically seek to hedge its 80% or more non-Canadian dollar currency exposure to the Canadian dollar, but has the discretion to hedge less than 80%.

15. Currently, approximately 10% of the Fund's portfolio is comprised of cash and/or securities that will settle within three business days. The Filer plans to continue this practice for the medium term, but has the discretion not to do so.

16. The net asset value per Unit of each class of the Fund is calculated and published daily in the financial press and on the Filer's website at www.invesco.ca.

17. The Fund may make monthly distributions of income, and if monthly distributions are made such distributions would be funded through the net assets of the Fund and not through borrowings.

18. As trustee and manager, the Filer is entitled to receive a fixed annual management fee from each series of Units. Such annual management fees will be calculated as a fixed percentage of the net asset value of the applicable series of Units.

19. The Filer believes that the senior loans that are or will be held by the Fund can be liquidated in an orderly fashion given the size and depth of the overall senior loan market. However, as the time it will take the Fund to settle a senior loan's disposition is typically longer than that of equity securities, the Filer has determined that it is in the best interests of investors for the Fund to have the ability to use a temporary overdraft facility from time to time with a value of up to 10% of its net asset value to assist, if necessary, in meeting redemption requests.

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:

(a) the Fund does not make a distribution to Unitholders where that distribution would impair the ability of the Fund to repay the funds borrowed under the overdraft facility;

(b) the Fund's next renewal prospectus or amendment to prospectus to be filed in connection with the continuous distribution of Units discloses the maximum percentage of assets of the Fund that the borrowing may represent, the Fund's intended use of the amounts borrowed under the overdraft facility, the material terms of the overdraft facility and the risks arising from the borrowing under the overdraft facility; and

(c) the Fund may only borrow cash in excess of 5% of net asset value if all of the following conditions are satisfied:

(i) after giving effect to the borrowing, the outstanding amount of all borrowings of the Fund does not exceed 10% of the net asset value of the Fund;

(ii) the Fund has entered into a fully binding agreement with a Designated Counterparty(s) to sell a senior loan(s) in order to satisfy redemption requests, but the settlement period on the senior loan(s) exceeds three days;

(iii) the amount of cash that the Fund borrows does not exceed the amount of cash that it will receive in respect of the sale of the senior loan(s) referred to in paragraph (d)(ii) above; and

(iv) the Fund has sold all of the securities in its portfolio, other than senior loans, and has used all of its available cash in order to satisfy redemption requests.

The Exemption Sought expires on a date that is 18 months after the date of this decision.

"Vera Nunes"
Manager
Investment Funds and Structured Products
Ontario Securities Commission

2.1.4 WisdomTree Asset Management Canada, Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to exchange traded mutual funds for initial and continuous distribution of units – relief to permit funds' prospectus to include a modified statement of investor rights – relief to permit funds' prospectus to not include an underwriter's certificate – relief from take-over bid requirements for normal course purchases of units on the Toronto Stock Exchange – prospectus form and underwriting certificate relief granted subject to manager filing a prescribed summary document for each fund on SEDAR and other terms and conditions set out in decision document and subject to sunset clause tied to the implementation of proposed amendments to create new ETF Facts document to replace summary document – Securities Act (Ontario) and National Instrument 41-101 – General Prospectus Requirements

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 59(1), 71(1), 95-100, 104(2)(c), 147.
National Instrument 41-101 General Prospectus Requirements, s. 19.1.
Form 41-101F2 Information Required in an Investment Funds Prospectus, Item 36.2.

June 17, 2016

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
WISDOMTREE ASSET MANAGEMENT CANADA, INC.
(the Filer)

AND

WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF,
WISDOMTREE U.S. QUALITY DIVIDEND GROWTH INDEX ETF,
WISDOMTREE INTERNATIONAL QUALITY DIVIDEND GROWTH INDEX ETF,
WISDOMTREE U.S. HIGH DIVIDEND INDEX ETF,
WISDOMTREE U.S. MIDCAP DIVIDEND INDEX ETF,
WISDOMTREE U.S. SMALLCAP DIVIDEND INDEX ETF,
WISDOMTREE U.S. EARNINGS 500 INDEX ETF,
WISDOMTREE EMERGING MARKETS DIVIDEND INDEX ETF,
WISDOMTREE U.S. QUALITY DIVIDEND GROWTH DYNAMIC HEDGED INDEX ETF,
WISDOMTREE INTERNATIONAL QUALITY DIVIDEND GROWTH DYNAMIC HEDGED INDEX ETF,
WISDOMTREE U.S. HIGH DIVIDEND DYNAMIC HEDGED INDEX ETF
(collectively, the PROPOSED FUNDS)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Proposed Funds and such other exchange-traded mutual funds as the Filer, or an affiliate of the Filer, may establish in the future (the **Future ETFs**, and together with the Proposed Funds, the **Funds** and each, a **Fund**) for a decision under the securities legislation of the principal regulator (the **Legislation**) that exempts the Filer and each Fund from:

(a) the requirement to include a certificate of an underwriter in a Fund's prospectus (the **Underwriter's Certificate Requirement**);

(b) the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and the accompanying fee with each of the applicable Jurisdictions (as defined below), in connection with purchases of ETF Securities of the Funds in the normal course through the facilities of the Toronto Stock Exchange or another marketplace (the **Take-over Bid Requirements**); and

(c) the requirement to include in a Fund's prospectus the statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in Item 36.2 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus* (the **Prospectus Form Requirement**)

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

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

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

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and National Instrument 81-102 – *Investment Funds* (**NI 81-102**) have the same meaning if used in this decision, unless otherwise defined.

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

Authorized Dealer means a registered dealer that has entered, or intends to enter, into an agreement with the manager of a Fund authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more Funds on a continuous basis from time to time.

Designated Broker means a registered dealer that has entered, or intends to enter, into an agreement with the Funds to perform certain duties in relation to the Funds, including posting a liquid two-way market for the trading of a Fund's listed securities on the TSX or another marketplace.

ETF Facts means a prescribed summary disclosure document required pursuant to amendments to the Legislation made after the date of this decision, in respect of one or more classes or series of ETF Securities being distributed under a prospectus.

ETF Security means a listed security of a Fund.

Net Asset Value per Unit means in relation to a particular Fund, the net asset value per ETF Security (of a class or series) of the Fund.

Other Dealer means a registered dealer that acts as authorized dealer or designated broker to exchange-traded funds that are not managed by the Filer and that has received relief under a Prospectus Delivery Decision.

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

Prospectus Delivery Decision means a decision granting relief from the Prospectus Delivery Requirement to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer dated August 24, 2015 and any subsequent decision granted to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer that grants similar relief.

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

Securityholders means beneficial and registered holders of ETF Securities.

Summary Document means a document, in respect of one or more classes or series of ETF Securities being distributed under a prospectus, prepared in accordance with Appendix A.

TSX means the Toronto Stock Exchange.

Representations

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

1. The Filer is a corporation incorporated under the laws of the Province of Ontario, with its head office located at 161 Bay Street, 27th Floor, Toronto, Ontario, M5J 2S1. The Filer is not in default of securities legislation in any of the Jurisdictions.

2. The Funds are or will be mutual fund trusts governed by the laws of the Province of Ontario and each Fund will be a reporting issuer under the laws of all of the Jurisdictions. Each Fund offers or will offer one or more classes or series of ETF Securities.

3. Subject to any exemption that may be granted by the applicable securities regulatory authorities, the Funds will be subject to NI 81-102 and Securityholders of each Fund will have the right to vote at a meeting of Securityholders of the Fund in respect of matters prescribed by NI 81-102.

4. The Funds will be in continuous distribution. The ETF Securities of each Fund will be listed on the TSX or another marketplace in Canada.

5. The Filer has filed, or will file, a long form prospectus prepared in accordance with National Instrument 41-101 – *General Prospectus Requirements* on behalf of the Funds, subject to any exemptions that may be granted by the applicable securities regulatory authorities.

6. The Filer is registered as an investment fund manager and exempt market dealer in the Jurisdictions and will be the investment fund manager of the Funds.

7. Mellon Capital Management Corporation (the **Investment Advisor**) will act as investment adviser to the Proposed Funds.

8. The Investment Advisor is an investment advisor located in the United States and is a non-Canadian advisor registered as a portfolio manager with the Ontario Securities Commission under the OSA. The Investment Advisor is also an investment advisor registered with the U.S. Securities and Exchange Commission under the U.S. *Investment Advisers Act of 1940*.

9. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus. A Prescribed Number of ETF Securities (a **Creation Unit**) may generally only be subscribed for or purchased directly from the Funds by Authorized Dealers or Designated Brokers that have entered into an agreement with the Filer. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when there is a trading session on the TSX or other marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the TSX or another marketplace in Canada.

10. The Net Asset Value per ETF Security of each of the Funds will be calculated on any day when there is a trading session on the TSX or other marketplace and will be made available daily on the Filer's website.

11. In addition to subscribing for and re-selling Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market. Other Dealers may also be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer that has entered into an agreement with the Filer.

12. The Authorized Dealers and Designated Brokers will not receive any fees or commissions in connection with the issuance of Creation Units to them. On the issuance of Creation Units of a Fund, the Filer or the Fund may, in the Filer's discretion, charge a fee to the Designated Broker or Authorized Dealer to offset the expenses incurred in issuing the Creation Units.

13. According to Authorized Dealers and Designated Brokers, Creation Units will generally be commingled with other ETF Securities purchased by the Authorized Dealers, Designated Brokers and Affiliate Dealers in the secondary market. As

such, it is not practicable for the Authorized Dealers, Designated Brokers or Affiliate Dealers to determine whether a particular re-sale of ETF Securities involves Creation Units or ETF Securities purchased in the secondary market.

14. Designated Brokers that have entered into an agreement with the Filer perform certain other functions, which include standing in the market with a bid and ask price for ETF Securities for the purpose of maintaining liquidity for the ETF Securities.

15. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, ETF Securities generally will not be able to be purchased directly from a Fund. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of the TSX or another marketplace in Canada. ETF Securities may also be issued directly to investors upon the reinvestment of distributions of income or capital gains.

Exemption from Take-over Bid Requirements

16. Although ETF Securities of the Funds will trade on the TSX and the acquisition of ETF Securities can therefore be subject to the Take-over Bid Requirements:

    (a) it will be difficult for purchasers of ETF Securities to monitor compliance with the Take-over Bid Requirements because the number of outstanding ETF Securities will always be in flux as a result of the ongoing issuance and redemption of ETF Securities by the Fund; and

    (b) the way in which ETF Securities will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding ETF Securities because the market price of the ETF Securities will generally reflect the Net Asset Value of the ETF Securities of the Fund.

17. The application of the Take-over Bid Requirements to the Funds would have an adverse impact on the liquidity of the ETF Securities because they could cause Designated Brokers and other large Securityholders to cease trading ETF Securities once prescribed take-over bid thresholds are reached. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the ETF Securities.

Exemption from Underwriters' Certificate Requirement

18. Authorized Dealers and Designated Brokers will not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting.

19. The Filer will generally conduct its own marketing, advertising and promotion of the Funds.

20. Authorized Dealers and Designated Brokers that have entered into an agreement with the Filer will not be involved in the preparation of a Fund's prospectus, will not perform any review or any independent due diligence of the contents of a Fund's prospectus and will not incur any marketing costs or receive any underwriting fees or commissions from the Funds or the Filer in connection with the distribution of ETF Securities. The Authorized Dealers and Designated Brokers that have entered into an agreement with the Filer generally seek to profit from their ability to create and redeem ETF Securities by engaging in arbitrage trading to capture spreads between the trading prices of ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in ETF Securities.

Exemption from Prospectus Form Requirement

21. Securities regulatory authorities have previously advised that they take the view that the first re-sale of a Creation Unit on the TSX or another marketplace in Canada will generally constitute a distribution of Creation Units under the Legislation and that the Authorized Dealers, Designated Brokers and Affiliate Dealers are subject to the Prospectus Delivery Requirement in connection with such re-sales. Re-sales of ETF Securities in the secondary market that are not Creation Units would not ordinarily constitute a distribution of such ETF Securities.

22. Under a Prospectus Delivery Decision, Authorized Dealers, Designated Brokers and Affiliate Dealers are exempt from the Prospectus Delivery Requirement in connection with the re-sale of Creation Units to investors on the TSX or another marketplace in Canada. Under a Prospectus Delivery Decision, Other Dealers are also exempt from the Prospectus Delivery Requirement in connection with the re-sale of creation units of other exchange-traded funds that are not managed by the Filer.

23. Each Prospectus Delivery Decision includes a condition that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer undertakes that it will, unless it has previously done so, send or deliver to each purchaser of an ETF Security who is a customer of the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, and to whom a trade confirmation is required under the Legislation to be sent or delivered by the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer in connection with the purchase, the latest Summary Document filed in respect of the ETF Security, not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after the purchase of the ETF Security.

24. The Filer will prepare and file with the applicable Jurisdictions on the System for Electronic Document Analysis and Retrieval (**SEDAR**) a Summary Document for each class or series of ETF Securities and will make available to the applicable Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers, the requisite number of copies of the Summary Document for the purpose of facilitating their compliance with the Prospectus Delivery Decision within the timeframe necessary to allow Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers to effect delivery of the Summary Document as contemplated in the Prospectus Delivery Decision.

25. The Exemption Sought from the Prospectus Form Requirement is required to reflect the relief provided in the Prospectus Delivery Decision. Accordingly, the Filer will include language in each Fund's prospectus explaining the impact on a purchaser's statutory rights as a result of the Prospectus Delivery Decision in replacement of the language prescribed by the Prospectus Form Requirement.

Generally

26. The securities regulatory authorities are developing proposed rule amendments that will require the Filer to file an ETF Facts, in respect of each class or series of ETF Securities of a Fund in connection with the filing of a prospectus. If the amendments are adopted, the requirement to file an ETF Facts will supersede the requirement to file a Summary Document under this decision. Since the introduction of the ETF Facts will likely be subject to a transition period, there may be a period of time where some exchange-traded funds have an ETF Facts while others have a Summary Document. If the Filer files an ETF Facts with respect to a class or series of ETF Securities, the Filer will use such ETF Facts instead of a Summary Document to satisfy its obligations under this decision with respect to any purchase in such class or series of ETF Securities that occurs after the filing of such ETF Facts.

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 Exemption Sought in respect of the Underwriters' Certificate Requirement and Prospectus Form Requirement is granted, provided that the Filer will be in compliance with the following conditions:

(a) the Filer files with the applicable Jurisdictions on SEDAR the Summary Document for each class or series of ETF Securities concurrently with the filing of the final prospectus for that Fund;

(b) the Filer displays on its website in a manner that would be considered prominent to a reasonable investor the Summary Document for each class or series of ETF Securities for each Fund;

(c) the Filer amends the Summary Document at the same time it files any amendments to the ETF's prospectus that affect the disclosure in the Summary Document and files the amended Summary Document with the applicable Jurisdictions on SEDAR and makes it available on its website in a manner that would be considered prominent to a reasonable investor;

(d) the Filer provides or makes available to each Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, the number of copies of the Summary Document of each ETF Security that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer reasonably requests in support of compliance with its respective Prospectus Delivery Decision;

(e) each Fund's prospectus:

(i) incorporates the relevant Summary Document by reference;

(ii) contains the disclosure referred to in paragraph 25 above; and

(iii) discloses both this decision and the Prospectus Delivery Decision under Item 34.1 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus – Exemptions and Approvals*.

(f) the Filer obtains an executed acknowledgement from each Authorized Dealer, Designated Broker and Affiliate Dealer, and uses its best efforts to obtain an acknowledgment from each Other Dealer:

(i) indicating its election, in connection with the re-sale of Creation Units on the TSX or another marketplace in Canada, to send or deliver the Summary Document in accordance with a Prospectus Delivery Decision or, alternatively, to comply with the Prospectus Delivery Requirement; and

(ii) if the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer agrees to deliver the Summary Document in accordance with a Prospectus Delivery Decision:

(A) an undertaking that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer will attach or bind one ETF's Summary Document with another ETF's Summary Document only if the documents are being sent or delivered under the Prospectus Delivery Decision at the same time to an investor purchasing ETF Securities of each such Fund; and

(B) confirming that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer has in place written policies and procedures to ensure that it is in compliance with the conditions of the Prospectus Delivery Decision;

(g) the Filer will keep records of which Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers, have provided it with an acknowledgement under a Prospectus Delivery Decision, and which intend to rely on and comply with the Prospectus Delivery Decision or intend to comply with the Prospectus Delivery Requirement;

(h) the Filer files with its principal regulator, to the attention of the Director, Investment Funds and Structured Products Branch, on or before January 31st in each calendar year, a certificate signed by its ultimate designated person certifying that, to the best of the knowledge of such person, after making due inquiry, the Filer has complied with the terms and conditions of this decision during the previous calendar year;

(i) if the Filer files an ETF Facts instead of a Summary Document with respect to a class or series of ETF Securities, the latest ETF Facts filed in respect of such class or series of ETF Securities must be substituted for a Summary Document in order to satisfy the foregoing conditions with respect to any purchase in such class or series of ETF Securities that occurs after the date of filing such ETF Facts; and

(j) conditions (a), (b), (c) and (e)(i) above do not apply to the Exemption Sought with respect to a class or series of an ETF Security if the Filer files an ETF Facts for such class or series of the ETF Security;

(k) conditions (d), (e)(ii), (e)(iii), (f), (g) and (h) above do not apply to the Exemption Sought after any new legislation or rule dealing with the Prospectus Delivery Decision takes effect and any applicable transition period has expired.

The decision of the principal regulator is that the Exemption Sought in respect of the Take-over Bid Requirements is granted.

The Exemption Sought from the Prospectus Form Requirement, as it relates to one or more of the Jurisdictions, will terminate on the latest of: (i) the coming into force of any legislation or rule dealing with the Exemption Sought from the Prospectus Form Requirement or (ii) the end date of any applicable transition period for any legislation or rule dealing with the Exemption Sought from the Prospectus Form Requirement.

As to the Exemption Sought from the Underwriter's Certificate Requirement and the Take-over Bid Requirements.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Janet Leiper"
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Prospectus Form Requirement.

"Vera Nunes"
Manager, Investment Funds & Structured Products
Ontario Securities Commission

APPENDIX A

Contents of Summary Document

General Instructions:

1. *Items 1 to 10 represent the minimum disclosure required in a Summary Document for a fund. The inclusion of additional information is not precluded so long as the Summary Document does not exceed a total of four pages in length (two pages double-sided).*

2. *Terms defined in National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices or National Instrument 81-106 Investment Fund Continuous Disclosure and used in this Summary Document have the meanings that they have in those national instruments.*

3. *Information in the Summary Document must be clear and concise and presented in plain language.*

4. *The format and presentation of information in the Summary Document is not prescribed but the information must be presented in a manner that assists in readability and comprehension.*

5. *The order of the Items outlined below is not prescribed, except for Items 1 and 2, which must be presented as the first 2 items in the Summary Document.*

6. *Each reference to a fund in this Appendix A refers to an ETF as defined in the decision above.*

Item 1 – Introduction

Include at the top of the first page a heading consisting of:

(a) the title “Summary Document”;

(b) the name of the manager of the fund;

(c) the name of the fund to which the Summary Document pertains; and

(d) the date of the document.

Item 2 – Cautionary Language

Include a statement in italics in substantially the following form:

“The following is a summary of the principal features of this fund. You can find more detailed information about the fund in the prospectus. The prospectus is available on [insert name of the manager of the fund] website at [insert manager of the fund website], or by contacting [insert name of the manager of the fund] at [insert manager of the fund’s email address], or by calling [insert telephone number of the manager of the fund].”

Item 3 – Fund Details

Include the following disclosure:

(a) ticker symbol;

(b) fund identification code(s);

(c) index ticker (as applicable);

(d) exchange;

(e) currency;

(f) inception date;

(g) RSP eligibility;

(h) DRIP eligibility;

(i) expected frequency and timing of distributions, and if applicable, the targeted amount for distributions;

(j) management expense ratio, if available; and

(k) portfolio manager, when the fund is actively managed.

Item 4 – Investment Objectives

Include a description of the fundamental nature of the fund, or the fundamental features of the fund that distinguishes it from other funds.

INSTRUCTIONS:

Include a description of what the fund primarily invests in, or intends to primarily invest in, such as

(a) a description of the fund, including what the fund invests in, and if it is trying to replicate an index, the name of the index, and an overview of the nature of securities covered by the index or the purpose of the index; and

(b) the key investment strategies of the fund.

Item 5 – Investments of the Fund

1. Include a table disclosing:

(a) the top 10 positions held by the fund; and

(b) the percentage of net asset value of the fund represented by the top 10 positions.

2. Include at least one, and up to two, charts or tables that illustrate the investment mix of the fund's investment portfolio.

INSTRUCTIONS:

(a) The information required under this Item is intended to give a snapshot of the composition of the fund's investment portfolio. The information required to be disclosed under this Item must be as at a date within 60 days before the date of the Summary Document.

(b) The information required under Item 5(2) must show a breakdown of the fund's investment portfolio into appropriate subgroups and the percentage of the aggregate net asset value of the fund constituted by each subgroup. The names of the subgroups are not prescribed and can include security type, industry segment or geographic location. The fund should use the most appropriate categories given the nature of the fund. The choices made must be consistent with disclosure provided under "Summary of Investment Portfolio" in the fund's MRFP.

(c) For new funds where the information required to be disclosed under this Item is not available, provide a brief statement explaining why the required information is not available.

Item 6 – Risk

1. Include a statement in italics in substantially the following form:

"All investments involve risk. When you invest in the fund the value of your investment can go down as well as up. For a description of the specific risks of this fund, see the fund's prospectus."

2. If the cover page of the fund's prospectus contains text box risk disclosure, also include a description of those risk factors in the Summary Document.

Item 7 – Fund Expenses

1. Include an introduction using wording similar to the following:

"You don't pay these expenses directly. They affect you because they reduce the fund's returns."

2. Provide information about the expenses of the fund in the form of the following table:

	Annual rate (as a % of the fund's value)
Management expense ratio (MER)	
This is the total of the fund's management fee and operating expenses.	
Trading expense ratio (TER)	
These are the fund's trading costs.	
Fund expenses	
The amount included for fund expenses is the amount arrived at by adding the MER and the TER.	

3. If the information in (2) is unavailable because the fund is new including wording similar to the following:

"The fund's expenses are made up of the management fee, operating expenses and trading costs. The fund's annual management fee is [ ]% of the fund's value. Because this fund is new, its operating expenses and trading costs are not yet available."

INSTRUCTIONS:

Use a bold font or other formatting to indicate that fund expenses is the total of all ongoing expenses set out in the chart and is not a separate expense charged to the fund.

Item 8 – Trailing Commissions

1. If the manager of the fund or another member of the fund's organization pays trailing commissions, include a brief description of these commissions.

2. The description of any trailing commission must include a statement in substantially the following words:

"The trailing commission is paid out of the management fee. The trailing commission is paid for as long as you own the fund."

Item 9 – Other Fees

1. Provide information about the amount of fees payable by an investor, other than those already described or payable by designated brokers and underwriters.

2. Include a statement using wording similar to the following:

"You may pay brokerage fees to your dealer when you purchase and sell units of the fund."

INSTRUCTIONS:

(a) Examples include any redemption charges, sales charges or other fees, if any, associated with buying and selling securities of the fund.

(b) Provide a brief description of each fee disclosing the amount to be paid as a percentage (or, if applicable, a fixed dollar amount) and state who charges the fee.

Item 10 – Statement of Rights

State in substantially the following words:

Under securities law in some provinces and territories, you have:

- *the right to cancel your purchase within 48 hours after you receive confirmation of the purchase, or*

- *other rights and remedies if this document or the fund's prospectus contains a misrepresentation. You must act within the time limit set by the securities law in your province or territory.*

For more information, see the securities law of your province or territory or ask a lawyer.

Item 11 – Past Performance

If the fund includes past performance:

1. Include an introduction using wording similar to the following:

   This section tells you how the fund has performed over the past [insert the lesser of 10 years or the number of completed calendar years] years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

   It's important to note that this doesn't tell you how the fund will perform in the future as past performance may not be repeated. Also, your actual after-tax return will depend on your personal tax situation.

2. Show the annual total return of the fund, in chronological order for the lesser of:

   (a) each of the 10 most recently completed calendar years; and

   (b) each of the completed calendar years in which the fund has been in existence and which the fund was a reporting issuer.

3. Show the

   (a) final value, of a hypothetical $1,000 investment in the fund as at the end of the period that ends within 60 days before the date of the Summary Document and consists of the lesser of:

      (i) 10 years, or

      (ii) the time since inception of the fund, and

   (b) the annual compounded rate of return that would equate the initial $1,000 investment to the final value.

INSTRUCTIONS:

In responding to the requirements of this Item, a fund must comply with the relevant sections of Part 15 of National Instrument 81-102 Mutual Funds as if those sections applied to a Summary Document.

Item 12 – Benchmark Information

If the Summary Document includes benchmark information, ensure this information is consistent with the fund's MRFP and presented in the same format as Item 11.

2.1.5 TD Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a), (b), (c) and (e) of National Instrument 81-102 Investment Funds to allow mutual funds to invest in ETFs in Canada and the United States, and to allow the top funds to pay brokerage commissions for the purchase and sale of the securities of the underlying ETFs – Underlying ETFs are subject to NI 81-102 or the United States Investment Company Act of 1940 – Investments in U.S. ETFs limited to 10% of net asset value – Relief subject to terms and conditions based on investment restrictions of NI 81-102 such that top funds cannot do indirectly via investment in underlying ETFs what they cannot do directly under NI 81-102.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a), (b), (c) and (e), 19.1.

May 27, 2016

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
TD ASSET MANAGEMENT INC.
("TDAM")

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the "**Application**") from TDAM under the securities legislation of the principal regulator (the "**Legislation**") on behalf of mutual funds subject to National Instrument 81-102 *Investment Funds* ("**NI 81-102**") that it currently manages (the "**Existing Funds**") and such mutual funds as may be managed by TDAM in the future (the "**Future Funds**", and together with the Existing Funds, the "**Funds**" and each individually, a "**Fund**") for a decision providing an exemption (the "**Requested Relief**") from the following provisions of NI 81-102 in order to permit the Funds to invest in securities of exchange-traded funds that are not index participation units (the "**Underlying ETFs**"):

(a) subsection 2.1(1) of NI 81-102 (the "**Concentration Restriction**") to permit each Fund to purchase securities of an Underlying ETF or enter into a specified derivatives transaction with respect to an Underlying ETF even though, immediately after the transaction, more than 10% of the net asset value ("**NAV**") of the Fund would be invested, directly or indirectly, in securities of the Underlying ETF (the "**Concentration Relief**");

(b) paragraph 2.2(1)(a) of NI 81-102 (the "**Control Restriction**") to permit each Fund to purchase securities of an Underlying ETF such that, after the purchase, the Fund would hold securities representing more than 10% of:

  (i) the votes attaching to the outstanding voting securities of the Underlying ETF; or

  (ii) the outstanding equity securities of the Underlying ETF (the "**Control Relief**");

(c) paragraph 2.5(2)(a) of NI 81-102 to permit each Fund to invest in securities of Underlying ETFs that do not offer securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("**NI 81-101**") and that may not be subject to NI 81-102;

(d) paragraph 2.5(2)(b) of NI 81-102 to permit each Fund to invest in securities of an Underlying ETF which may be structured as a fund-of-fund (the "**Three-Tier Relief**");

(e) paragraph 2.5(2)(c) of NI 81-102 to permit each Fund to invest in securities of U.S. Underlying ETFs (as defined below); and

(f) paragraph 2.5(2)(e) of NI 81-102 to permit each Fund to pay brokerage fees in relation to its purchase and sale of securities of a Related Underlying ETF (defined below) (the "**Brokerage Fee Relief**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) TDAM has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (together with Ontario, the "**Jurisdictions**" and individually a "**Jurisdiction**").

Interpretation

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

In addition, the terms below have the following meanings:

"Canadian Underlying ETF" means an Underlying ETF whose securities are listed for trading on a stock exchange in Canada.

"Related Underlying ETF" means an Underlying ETF that is managed by TDAM, or an affiliate or associate of TDAM.

"U.S. Underlying ETF" means an Underlying ETF whose securities are listed for trading on a stock exchange in the United States.

Representations

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

1. TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank and is registered under the *Securities Act* (Ontario) in the categories of investment fund manager, portfolio manager, exempt market dealer and, under the *Commodity Futures Act* (Ontario), in the category of commodity trading manager. In Jurisdictions other than Ontario, TDAM is registered as follows: (i) as a portfolio manager and exempt market dealer in such Jurisdictions; and (ii) as an investment fund manager in Newfoundland and Quebec. TDAM's head office is in Toronto, Ontario.

2. TDAM is, or will be, the manager of the Funds.

3. Neither TDAM nor the Existing Funds are in default of securities legislation in any Jurisdiction.

The Funds

4. The Funds are, or will be, open-ended mutual funds or exchange traded open-ended mutual funds organized and governed by the laws of a jurisdiction of Canada.

5. Each Fund distributes, or will distribute, its securities pursuant to a simplified prospectus prepared pursuant to NI 81-101 and Form NI 81-101F1 *Contents of Simplified Prospectus* ("**Form 81-101F1**") or a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**") and Form 41-101F2 *Information Required in an Investment Fund Prospectus* ("**Form 41-101F2**") and is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

6. The Funds are, or will be, reporting issuers in one or more province and territory of Canada in which their securities are distributed.

7. Each Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**").

8. The Funds may, from time to time, wish to invest in Underlying ETFs.

The Underlying ETFs

9. An Underlying ETF will not meet the definition of index participation unit ("**IPU**") as set out in NI 81-102 because it will not:

   (a) hold securities that are included in a specified widely quoted index in substantially the same proportion as those securities are reflected in that index; or

   (b) invest in a manner that causes the Underlying ETF to replicate the performance of that index.

10. The securities of an Underlying ETF are, or will be, listed on a recognized exchange in Canada or the United States and the market for them is, or will be, liquid because it is, or will be, supported by designated brokers. As a result TDAM expects a Fund to be able to dispose of such securities through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.

11. Other than as described in paragraphs 30 to 34 below, no Underlying ETF will hold more than 10% of its NAV in securities of another investment fund unless (i) the other investment fund is a clone fund or money market fund, as defined in NI 81-102; or (ii) securities of the other investment fund are IPUs.

12. No Underlying ETF will pay management or incentive fees which to a reasonable person would duplicate a fee payable by the applicable Fund for the same service.

13. Absent the Requested Relief, an investment by a Fund in an Underlying ETF would be prohibited by paragraph 2.5(2)(a) of NI 81-102 because such Underlying ETF may not be subject to NI 81-102 and does not offer its securities under a simplified prospectus in accordance with NI 81-101. An investment by a Fund in an Underlying ETF would not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the Underlying ETF are not IPUs.

The Canadian Underlying ETFs

14. Each Canadian Underlying ETF is, or will be, an open-ended mutual fund subject to NI 81-102, subject to any exemption therefrom that may be granted by the securities regulatory authorities.

15. Securities of each Canadian Underlying ETF are, or will be:

   (a) distributed pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 or a simplified prospectus prepared pursuant to NI 81-101 and Form 81-101F1; and

   (b) listed on the Toronto Stock Exchange ("**TSX**") or another "recognized exchange" in Canada, as that term is defined in securities legislation.

16. Because securities of each Canadian Underlying ETF are, or will be, distributed pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 or a simplified prospectus pursuant to NI 81-101 and Form 81-101F1, each Canadian Underlying ETF is, or will be, a reporting issuer in the provinces and territories of Canada in which its securities are, or will be, distributed.

17. Each Canadian Underlying ETF is, or will be, subject to NI 81-107 generally and in respect of conflict of interest matters to which NI 81-107 applies.

18. TDAM, or an affiliate or associate of TDAM, may qualify for distribution securities of the Related Underlying ETFs whose securities do not meet the definition of IPU, as set out in NI 81-102. The Funds may, from time to time, wish to invest in such Related Underlying ETFs.

19. Each Related Underlying ETF will be a Canadian Underlying ETF or U.S. Underlying ETF.

The U.S. Underlying ETFs

20. Each U.S. Underlying ETF is, or will be, a publicly offered mutual fund subject to the United States *Investment Company Act of 1940* (the "**Investment Company Act**").

21. TDAM has concluded that it could not currently gain exposure to applicable asset classes, sectors and/or markets entirely through existing Canadian fund alternatives such as Canadian exchange-traded funds. Currently, the U.S.

Underlying ETFs provide significantly broader exposure to asset classes, sectors and markets than those available from existing Canadian exchange-traded funds or fund alternatives. As the Canadian market for actively-managed exchange-traded funds and fund alternatives evolves, TDAM may consider such products as a vehicle to achieve the investment objectives of a Fund.

22. Absent the Requested Relief, an investment by a Fund in a U.S. Underlying ETF would be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such U.S. Underlying ETF is not a reporting issuer in the local jurisdiction.

23. TDAM submits that having the option to allocate a very limited portion of each Fund's assets to U.S. Underlying ETFs will increase diversification opportunities and improve a Fund's overall risk/reward profile.

24. A key benefit of investing in the Underlying ETFs, including the U.S. Underlying ETFs, is improved portfolio diversification and potentially enhanced returns. For example:

    (a) an investment in the Underlying ETFs will provide the Funds with access to specialized knowledge, expertise and/or analytical resources of the investment adviser to the Underlying ETFs;

    (b) the Underlying ETFs provide a potentially better risk profile and improved liquidity/tradability than direct holdings of asset classes to which the Underlying ETFs provide exposure; and

    (c) the investment strategies of the U.S. Underlying ETFs offer significantly broader exposure to asset classes, sectors and markets than those available in the existing Canadian exchange-traded fund market.

The Concentration Relief and Control Relief

25. An investment in an Underlying ETF by a Fund is an efficient and cost effective alternative to administering one or more investment strategies similar to that of the Underlying ETF.

26. An investment in an Underlying ETF by a Fund should pose limited investment risk to the Fund because each Underlying ETF will be subject to NI 81-102 or the Investment Company Act, subject to any exemption therefrom that may in the future be granted by the securities regulatory authorities.

27. Due to the potential size disparity between the Funds and the Underlying ETFs, it is possible that a relatively small investment, on a percentage of NAV basis, by a relatively larger Fund in securities of an Underlying ETF could result in such Fund holding securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the Underlying ETF; or (ii) the outstanding equity securities of that Underlying ETF, contrary to the Control Restriction.

28. Absent the Concentration Relief and the Control Relief, an investment by a Fund in securities of an Underlying ETF will not qualify for the exemptions set out in:

    (a) paragraph 2.1(2)(d) of NI 81-102 from the Concentration Restriction; and

    (b) paragraph 2.2(1.1)(b) of NI 81-102 from the Control Restriction;

    because securities of the Underlying ETFs are not IPUs.

29. The material difference between the securities of an Underlying ETF and the securities of a conventional mutual fund is the method of distribution and disposition.

The Three-Tier Relief

30. An Underlying ETF may be structured as a "fund-of-fund" to achieve economies of scale. The Underlying ETF may invest in a separate series of a master trust or separate class of a corporation. The master trust or corporation in turn invests in, or obtains exposure to, certain asset classes, sectors and/or markets. Economies of scale may be achieved by centralizing investments at the master trust or corporate level. In the absence of such structure, each series or class would need to attract sufficient assets to invest in, or gain exposure to, applicable investments.

31. Absent the Three-Tier Relief, an investment by a Fund in an Underlying ETF that invests substantially all of its assets in securities of another investment fund would be prohibited by paragraph 2.5(2)(b) of NI 81-102, as more than 10% of the NAV of the Underlying ETF would be invested in securities of other investment funds.

32. NI 81-102 defines a "clone fund" to mean an "investment fund that has adopted a fundamental investment objective to track the performance of another investment fund". An investment by a Fund in an Underlying ETF may not qualify for the exception in paragraph 2.5(4)(a) of NI 81-102, as the Underlying ETF may not meet the strict definition of "clone fund" where such Underlying ETF has not adopted a fundamental investment objective to track the performance of another investment fund.

33. In such a case, other than the fact that the Underlying ETF's investment objective does not specifically state that it will track the performance of another investment fund, the Underlying ETF would satisfy the definition of "clone fund", as it has adopted a fundamental investment objective akin to that of its underlying fund. In this decision, such an Underlying ETF is referred to as a "**Technical Clone Fund**".

34. TDAM submits that to the extent that an Underlying ETF is a Technical Clone Fund a three-tier "fund-on-fund" structure should be permissible.

The Brokerage Fee Relief

35. The trades conducted by a Fund may not be of the size necessary for the Fund to be eligible to purchase or exchange securities of a Related Underlying ETF directly from the Related Underlying ETF at its NAV per security. Trades in securities of a Related Underlying ETF are therefore likely to be conducted by a Fund in the secondary market through the facilities of a recognized exchange. Absent the Brokerage Fee Relief, paragraph 2.5(2)(e) of NI 81-102 would not permit a Fund to pay brokerage fees incurred in connection with a Related Underlying ETF.

36. All brokerage fees related to trades in securities of Related Underlying ETFs will be borne by the Funds in the same manner as any other portfolio transactions made on an exchange.

37. If a Fund trades in securities of a Related Underlying ETF with or through an affiliate or associate of TDAM acting as dealer, TDAM will comply with its obligations under NI 81-107 in respect of any proposed related party transactions. These related party transactions will be disclosed to securityholders of the applicable Fund in its management report of fund performance.

38. None of the U.S. Underlying ETFs are Related Underlying ETFs.

The Other ETF Decision

39. The Funds previously received exemptive relief on October 5, 2010 (the "**Other ETF Decision**") to permit the Funds to invest in securities of Leveraged ETFs, Inverse ETFs and Leveraged Gold ETFs (as such terms are defined in the Other ETF Decision, collectively, the "**Other ETFs**") that are not IPUs.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that:

(a) the investment by a Fund in securities of an Underlying ETF is in accordance with the investment objectives of the Fund;

(b) in respect of a Fund's purchase of securities of Underlying ETFs other than Related Underlying ETFs, a Fund does not purchase securities of such Underlying ETFs if, immediately after the purchase, more than 30% of the NAV of the Fund in aggregate, taken at market value at the time of purchase, would consist of securities of such Underlying ETFs;

(c) a Fund does not purchase securities of a U.S. Underlying ETF (including a related U.S. Underlying ETF) if, immediately after the purchase, more than 10% of the NAV of the Fund in aggregate, taken at market value at the time of the purchase, would consist of securities of U.S. Underlying ETFs;

(d) a Fund does not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the NAV of the Fund in aggregate, taken at market value at the time of the purchase, would consist of a combination of securities of Underlying ETFs and Other ETFs that provide leverage exposure, further to the Other ETF Decision;

(e) a Fund does not short sell securities of an Underlying ETF;

(f) an Underlying ETF is not a commodity pool as defined in National Instrument 81-104 *Commodity Pools* or under applicable U.S. laws and its investment adviser is not required to register as a commodity pool operator in the United States in connection with the U.S. Underlying ETFs;

(g) the Canadian Underlying ETF does not rely on exemptive relief from the requirements of:

(i) section 2.3 of NI 81-102 regarding the purchase of physical commodities;

(ii) sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or

(iii) paragraphs 2.6(a) and 2.6(b) of NI 81-102 with respect to the use of leverage;

(h) securities of each Underlying ETF are listed on a recognized exchange in Canada or the United States;

(i) each U.S. Underlying ETF is, immediately before purchase by a Fund of securities of that U.S. Underlying ETF, an investment company subject to the Investment Company Act in good standing with the United States Securities and Exchange Commission;

(j) in respect of the Three-Tier Relief, the Underlying ETF is a Technical Clone Fund; and

(k) t he prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Requested Relief to permit investments in Underlying ETFs on the terms described in this decision.

"Vera Nunes"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.6 Brookfield Business Partners L.P.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – issuer holds all of its properties through limited partnership – entity holds units in limited partnership which are exchangeable into and in all material respects the economic equivalent to the issuer's publicly traded units – issuer may include entity's indirect interest in issuer when calculating market capitalization for the purposes of using the 25% market capitalization exemption for certain related party transactions.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.5(a), 5.7(a), 9.1.

June 20, 2016

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
BROOKFIELD BUSINESS PARTNERS L.P.
(THE "FILER")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") exempting the Filer, pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), from the requirements of section 5.4 of MI 61-101 (the "**Formal Valuation Requirement**") and the requirements of section 5.6 of MI 61-101 (the "**Minority Approval Requirement**"), in each case relating to any related party transaction of the Filer entered into indirectly through Brookfield Business L.P. ("**Holding LP**") or any other subsidiary entity of Holding LP, if that transaction would qualify for the transaction size exemptions set out in sections 5.5(a) and 5.7(a) of MI 61-101 if the indirect limited partnership interest in the Filer, which is held by Brookfield Asset Management Inc. ("**BAM**") in the form of redeemable-exchangeable limited partnership units of Holding LP, were included in the calculation of the Filer's market capitalization (collectively, the "**Requested Relief**").

The structure for the Filer and Holding LP described above was formalized upon the completion of a transaction on June 20, 2016 (the "**Transaction**") in which: (a) certain business services and industrial operations of BAM were transferred to various holding companies controlled by Holding LP, a Bermuda exempted limited partnership formed by BAM and the Filer; and (b) BAM made a special dividend to holders of its Class A limited voting shares and Class B limited voting shares of limited partnership units ("**LP Units**") in the Filer, a Bermuda exempted limited partnership formed by BAM. On completion of the Transaction, the Filer's sole direct investment is a managing general partnership interest in Holding LP.

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in Quebec.

Interpretation

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

Representations

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

1. The Filer is a Bermuda exempted limited partnership that was established on January 18, 2016.

2. Holding LP is a Bermuda exempted limited partnership that was established on January 18, 2016.

3. The Filer is a reporting issuer in each of the provinces and territories of Canada. The Filer is not in default of any requirements of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The LP Units are listed on the New York Stock Exchange (the "**NYSE**") under the symbol "BBU" and the Toronto Stock Exchange (the "**TSX**") under the symbol "BBU.UN".

5. Brookfield Business Partners Limited ("**BBP GP**"), a Bermuda company and a wholly-owned subsidiary of BAM, is the sole general partner of the Filer through its ownership of all of the managing general partnership interests in the Filer, which represent 0.2% of the partnership interests in the Filer.

6. The Filer has entered into a master services agreement (the "**Master Services Agreement**") with certain subsidiaries of BAM to provide the Filer, Holding LP and certain subsidiaries of Holding LP with management and other services.

7. The LP Units are non-voting limited partnership units and the Filer's general partner, being BBP GP, controls the Filer.

8. The Filer is the sole general partner of Holding LP through its ownership of all of the managing general partnership interests in Holding LP, which represent 49% of the partnership interests in Holding LP and is the Filer's sole direct investment.

9. The limited partnership interest in Holding LP is held by BAM through its direct or indirect ownership of redemption-exchange units (the "**Redemption-Exchange Units**") and special limited partnership units ("**Special Limited Partnership Units**"). The Redemption-Exchange Units are subject to a redemption-exchange mechanism pursuant to which BAM is able to acquire LP Units in exchange for its Redemption-Exchange Units on a one-for-one basis. The Special Limited Partnership Units entitle BAM to receive incentive distributions calculated as: (a) 20% of the growth in the market value of the LP Units quarter-over-quarter multiplied by (b) the number of LP Units outstanding at the end of the quarter (assuming full conversion of the Redemption-Exchange Units into LP Units).

10. The Redemption-Exchange Units effectively represent an ownership interest in the Filer rather than Holding LP and are, in all material respects, economically equivalent to the LP Units.

11. At any time after two years from June 20, 2016, BAM has the right to require Holding LP to redeem all or a portion of the Redemption-Exchange Units for cash, subject to the Filer's right to acquire such interests (in lieu of redemption) in exchange for LP Units, as described below. BAM may exercise its right of redemption by delivering a notice of redemption to Holding LP and the Filer. After presentation for redemption, BAM will receive, subject to the Filer's rights described below, for each Redemption-Exchange Unit that is presented, cash in an amount equal to the market value of one LP Unit multiplied by the number of Redemption-Exchange Units to be redeemed (as determined by reference to the five day volume-weighted average of the trading price of LP Units on the principal stock exchange for the LP Units based on trading volumes). Upon its receipt of the redemption notice, the Filer will have a right to elect, at its sole discretion, to acquire all (but not less than all) of the Redemption-Exchange Units presented to Holding LP for redemption in exchange for LP Units, on a one-for-one basis. Based on the number of LP Units issued pursuant to the Transaction, if BAM exercised its redemption right in full and the Filer exercised its right to acquire BAM's limited partnership interest in Holding LP in exchange for LP Units: (a) BAM would hold LP Units in the Filer representing approximately 78% of the partnership interests in the Filer; and (b) the Filer would continue to hold all of the managing general partnership interests in Holding LP, which would represent approximately 99.9% of the partnership interests in Holding LP.

12. The board of directors of the general partner of the Filer has approved a conflicts policy which addresses the approval and other requirements for transactions in which there is a greater potential for a conflict of interest to arise. These transactions include: (a) the dissolution of the Filer; (b) any material amendment to the Master Services Agreement, the Filer's limited partnership agreement or Holding LP's limited partnership agreement; (c) any material service agreement

or other arrangement pursuant to which BAM or its affiliates other than the Filer and its related entities ("**Brookfield**") will be paid a fee, or other consideration other than any agreement or arrangement contemplated by the Master Services Agreement; (d) co-investments by the Filer and its related entities with Brookfield; (e) acquisitions by the Filer and its related entities from, and dispositions by the Filer and its related entities to, Brookfield; (f) any other material transaction involving the Filer and its related entities and Brookfield; and (g) termination of, or any determinations regarding indemnifications under, the Master Services Agreement. The conflicts policy requires the transactions described above to be approved by the governance and nominating committee of the board of directors of the general partner of the Filer. Pursuant to the conflicts policy, the governance and nominating committee of the board of directors of the general partner of the Filer may grant prior approvals for any of these transactions in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby.

13. It is anticipated that the Filer will from time to time enter into transactions with certain related parties, including BAM and its affiliates other than the Filer and its related entities, indirectly through Holding LP and its direct and indirect wholly-owned subsidiaries.

14. If Part 5 of MI 61-101 applies to a related party transaction by an issuer and the transaction is not otherwise exempt: (a) the issuer must obtain a formal valuation of the transaction in a form satisfying the requirements of MI 61-101 by an independent valuator; and (b) the issuer must obtain approval of the transaction by disinterested holders of the affected securities of the issuer (the "**Minority Protections**").

15. A related party transaction that is subject to MI 61-101 may be exempt from the Minority Protections if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, exceeds 25% of the issuer's market capitalization (the "**Transaction Size Exemption**").

16. It is unclear whether the Filer will be entitled to rely on the Transaction Size Exemption available under the Legislation because the definition of "market capitalization" in the Legislation does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.

17. The Redemption-Exchange Units represent part of the equity value of the Filer and are, in all material respects, economically equivalent to the LP Units. Taken together, the effect of BAM's redemption right and the Filer's right of exchange is that BAM will receive LP Units, or the value of such units, at the election of the Filer. Moreover, the economic interests that underlie the Redemption-Exchange Units are identical to those underlying the LP Units; namely, the assets and operations held directly or indirectly by Holding LP.

18. If the Redemption-Exchange Units are not included in the market capitalization of the Filer, the equity value of the Filer will be understated by the value of BAM's limited partnership interest in Holding LP. As a result, related party transactions by the Filer that are entered into indirectly through Holding LP may be subject to the Minority Protections in circumstances where the fair market value of the transactions are effectively less than 25% of the fully diluted market capitalization of the Filer.

19. The inclusion of the Redemption-Exchange Units when determining the Filer's market capitalization is consistent with the logic of including unlisted equity securities of the issuer which are convertible into listed securities of the issuer in determining an issuer's market capitalization in that both are securities that are considered part of the equity value of the issuer whose value is measured on the basis of the listed securities into which they are convertible or exchangeable.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that:

1. the transaction would qualify for the Transaction Size Exemption contained in the Legislation if the Redemption-Exchange Units were considered an outstanding class of equity securities of the Filer that were convertible into LP Units;

2. there be no material change to the terms of the Redemption-Exchange Units, including the exchange rights associated therewith, as described above; and

3. any annual information form or equivalent of the Filer that is required to be filed in accordance with applicable securities laws contain the following disclosure, with any immaterial modifications as the context may require:

> "Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. Brookfield Business Partners L.P. ("**BBP**") has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of BBP's market capitalization, if the indirect equity interest in BBP, which is held in the form of redeemable-exchangeable limited partnership units of Brookfield Business L.P. ("**Holding LP**"), is included in the calculation of BBP's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements apply, is increased to include the approximately ●% indirect interest in BBP held in the form of redeemable-exchangeable limited partnership units of Holding LP."

"Naizam Kanji"
Director, Office of Mergers & Acquisitions
Ontario Securities Commission

2.1.7 Parkland Fuel Corporation and Canaccord Genuity Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer to enter into equity distribution agreement with underwriter to distribute common shares through the facilities of the TSX or other marketplace in Canada – such distribution an "at-the-market" distribution under NI 44-102-Issuer granted exemption from the prospectus delivery requirement and certain other requirements, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71, 147.
National Instrument 44-102 Shelf Distributions, ss. 5.5, 6.7, Part 9, 11.1.

Citation: Re Parkland Fuel Corporation, 2016 ABASC 138

May 24, 2016

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

AND

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

AND

IN THE MATTER OF
PARKLAND FUEL CORPORATION
(the Issuer)

AND

CANACCORD GENUITY CORP.
(the Agent and, together with the Issuer, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for the following relief (the **Exemption Sought**):

(a) that the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies, deliver to the purchaser or its agent the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Agent or other registered investment dealer acting on behalf of the Agent as a selling agent (each a **Selling Agent**) in connection with any at-the-market distribution of common shares (**Common Shares**) of the Issuer pursuant to an equity distribution agreement (the **Equity Distribution Agreement**) to be entered into by the Issuer and the Agent (**ATM Distribution**); and

(b) that the requirement to include the statements specified by items 2 and 3 of section 5.5 of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) in a base shelf prospectus does not apply to a prospectus of the Issuer to be filed in respect of an ATM Distribution.

The Decision Makers have also received a request from the Filers for a decision that the Application and this decision (together, the **Confidential Material**) be kept confidential and not be made public until the earliest of (i) the date on which the Filers enter

into the Equity Distribution Agreement, (ii) the date on which any of the Filers advise the Decision Makers that there is no longer any need for the Confidential Material to remain confidential, and (iii) 90 days after the date of this decision (together, the **Confidentiality Relief**).

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador; 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 National Instrument 14-101 *Definitions*, in MI 11-102 or in NI 44-102 have the same meaning if used in this decision, unless otherwise herein defined.

Representations

This decision is based on the following facts represented by the Filers.

The Issuer

1. The Issuer is a corporation incorporated under the *Business Corporations Act (*Alberta). The head office of the Issuer is in Red Deer, Alberta.

2. The Issuer is a reporting issuer in each province of Canada other than Québec, and is not in default of securities legislation in any jurisdiction of Canada except that the statements required by items 2 and 3 of section 5.5 of NI 44-102 to be included in a prospectus were modified in the final short form base shelf prospectus of the Issuer filed on April 11, 2016 (the **Base Shelf Prospectus**) in the manner described in paragraph 33 below without exemptive relief having first been obtained.

3. The Common Shares are listed on the Toronto Stock Exchange (the **TSX**).

4. The Base Shelf Prospectus provides for the distribution from time to time of Common Shares and debt securities. The Issuer included in the Base Shelf Prospectus a forward-looking certificate of the Issuer in the form prescribed by Appendix A to NI 44-102.

The Agent

5. The Agent is a corporation continued under the laws of Ontario with its head office in Vancouver, British Columbia.

6. The Agent is registered as an investment dealer under the securities legislation of each province and territory of Canada, is a member of the Investment Industry Regulatory Organization of Canada, and is a participating organization of the TSX.

7. The Agent is not in default of securities legislation in any jurisdiction of Canada.

Proposed ATM Distribution

8. The Filers propose to enter into the Equity Distribution Agreement for the purpose of ATM Distributions involving the periodic sale of Common Shares by the Issuer through the Agent, as agent, under the shelf prospectus procedures prescribed by Part 9 of NI 44-102.

9. Prior to making an ATM Distribution, the Issuer will have filed, in each province of Canada other than Québec a prospectus supplement in connection with an ATM Distribution under the Equity Distribution Agreement describing the terms of the ATM Distribution, including the terms of the Equity Distribution Agreement and otherwise supplementing the disclosure in the Base Shelf Prospectus (the **Prospectus Supplement)**.

10. Upon entering into the Equity Distribution Agreement, the Issuer will immediately:

    (a) issue and file a news release pursuant to section 3.2 of NI 44-102 indicating that the Base Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and disclosing where and how purchasers may obtain copies; and

    (b) file the Equity Distribution Agreement on SEDAR.

11. The Equity Distribution Agreement will limit the number of Common Shares that the Issuer may issue and sell pursuant to any ATM Distribution thereunder to an amount not to exceed 10% of the aggregate market value of the outstanding Common Shares calculated in accordance with section 9.2 of NI 44-102.

12. The Issuer will conduct ATM Distributions through the Agent (as agent) directly or via a Selling Agent, through the TSX or another "marketplace" (as defined in National Instrument 21-101 *Marketplace Operation*) in Canada (each a **Marketplace**).

13. The Agent will act as the sole underwriter on behalf of the Issuer in connection with each ATM Distribution, and will be the only person or company paid an underwriting fee or commission by the Issuer in connection with such sales. The Prospectus Supplement will include an underwriter certificate signed by the Agent.

14. The Agent will effect each ATM Distribution on a Marketplace, either directly or through a Selling Agent. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Agent. A purchaser's rights and remedies under the Legislation as against the Agent, as underwriter of an ATM Distribution, will not be affected by whether a sale is made directly or through a Selling Agent.

15. The aggregate number of Common Shares sold on any trading day pursuant to an ATM Distribution will not exceed 25% of the aggregate trading volume of the Common Shares traded on all Marketplaces on that day.

16. The Equity Distribution Agreement will provide that at the time of each Sell Notice (as defined below), the Issuer will represent to the Agent that the Base Shelf Prospectus, as supplemented by the Prospectus Supplement and any other supplement, or as amended by any amendment (together, the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Issuer and Common Shares being distributed. The Issuer will not proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Common Shares.

17. If, after the Issuer delivers a sell notice to the Agent directing the Agent to sell Common Shares on the Issuer's behalf pursuant to the Equity Distribution Agreement (a **Sell Notice**), the sale of Common Shares specified in the Sell Notice would constitute a material fact or material change, the Issuer will suspend sales under the Equity Distribution Agreement until either: (i) it has filed a material change report or amended the Prospectus; or (ii) circumstances have changed such that a sale would no longer constitute a material fact or material change.

18. In determining whether the sale of the number of Common Shares specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account factors including: (i) the parameters of the Sell Notice, including the number of Common Shares proposed to be sold and any price or timing restrictions that the Issuer may impose with respect to the particular ATM Distribution; (ii) the percentage of the outstanding Common Shares that the number of Common Shares proposed to be sold pursuant to the Sell Notice represents; (iii) sales under earlier Sell Notices; (iv) trading volume and volatility of Common Shares; (v) recent developments in the business, affairs and capital structure of the Issuer; and (vi) prevailing market conditions generally.

19. It is in the interest of both the Issuer and the Agent to minimize the market impact of sales under an ATM Distribution. Therefore, the Agent will monitor closely the market's reaction to trades made on any Marketplace pursuant to the ATM Distribution in order to evaluate the likely market impact of future trades. If the Agent is concerned that a particular sell order pursuant to a Sell Notice may affect significantly the market price of Common Shares, the Agent will recommend against effecting the trade at that time.

Disclosure of Common Shares Sold in ATM Distribution

20. Within seven calendar days after the end of any calendar month during which the Issuer conducts an ATM Distribution, the Issuer will file on SEDAR and make publicly available, as a notice of proceeds, a report disclosing in respect of such ATM Distribution the number and average price of Common Shares distributed, gross proceeds, commissions and net proceeds.

21. For each financial period in which the Issuer conducts an ATM Distribution, it will disclose in its annual and interim financial statements and management's discussion and analysis filed on SEDAR the number and average price of Common Shares sold pursuant to ATM Distributions during that period, and the gross proceeds, commissions and net proceeds for such sales.

Prospectus Delivery Requirement

22. Pursuant to the Prospectus Delivery Requirement, a dealer effecting a trade of securities offered under a prospectus is required to deliver a copy of the prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) to the purchaser within prescribed time limits.

23. Delivery of a prospectus is not practicable in the circumstances of an ATM Distribution, because neither the Agent nor a Selling Agent effecting the trade will know the identity of the purchasers.

24. The Prospectus (together with all documents incorporated by reference therein) will be filed and readily available electronically via SEDAR to all purchasers under ATM Distributions. As stated in paragraph 10 above, the Issuer will issue a news release that specifies where and how copies of the Base Shelf Prospectus and the Prospectus Supplement can be obtained.

25. The liability of an issuer or an underwriter (or others) for a misrepresentation in a prospectus pursuant to the civil liability provisions of the Legislation will not be affected by the grant of an exemption from the Prospectus Delivery Requirement, because purchasers of securities offered by a prospectus during the period of distribution have a right of action for damages or rescission without regard to whether the purchaser relied on the misrepresentation or in fact received a copy of the prospectus.

Withdrawal Right and Right of Action for Non-Delivery

26. Pursuant to the Legislation an agreement to purchase a security in respect of a distribution to which the prospectus requirement applies is not binding on the purchaser if a dealer receives, not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any amendment to the prospectus, a notice in writing that the purchaser does not intend to be bound by the agreement of purchase (the **Withdrawal Right**).

27. Pursuant to the Legislation a purchaser of a security to whom a prospectus was required, but not in fact, sent or delivered in compliance with the Prospectus Delivery Requirement has a right of action for rescission or damages against the dealer who did not comply with the Prospectus Delivery Requirement (the **Right of Action for Non-Delivery**).

28. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of an ATM Distribution because of the impracticability of delivering the Prospectus to a purchaser of Common Shares thereunder.

Prospectus Form Requirements

29. To reflect the fact that an ATM Distribution is a continuous distribution, the Prospectus Supplement will include the following issuer certificate:

> The short form prospectus, as supplemented by the foregoing, together with the documents incorporated in the prospectus by reference as of the date of a particular distribution of securities under the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus, as required by the securities legislation of each province of Canada other than Québec.

30. Also to reflect the fact that an ATM Distribution is a continuous distribution, the Prospectus Supplement will include the following underwriter certificate:

> To the best of our knowledge, information and belief, the short form prospectus, as supplemented by the foregoing, together with the documents incorporated in the prospectus by reference as of the date of a particular distribution of securities offered by the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus, as required by the securities legislation of each province of Canada other than Québec.

31. A different statement of purchasers' rights than that required by the Legislation is necessary in order to allow the Prospectus to accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, the Prospectus Supplement will state the following, with the date reference completed:

> Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revision of the price or damages, if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Common Shares under an at-the-market distribution by the Issuer will not have the right to withdraw from an agreement to purchase the Common Shares, and will not have remedies of rescission or, in some jurisdictions, revision of the price or damages, for non-delivery of the prospectus, because the prospectus, prospectus supplements relating to the Common Shares purchased by the purchaser and any amendment relating to Common Shares purchased by such purchaser will not be delivered as permitted under a decision dated ●, 2016 and granted pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.
>
> Securities legislation in certain of the provinces of Canada also provides purchasers with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Common Shares under an at-the-market distribution by the Issuer may have against the Issuer or the Agent for rescission or, in some jurisdictions, revision of the price or damages, if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery and the decision referred to above.
>
> Purchasers should refer to applicable provisions of securities legislation and the decision referred to above for the particulars of these rights or consult with a legal adviser.

32. The Prospectus Supplement will disclose that, in respect of ATM Distributions under the Prospectus Supplement, the statement prescribed in paragraph 31 above supersedes the statement of purchaser's rights in the Base Shelf Prospectus.

33. The statements required by items 2 and 3 of section 5.5 of NI 44-102 to be included in the Base Shelf Prospectus have been qualified by including the additional words ", except in cases where an exemption from such delivery requirement has been obtained".

Decision

Each of the Decision Makers is satisfied that this decision satisfies 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 the Exemption Sought is granted, provided that:

(a) the Issuer complies with the disclosure requirements set out in paragraphs 20, 21, 29, 30, 31 and 32 above; and

(b) the Issuer and Agent respectively comply with the representations made in paragraphs 10, 12, 13, 14, 15, 16, 17 and 19 above.

This decision will terminate 25 months from the date of the receipt for the Base Shelf Prospectus.

The further decision of the Decision Makers is that the Confidentiality Relief is granted.

For the Commission:

"Tom Cotter"
Vice Chair

"Stephen Murison"
Vice Chair

2.1.8 Mainstreet Health Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Reporting issuer seeking relief from requirement under section 3.2 of NI 52-107 to permit the issuer to file financial statements of its primary tenant, Symcare, prepared using US GAAP pursuant to an undertaking.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 3.2.

June 2, 2016

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
MAINSTREET HEALTH INVESTMENTS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filer be exempt from filing unaudited quarterly and audited annual financial statements (collectively, the **Symcare Financial Statements**) for its primary tenant, Symcare ML, LLC (**Symcare**) prepared in accordance with International Financial Reporting Standards (**IFRS**), as required under Sections 2.1(2)(e) and 3.2 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**), and, instead, allow the Symcare Financial Statements to be prepared using United States Generally Accepted Accounting Principles (**US GAAP**) (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (collectively, the **Passport Jurisdictions**); and

(c) the decision of the principal regulator automatically results in an equivalent decision in the Passport Jurisdictions.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 52-107 have the same meanings if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer was incorporated under the *Business Corporations Act* (Ontario) by articles of incorporation on May 31, 2007. The Filer amalgamated with its two wholly owned subsidiaries, 2322003 Ontario Inc. and 2172568 Ontario Limited pursuant to articles of amalgamation dated July 31, 2015.

2. The Filer's head office is located at 11 King Street West, Suite 700, Toronto, Ontario, M5H 4C7.

3. The Filer is in the business of investing in investment properties focused on senior care facilities. The Filer is a holding company whose revenues/cash flows and ability to pay regular dividends to its shareholders are dependent upon the financial performance of its tenants/operators and their ability to satisfy their lease obligations.

4. The authorized share capital of the Filer consists of an unlimited number of common shares (**Common Shares**), an unlimited number of non-voting shares (**Non-Voting Shares**) and an unlimited number of Class A preferred shares (**Class A Shares**).

5. As of the date hereof, there are 22,771,543 Common Shares issued and outstanding, no Non-Voting Shares issued and outstanding and no Class A Shares issued and outstanding.

6. The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "HLP.U".

7. The Filer is a reporting issuer under the Legislation and the securities legislation of the Passport Jurisdictions (collectively, the **Passport Jurisdiction Legislation**) and is not in default of any requirement under the Legislation or the Passport Jurisdiction Legislation.

8. The Filer is not an "SEC issuer" as defined in NI 52-107.

9. Symcare is not a reporting issuer or equivalent in any of the Passport Jurisdictions or an "SEC issuer" as defined in NI 52-107.

10. The Filer is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the Legislation (or the Passport Jurisdiction Legislation).

11. On October 30, 2015, Mainstreet Health Holdings Inc. (**MHI Holdco**), a newly formed Cayman Islands corporation, indirectly acquired a portfolio of 10 senior care properties in Illinois and agreed to acquire an eleventh senior care property in 2016 from Symphony (as defined below) (the eleven properties are collectively referred to herein as the **Symphony Portfolio**). The initial 10 properties in the Symphony Portfolio were acquired for a purchase price of approximately US$268.4 million, plus expenses, which was funded by MHI Holdco through the issuance of approximately US$20.7 million of shares of MHI Holdco (**MHI Holdco Shares**) to Mainstreet Investment Company, LLC (**Mainstreet**) and third party investors, the issuance of approximately US$108.0 million of convertible debentures to third party investors, approximately US$142.3 million of senior bank financing, a US$2.0 million loan from Mainstreet and negative working capital of approximately US$3.2 million.

12. The purchase price for the eleventh senior care property (located in Hanover Park Illinois), which was acquired on April 29, 2016, was approximately US$34.1 million, plus expenses.

13. On February 29, 2016, the Filer entered into an amended and restated purchase agreement (the **Purchase Agreement**) with Mainstreet. Pursuant to the Purchase Agreement, the Filer agreed to acquire all of the MHI Holdco Shares held by Mainstreet (the M**ainstreet MHI Holdco Shares**), for an implied purchase price of approximately US$15,552,794 (the **Transaction**). The Transaction was completed on April 4, 2016. The Mainstreet MHI Holdco Shares represent approximately 75% of the issued and outstanding MHI Holdco Shares.

14. On March 1, 2016, the Filer filed a management information circular in connection with an annual and special meeting held on March 30, 2016, at which shareholders were asked to, among other things, approve (i) the Filer's continuance into the Province of British Columbia, (ii) the Filer's name change from Kingsway Arms Retirement Residences, Inc. to Mainstreet Health Investments Inc. and (iii) the Transaction. Such matters were approved by the shareholders of the Filer on March 30, 2016.

15. In consideration for the Mainstreet MHI Holdco Shares, the Filer agreed to issue to Mainstreet 81,160,000 Common Shares and 307,659,850 Non-Voting Shares at an implied price of US$0.04 per Common Share (but, in any event, no less than CDN$0.05 per Common Share).

16. On May 26, 2016, the Filer filed, and obtained a receipt for, a final long form prospectus for its public offering of 9,500,000 Common Shares (the **Offering**). The gross proceeds of the Offering were US$95 million. The Filer intends to

acquire additional senior care facilities with the proceeds from the Offering. These additional acquisitions do not individually represent significant assets to the Filer.

17. In connection with the closing of the Offering, Mainstreet will convert its Non-Voting Shares into Common Shares of the Filer.

18. Following completion of the Offering, MHI Holdco will be wound up or continued pursuant to the laws of Canada or a province thereof.

19. The properties comprising the Symphony Portfolio have been leased to Symcare, a third party master tenant, pursuant to a triple net lease (the **Lease**). Symcare, has, in turn, entered into a sublease agreement with newly formed affiliates (the **New Operators**). The New Operators will operate the senior care businesses comprising the Symphony Portfolio properties.

20. Symcare and the New Operators are under common ownership and control, and are owned by certain principals of Symphony Post Acute Network or its affiliates (together, referred to as **Symphony**).

21. Symcare and the New Operators are arm's length parties to the Filer and Mainstreet. The Filer will not participate in the profits generated by the New Operators. The Symcare Financial Statements are financial statements of an unrelated, third party operator. The Filer does not have legal control over Symphony and does not have the legal ability to require the Symcare Financial Statements to be prepared in accordance with IFRS. Symcare and the New Operators are not promoters of the Filer and they will not receive any proceeds from any prospectus offerings contemplated by the Filer.

22. The Purchase Agreement in respect of the Symphony Portfolio and the Lease were filed by the Filer as material contracts on the *System for Electronic Document Analysis and Retrieval* in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* (**NI 51-102**).

23. Pursuant to the Lease, Symcare, the Filer's primary tenant, is required to provide the landlord, an affiliate of MHI Holdco, with, among other things, the Symcare Financial Statements under US GAAP (which will be comprised of combined financial information of the New Operators including operational information). The annual Symcare Financial Statements will be audited in accordance with US American Institute of Certified Public Accountants Generally Accepted Auditing Standards.

24. The Lease also contains certain financial covenants that are determined based on US GAAP that must be maintained by Symcare. As such, preparing the Symcare Financial Statements under US GAAP (as compared to preparing the Symcare Financial Statements in accordance with IFRS) will allow shareholders of the Filer to assess Symcare's financial performance relative to its covenants under the Lease.

25. Until the Filer diversifies its portfolio of investment properties, the Filer's financial results and ability to pay dividends will depend, in part, on the financial performance of the Symphony Portfolio operated by the Filer's primary tenant, Symcare. The preparation and filing of the Symcare Financial Statements are intended to provide shareholders of the Filer with information relating to Symcare's operations, including information with respect to its ability to satisfy its lease payments to the Filer on an ongoing basis, until such time that the Symphony Portfolio no longer represents a significant asset of the Filer.

26. Shareholders of the Filer will not be prejudiced by the preparation of the Symcare Financial Statements under US GAAP. The Filer has represented that based on a comparison of the application of IFRS versus US GAAP, the US GAAP financial statements will not be materially different than financial statements prepared under IFRS.

27. The Filer has provided an undertaking to the applicable Canadian securities regulatory authorities wherein the Filer has agreed to file the Symcare Financial Statements prepared using US GAAP and related management's discussion and analysis (**MD&A**), prepared in accordance with NI 51-102, in each case in accordance with the applicable filing deadlines for the Filer's financial statements and MD&A pursuant to NI 51-102, until such time as the Symphony Portfolio no longer represents a significant asset to 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 under the Legislation is that the Exemption Sought is granted.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.9 Sanofi

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from prospectus and dealer registration requirements in respect of certain trades in units made in connection with an employee share offering by a French issuer – Relief from prospectus and dealer registration requirements upon the redemption of units for shares of the issuer – The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) – The Filer cannot rely on the employee prospectus exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions and the exemption in section 8.16 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is not available as the Canadian employees are not employees of the FCPEs or a related entity of the FCPEs – Canadian employees will receive disclosure documents – The FCPEs are subject to the supervision of the French Autorité des marchés financiers – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.16.
National Instrument 45-102 Resale of Securities, s. 2.14.
National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.24.

June 14, 2016

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
SANOFI
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in:

      (i) units (the "**Principal Classic Units**") of the Sanofi Shares FCPE (the "**Principal Classic FCPE**"), which is a *fonds commun de placement d'entreprise* or "**FCPE**," a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors; and

      (ii) units (together with the Principal Classic Units, the "**Units**") of a temporary FCPE named Relais Sanofi Shares (the "**Temporary Classic FCPE**"), which will merge with the Principal Classic FCPE following the Employee Share Offering (as defined below), such transaction being referred to as the "**Merger**", as further described below (the term "**Classic FCPE**" used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the Principal Classic FCPE);

made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdiction or in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador and Northwest Territories (collectively, the "**Canadian Employees**," and Canadian Employees who subscribe for Units, the "**Canadian Participants**"); and

(b) trades of ordinary shares of the Filer (the "**Shares**") by the Classic FCPE to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the Sanofi Group (as defined below and which, for clarity, includes the Filer and the Canadian Affiliates (as defined below)), the Temporary Classic FCPE, the Principal Classic FCPE and Natixis Asset Management (the "**Management Company**") in respect of:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares by the Classic FCPE to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief**")

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

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

(d) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (together with the Jurisdiction, the "**Jurisdictions**").

Interpretation

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

Representations

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

3. The Filer is a corporation formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions. The head office of the Filer is located in France and the Shares are listed on Euronext and on the New York Stock Exchange (in the form of American Depositary Shares represented by American Depositary Receipts). The Filer is not in default under the Legislation or the securities legislation of the other Jurisdictions.

4. The Filer carries on business in Canada through certain affiliated companies that employ Canadian Employees, including Sanofi-Aventis Canada Inc., Sanofi Consumer Health Inc./Sanofi Santé Grand Public Inc., Merial Canada Inc. and Sanofi Pasteur Limited (collectively, the "**Canadian Affiliates**," and together with the Filer and other affiliates of the Filer, the "**Sanofi Group**"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions. None of the Canadian Affiliates is in default under the Legislation or the securities legislation of the other Jurisdictions.

5. The Filer has established a global employee share offering for employees of the Sanofi Group (the "**Employee Share Offering**"). As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Classic FCPE on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

6. The Employee Share Offering is comprised of one subscription option, being an offering of Shares to be subscribed through the Temporary Classic FCPE, which Temporary Classic FCPE will be merged with the Principal Classic FCPE after completion of the Employee Share Offering, subject to the decision of the supervisory boards of the FCPEs and the decision of the French AMF (defined below) (the "**Classic Plan**").

7. Only persons who are employees of a member of the Sanofi Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**"), will be permitted to participate in the Employee Share Offering.

8. The Principal Classic FCPE and the Temporary Classic FCPE were established for the purposes of implementing employee share offerings and plans of the Filer. There is no current intention for these FCPEs to become reporting issuers under the Legislation or the securities legislation of the other Jurisdictions.

9. FCPEs are a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors. The Principal Classic FCPE and the Temporary Classic FCPE have been registered with the French Autorité des marchés financiers (the "**French AMF**"). Only Qualifying Employees will be allowed to hold Units issued pursuant to the Employee Share Offering.

10. All Units acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law and adopted under the Classic Plan in Canada (such as a release on death or termination of employment).

11. Under the Classic Plan, the subscription price will be the Canadian dollar equivalent of the average of the opening price of the Shares on Euronext (expressed in Euros) on the 20 trading days preceding the date of the launch of the Employee Share Offering by the Board of Directors of the Filer, or by the Chief Executive Officer of the Filer if so delegated by the Board of Directors, less a 20% discount.

12. Sanofi will allocate for the benefit of, and at no cost to, each Canadian Participant:

    (a) one additional Share (a "**Matching Share**") for any Canadian Participant who purchases no fewer than five and no more than nine Shares, and

    (b) two Matching Shares for any Canadian Participant who purchases ten or more Shares.

13. The Temporary Classic FCPE will apply the cash received from each Canadian Participant's subscription to subscribe for Shares from the Filer. The Shares subscribed for and the Matching Shares allocated by Sanofi to each Canadian Participant will be held in the Temporary Classic FCPE and the Canadian Participant will receive one Unit in the Temporary Classic FCPE for each Share subscribed for and for each Matching Share received.

14. Following the completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic FCPE (subject to the approval of the supervisory board of the FCPEs and the French AMF). Units of the Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the Principal Classic FCPE on a *pro rata* basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic FCPE.

15. Any dividends paid on the Shares held in the Classic FCPE will be contributed to the Classic FCPE and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued.

16. At the end of the Lock-Up Period, a Canadian Participant may (i) request the redemption of his or her Units in the Classic FCPE in consideration for a cash payment equal to the then market value of the underlying Shares, or (ii) continue to hold his or her Units in the Classic FCPE and request the redemption of those Units at a later date in consideration for a cash payment equal to the then market value of the underlying Shares. Subject to certain changes in the regulations of the Classic FCPE which may be made, a Canadian Participant may be permitted to request the redemption of his or her Units in the Classic FCPE in consideration for the underlying Shares (instead of a cash payment) at or after the end of the Lock-Up Period.

17. In the event of an early unwind resulting from a Canadian Participant exercising one of the exceptions to the Lock-Up Period and meeting the applicable criteria, the Canadian Participant may request the redemption of Units in the Classic FCPE in consideration for a cash payment equal to the then market value of the Shares held by the Classic FCPE corresponding to such Units.

18. An FCPE is a limited liability entity under French law. The Classic FCPE's portfolio will consist almost entirely of Shares of the Filer and may, from time to time, also include cash in respect of dividends paid on the Shares which will be reinvested in Shares, and cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions.

19. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF as an investment manager. To the best of the Filer's knowledge, the

Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions.

20. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Classic FCPE is limited to purchasing Shares from the Filer, selling such Shares as necessary in order to fund redemption requests, and investing available cash in cash equivalents.

21. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Classic FCPE. The Management Company's activities do not affect the underlying value of the Shares. The Management Company is not in default of the Legislation or the securities legislation of the other Jurisdictions.

22. Shares issued in the Employee Share Offering will be deposited in the Principal Classic FCPE and/or the Temporary Classic FCPE, as applicable, through CACEIS Bank France (the "**Depositary**"), a large French commercial bank subject to French banking legislation. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each of the Principal Classic FCPE and the Temporary Classic FCPE to exercise the rights relating to the securities held in its respective portfolio.

23. All management charges relating to the Classic FCPE will be paid from the assets of the Classic FCPE or by the Filer, as provided in the regulations of the Classic FCPE.

24. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

25. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed the lower of (i) 1,500 Shares and (ii) 25% of his or her estimated gross annual remuneration.

26. None of the Filer, the Management Company, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.

27. The Shares are not currently listed for trading on any stock exchange in Canada and the Filer has no intention to have the Shares so listed. As there is no market for the Shares in Canada, and none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with the rules and regulations of, a foreign stock exchange outside of Canada.

28. Canadian Employees may consult an information package on the Employee Share Offering in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering and a description of Canadian income tax consequences of subscribing for and holding the Units and redeeming Units at the end of the Lock-Up Period. The information package will be available through a link that will be emailed to Canadian Employees; physical copies will be provided where delivery by e-mail is not feasible.

29. Canadian Participants may also consult the Filer's annual report on Form 20-F filed with the United States Securities and Exchange Commission as well as the French *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the rules of each FCPE (which are analogous to company by-laws). Canadian Employees will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of Shares generally.

30. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement at least once per year.

31. There are approximately 1,927 Qualifying Employees resident in Canada, with the greatest number resident in Ontario (approximately 1,515), and the remainder in the other Jurisdictions, who represent, in the aggregate, less than 2% of the number of employees in the Sanofi Group worldwide.

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 Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless the following conditions are met:

(a) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

(i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

(ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and

(c) the first trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

"Tim Moseley"
Commissioner
Ontario Securities Commission

"William Furlong"
Commissioner
Ontario Securities Commission

2.1.10 Aston Hill Capital Markets Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – investment fund manager obtaining relief from the requirement to obtain the approval of securityholders before changing the fundamental investment objectives of a non-redeemable investment fund – exemptive relief required as a result of changes to tax law eliminating certain tax benefits associated with character conversion transactions – manager required to send written notice at least 30 days before the effective date of the change to the investment objectives of the funds setting out the change, the reasons for such change and a statement that the fund will no longer distribute gains under forward contracts that are treated as capital gains for tax purposes – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.1(1)(c), 19.1.

June 20, 2016

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
ASTON HILL CAPITAL MARKETS INC.
(the Filer)

AND

VOYA FLOATING RATE SENIOR LOAN FUND

AND

VOYA DIVERSIFIED FLOATING RATE SENIOR LOAN FUND
(collectively, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for exemptive relief from the requirement to obtain prior securityholder approval before changing the fundamental investment objective of the Funds under subsection 5.1(1)(c) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Requested Relief**).

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is the manager of the Funds and is registered as a portfolio manager in Ontario and an investment fund manager in Ontario, Quebec and Newfoundland and Labrador. The head office of the Filer is located in Ontario.

2. Each Fund is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement.

3. Neither the Filer nor the Funds are in default of securities legislation in any Jurisdiction.

4. Voya Floating Rate Senior Loan Fund is a non-redeemable investment fund. Its units were qualified for distribution pursuant to a prospectus dated May 27, 2011, that was prepared and filed in accordance with the securities legislation in each of the Jurisdictions. Accordingly, Voya Floating Rate Senior Loan Fund is a reporting issuer or the equivalent in each Jurisdiction. The units of Voya Floating Rate Senior Loan Fund are listed and posted for trading on the Toronto Stock Exchange (the **TSX**).

5. Voya Diversified Floating Rate Senior Loan Fund is a non-redeemable investment fund. Its units were qualified for distribution pursuant to a prospectus dated February 26, 2013, that was prepared and filed in accordance with the securities legislation in each of the Jurisdictions. Accordingly, Voya Diversified Floating Rate Senior Loan Fund is a reporting issuer or the equivalent in each Jurisdiction. The units of Voya Diversified Floating Rate Senior Loan Fund are listed and posted for trading on the TSX.

6. Under its current investment objective and strategies, each Fund may enter into character conversion transactions. Each Fund is a party to a forward purchase and sale agreement (each, a **Forward Agreement**). Each Forward Agreement provides the applicable Fund with exposure to the returns of the securities of another investment fund (the **Reference Fund**).

7. Through the use of the Forward Agreements, each Fund provides tax-advantaged distributions to securityholders because each Fund will realize capital gains (or capital losses) on the disposition of securities acquired under the Forward Agreements, rather than ordinary income. Ordinary income is subject to tax at a higher rate in Canada than capital gains.

8. The Forward Agreements with respect to Voya Floating Rate Senior Loan Fund and Voya Diversified Floating Rate Senior Loan Fund are expected to terminate on June 30, 2016 and February 28, 2018, respectively (the **Termination Dates**).

9. The *Income Tax Act* (Canada) was amended in December 2013 to implement proposals that were first announced in the March 21, 2013 federal budget regarding the income tax treatment of character conversion transactions (the **Tax Changes**). Under the Tax Changes, the favourable tax treatment of character conversion transactions will be eliminated after a prescribed date (the **Effective Date**). The Effective Date for each Fund will be the applicable Termination Date.

10. As a result of the Tax Changes, the Forward Agreements would no longer be able to, following the applicable Termination Dates, provide material tax efficiency to securityholders of the Funds.

11. The Filer wishes to amend the investment objectives of each Fund to delete references to “tax-advantaged” distributions as a result of the termination of the Forward Agreements. Other than for the loss of tax efficiency resulting from the Tax Changes, each Fund will have the same investment attributes under its amended investment objectives as exist under its current investment objectives.

12. Following such amendment, the revised investment objectives of each Fund will be as set out below:

Fund	Current Investment Objective	Revised Investment Objective
Voya Floating Rate Senior Loan Fund	The Fund's investment objectives are to (i) provide tax-advantaged distributions consisting primarily of returns of capital; (ii) preserve capital; and (iii) generate increased returns in the event that short-term interest rates rise, in each case, through exposure to a diversified portfolio consisting primarily of of senior secured floating rate corporate loans (**Senior Loans**) and other senior debt obligations of non-investment grade North American borrowers, actively managed by Voya Investment Management Co, LLC and, if applicable, its successor (the **Sub-Advisor**).	The Fund's investment objectives are to (i) provide distributions; (ii) preserve capital; and (iii) generate increased returns in the event that short-term interest rates rise, in each case, through exposure to a diversified portfolio consisting primarily of Senior Loans and other senior debt obligations of non-investment grade North American borrowers, actively managed by the Sub-Advisor.
Voya Diversified Floating Rate Senior Loan Fund	The Fund's investment objectives are to (i) provide tax-advantaged monthly cash distributions consisting primarily of returns of capital; (ii) preserve capital; and (iii) generate increased returns in the event that short-term interest rates rise above applicable LIBOR floors, in each case, through exposure to a diversified portfolio consisting primarily of Senior Loans and other senior debt obligations of non-investment grade North American borrowers, actively managed by the Sub-Advisor.	The Fund's investment objectives are to (i) provide monthly cash distributions; (ii) preserve capital; and (iii) generate increased returns in the event that short-term interest rates rise above applicable LIBOR floors, in each case, through exposure to a diversified portfolio consisting primarily of Senior Loans and other senior debt obligations of non-investment grade North American borrowers, actively managed by the Sub-Advisor.

13. The Filer has complied with the material change report requirements set out in Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure in connection with the Filer's decision to make the changes to the investment objectives of the Funds set out above.

14. The Filer expects the proposed changes to the fundamental investment objectives of each Fund to take effect as soon as reasonably practicable on or about the applicable Termination Date.

15. The Filer has determined that it would be in the best interests of each Fund and not prejudicial to the public interest to receive the Requested Relief.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that, at least 30 days before the effective date of the change in the investment objectives of each Fund, the Filer will send to each securityholder of each Fund a written notice that sets out the change to the investment objective, the reasons for such change and a statement that such Fund will no longer distribute gains under forward contracts that are treated as capital gains for tax purposes.

"Raymond Chan"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.2 Orders

2.2.1 360 Trading Networks Inc. – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
360 TRADING NETWORKS INC.

ORDER
(Section 147 of the Act)

WHEREAS 360 Trading Networks Inc. (**Applicant**) has filed an application dated April 4, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of 360 Treasury Systems AG, a joint stock corporation established under the laws of the Federal Republic of Germany;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and order book functionality for non-deliverable forward contracts, non-deliverable swaps and foreign exchange options;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant does not list swaps for trading that are required to be cleared;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.2 BGC Derivatives Markets, L.P. – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
BGC DERIVATIVES MARKETS, L.P.

ORDER
(Section 147 of the Act)

WHEREAS BGC Derivatives Markets, L.P. (**Applicant**) has filed an application dated March 28, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited partnership organized under the laws of the State of Delaware in the United States (**US**) and is a subsidiary of BGC Partners, Inc.;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote, order book, intra-day electronic auctions, voice managed orders functionality for interest rate swaps, credit default swaps and commodity swaps;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc., LCH.Clearnet LLC, LCH.Clearnet Limited and ICE Clear Credit LLC;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

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22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.3 Bloomberg SEF LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
BLOOMBERG SEF LLC

ORDER
(Section 147 of the Act)

WHEREAS Bloomberg SEF LLC (**Applicant**) has filed an application dated March 29, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of Bloomberg L.P., a Delaware limited partnership;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and order book functionality for interest rate, credit default, foreign exchange and commodity swaps trading;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc., LCH.Clearnet LLC, LCH.Clearnet Limited, ICE Clear Credit LLC and ICE Clear Europe Limited;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

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    (a) details of any material legal proceeding instituted against the Applicant;

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        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

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(i) permit unreasonable discrimination among participants, or

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PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.4 DW SEF LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
DW SEF LLC

ORDER
(Section 147 of the Act)

WHEREAS DW SEF LLC (**Applicant**) has filed an application dated March 29, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on May 8, 2015, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a Delaware-organized limited liability company that is an indirect wholly-owned subsidiary of Tradeweb Markets LLC;

1.2 The Applicant provides an electronic platform for trading interest rate swaps using a central limit order book with advanced functionality and a voice request-for-quote system;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc., and LCH.Clearnet Limited;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulato**r).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

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7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

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9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

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10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

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11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.5 GFI Swaps Exchange LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
GFI SWAPS EXCHANGE LLC

ORDER
(Section 147 of the Act)

WHEREAS GFI Swaps Exchange LLC (**Applicant**) has filed an application dated March 30, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is an indirect wholly-owned subsidiary of GFI Group Inc., a Delaware corporation;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and order book functionality for interest rate, credit default, foreign exchange, energy and commodity and equity swaps trading;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: ICE Clear Credit LLC, LCH. Clearnet Ltd., LCH.Clearnet LLC, Chicago Mercantile Exchange Inc.;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.6 ICAP Global Derivatives Limited – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
ICAP GLOBAL DERIVATIVES LIMITED

ORDER
(Section 147 of the Act)

WHEREAS ICAP Global Derivatives Limited (**Applicant**) has filed an application dated April 4, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on May 13, 2014, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) May 13, 2015 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of England and Wales and is a wholly owned subsidiary of ICAP Holdings (UK) Limited. The ultimate parent company of the Applicant is ICAP plc, a company listed on the London Stock Exchange;

1.2 The Applicant is regulated by the Financial Conduct Authority of the United Kingdom (the **FCA**) and is authorised, among other things, to (i) arrange (bring about) deals in investments (ii) deal in investments as agent (iii) make arrangements with a view to transactions in investments; and (iv) operate an multilateral trading facility (**MTF**). The Applicant also has passporting rights under the European Markets in Financial Instruments Directive 2004/39/EC (**MiFID**) which allows the applicant to provide services throughout the European Economic Area (**EEA**);

1.3 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and order book functionality for interest rate swaps trading;

1.4 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.5 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.6 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.7 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.8 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.9 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc. and LCH.Clearnet LLC and LCH.Clearnet Ltd.;

1.10 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.11 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

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    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

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22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

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3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

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6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

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(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.7 ICAP SEF (US) LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
ICAP SEF (US) LLC

ORDER
(Section 147 of the Act)

WHEREAS ICAP SEF (US) LLC (**Applicant**) has filed an application dated April 4, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**U.S.**) and is a wholly owned subsidiary of ICAP Broking Holdings North America LLC. The ultimate parent company of the Applicant is ICAP plc, a company listed on the London Stock Exchange;

1.2 The Applicant is a marketplace for trading swaps that are regulated by the CFTC. The Applicant is a multi-asset SEF offering trading in interest rate swaps, credit indices, non-deliverable forward FX, commodities and equity derivatives. Participants can trade swaps via central limit order book, pre-arranged crosses, and block trades;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: the Chicago Mercantile Exchange Inc., ICE Clear Europe Limited, ICE Clear Credit Inc., LCH.Clearnet LLC and LCH.Clearnet Ltd.;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

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7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.8 Ice Swap Trade, LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
ICE SWAP TRADE, LLC

ORDER
(Section 147 of the Act)

WHEREAS Ice Swap Trade, LLC (**Applicant**) has filed an application dated March 30, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of Intercontinental Exchange, Inc., a company listed on the New York Stock Exchange;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports order book functionality for commodity swaps and credit default swaps;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the ICE Futures U.S., Inc. to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: ICE Clear Credit, LLC and ICE Clear Europe Limited;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

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Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

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The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

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The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

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13.1 Record Keeping

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14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

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15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

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Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.9 Javelin SEF, LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
JAVELIN SEF, LLC

ORDER
(Section 147 of the Act)

WHEREAS Javelin SEF, LLC (**Applicant**) has filed an application dated March 23, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (Variation Order) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (SEF) by the United States Commodity Futures Trading Commission (CFTC) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of Javelin Capital Markets LLC, a Delaware limited liability company;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and order book functionality for interest rate swaps trading;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant performs its surveillance of trading activity directly and has not retained a third party to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc., LCH.Clearnet Limited and LCH.Clearnet LLC;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

    provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.10 MarketAxess SEF Corporation – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
MARKETAXESS SEF CORPORATION

ORDER
(Section 147 of the Act)

WHEREAS MarketAxess SEF Corporation (**Applicant**) has filed an application dated March 18, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on November 20, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) November 20, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order)** under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a corporation organized and existing under the laws of the State of Delaware in the United States and is a wholly owned subsidiary of MarketAxess Holdings Inc., a corporation listed on the Nasdaq Stock Market;

1.2 The Applicant operates a swap execution facility named MarketAxess SEF, a marketplace for trading credit default swaps that are regulated by the CFTC using a central limit order book, request-for-quote and click-to-trade facilities;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to Chicago Mercantile Exchange and ICE Clear Credit;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

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The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

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For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.11 SwapEx, LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
SWAPEX, LLC

ORDER
(Section 147 of the Act)

WHEREAS SwapEx, LLC (**Applicant**) has filed an application dated March 28, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 29, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 29, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of SwapEx Limited (**SwapEx Ltd.**), a private company limited by shares organized under the laws of England and Wales. SwapEx Ltd. is a wholly owned direct subsidiary of State Street Corporation (**SSC**), which is a Massachusetts corporation and public company with shares listed on the New York Stock Exchange (**NYSE:STT**). SSC is also the parent company of State Street Bank and Trust Company, which is a Massachusetts chartered trust company and a bank listed in Schedule III of the *Bank Act* (Canada).;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and order book functionality for foreign exchange swaps trading;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing house: LCH.Clearnet Limited;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

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        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

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PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.12 Thomson Reuters (SEF) LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
THOMSON REUTERS (SEF) LLC

ORDER
(Section 147 of the Act)

WHEREAS Thomson Reuters (SEF) LLC (**Applicant**) has filed an application dated March 29, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is an indirect wholly-owned subsidiary of Thomson Reuters Corporation;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote, request-for-stream and order book functionality for foreign exchange swaps;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant does not facilitate the trading of anything subject to clearing;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

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11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.13 tpSEF Inc. – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
TPSEF INC.

ORDER
(Section 147 of the Act)

WHEREAS tpSEF Inc. (**Applicant**) has filed an application dated March 29, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a corporation organized and existing under and by virtue of the provisions of the General Corporate Law of the State of Delaware and is a wholly-owned subsidiary of Tullett Prebon Americas Corp;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports order book functionality for interest rate swaps, credit default index swaps, foreign exchange swaps and commodity swaps;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: LCH Clearnet Limited, LCH.Clearnet LLC, ICE Clear Credit LLC and the Chicago Mercantile Exchange Inc.;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

(a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

(b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

(a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

(i) changes to the regulatory oversight by the CFTC;

(ii) the corporate governance structure of the Applicant;

(iii) the access model, including eligibility criteria, for Ontario Users;

(iv) systems and technology; and

(v) the clearing and settlement arrangements for the Applicant;

(b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

(c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

(d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

(e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

(f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

(g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

(a) details of any material legal proceeding instituted against the Applicant;

(b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

(c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.14 Tradition SEF, Inc. – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
TRADITION SEF, INC.

ORDER
(Section 147 of the Act)

WHEREAS Tradition SEF, Inc. (**Applicant**) has filed an application dated March 28, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a corporation existing under the laws of Delaware in the United States (the "**U.S.**") with its head office located in New York, New York, U.S., and is an indirect wholly-owned subsidiary of Compagnie Financière Tradition SA, a public limited company existing under the laws of Switzerland and listed for trading on the SIX Swiss Exchange;

1.2 The Applicant offers electronic, voice and hybrid trade facilitation and execution services for transactions in various swaps including, but not limited to, Canadian dollar interest rate swaps, U.S. dollar interest rate swaps, foreign exchange derivatives (foreign exchange options, non-deliverable forwards, foreign exchange swaps) in various currencies, equity derivatives, credit derivatives, and commodity and energy derivatives;

1.3 The facilitation and execution services include both request for quote and a central limit order book;

1.4 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.5 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.6 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.7 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.8 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.9 The Applicant provides connectivity to the following clearing houses: LCH.Clearnet Limited, LCH.Clearnet LLC, ICE Clear Credit LLC, and the Chicago Mercantile Exchange Inc.;

1.10 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.11 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

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15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

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19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

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The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

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(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

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For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

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PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.15 trueEX LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
TRUEEX LLC

ORDER
(Section 147 of the Act)

WHEREAS trueEX LLC (**Applicant**) has filed an application dated March 30, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on May 19, 2015, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of trueEX Group LLC (**trueEX Group**). trueEX Group is a privately held limited liability company organized under the laws of the State of Delaware in the U.S.;

1.2 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF and has also obtained registration with the CFTC to operate as a designated contract market (**DCM**);

1.3 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote and its DCM supports order book functionality for interest rate swaps trading;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant performs its surveillance of trading activity directly and has not retained a third party to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc. and LCH.Clearnet Limited;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (Ontario User) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (CEA).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

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    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

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    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

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(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

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Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.16 TW SEF LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to be recognized as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
TW SEF LLC

ORDER
(Section 147 of the Act)

WHEREAS TW SEF LLC (**Applicant**) has filed an application dated March 29, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on October 1, 2013, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (Interim Order), terminating on the earlier of (i) October 2, 2014 and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (Subsequent Order);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is an indirect wholly owned subsidiary of Tradeweb Markets LLC;

1.2 The Applicant is a marketplace for trading swaps. The Applicant's SEF supports request-for-quote, request-for-stream and order book functionality for interest rate swaps and credit default swaps;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the National Futures Association to be a regulatory services provider (**RSP**);

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to the following clearing houses: Chicago Mercantile Exchange Inc., LCH.Clearnet Limited and ICE Clear Credit LLC;

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule "A";

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

DATED June 13, 2016

"Monica Kowal"

"D. Grant Vingoe"

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (**Foreign Regulator**).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (**Board**) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (**Rules**) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[1]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

[1] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

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The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

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The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

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13.1 Record Keeping

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PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

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15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

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The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

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Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

2.2.17 Garth H. Drabinsky et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
GARTH H. DRABINSKY,
MYRON I. GOTTLIEB AND
GORDON ECKSTEIN

ORDER
(Sections 127 and 127.1)

WHEREAS on February 20, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in relation to an Amended Statement of Allegations issued by Staff of the Commission ("Staff") regarding Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing stated that an initial hearing before the Commission would be held on March 19, 2013;

AND WHEREAS on March 19, 2013, the Commission convened a hearing and ordered that the matter be adjourned to a confidential pre-hearing conference on May 23, 2013;

AND WHEREAS on May 23, 2013, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for each of the Respondents attended;

AND WHEREAS counsel for Drabinsky requested that a motion be scheduled respecting certain portions of Staff's Statement of Allegations (the "Motion") and a date for the motion was scheduled for July 10, 2013;

AND WHEREAS on July 2, 2013, counsel for Drabinsky communicated to the Commission that he would no longer be proceeding with the Motion;

AND WHEREAS on July 3, 2013, the Commission ordered that the July 10, 2013 Motion date be vacated;

AND WHEREAS on September 8, 2014, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for each of the Respondents attended;

AND WHEREAS on September 8, 2014, the Commission ordered that:

1. A further confidential pre-hearing conference shall take place on December 2, 2014 at 3:00 p.m., or on such other date as may be ordered by the Commission;

2. A hearing shall commence on June 22, 2015 and continue on the following dates in June 2015: 23-26, 29-30, or on such other dates as may be ordered by the Commission;

3. Parties shall disclose any expert evidence according to the following schedule:

    a. Respondents shall identify any expert witness that they intend call and the subject of their testimony by March 9, 2015;

    b. Respondents shall serve any expert report(s) on Staff by April 8, 2015;

    c. Staff shall serve any expert response report(s) on the Respondents by May 8, 2015; and

    d. Respondents shall serve any expert reply report(s) on Staff by May 25, 2015;

4. Parties shall disclose witness lists and witness summaries by May 4, 2015; and

5. Parties shall serve and file hearing briefs by June 1, 2015;

AND WHEREAS on September 9, 2014, the Commission approved the settlement agreement reached between Staff and Gottlieb;

AND WHEREAS on December 2, 2014, a confidential pre-hearing conference was held, at which counsel for Staff, counsel for Drabinsky and counsel for Eckstein attended;

AND WHEREAS all parties agreed to adjourn the matter to a further confidential pre-hearing conference to be held at a later-scheduled date;

AND WHEREAS on April 7, 2015, a confidential pre-hearing conference was commenced, at which counsel for each of Staff, Drabinsky and Eckstein attended;

AND WHEREAS the confidential pre-hearing conference was continued on April 23 and May 6, 2015, and counsel for each of Staff and Drabinsky attended;

AND WHEREAS Drabinsky requested that the hearing scheduled in this matter be adjourned;

AND WHEREAS by Order dated May 22, 2015, the Commission approved the Settlement Agreement between Staff and Eckstein dated April 20, 2015;

AND WHEREAS on May 25, 2015, the Commission ordered that:

1. The hearing dates scheduled for June 22 to June 26, 2015 and June 29 to June 30, 2015 are vacated;

2. The hearing in this matter shall commence at 10:00 a.m. on January 21, 2016 and continue on January 22, January 25 to 29, 2016 and on February 19, 2016, or at such other time or times and on such other dates as may be ordered by the Commission;

3. A further confidential pre-hearing conference shall take place at 2:00 p.m. on September 24, 2015 or at such other time and on such other date as may be ordered by the Commission;

4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:

    a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;

    b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;

    c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and

    d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;

5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and

6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing;

AND WHEREAS on September 24, 2015, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for Drabinsky attended;

AND WHEREAS at the confidential pre-hearing conference held on September 24, 2015, Drabinsky requested that the hearing scheduled in this matter be adjourned to a later date;

AND WHEREAS on September 29, 2015, the Commission ordered that:

1. The hearing dates scheduled for January 21 to January 22, January 25 to 29, and February 19, 2016 are vacated;

2. The hearing in this matter shall commence at 10:00 a.m. on June 20, 2016 and continue on June 21, June 24 to June 28, 2016 and July 19, 2016 or at such other time or times and on such other dates as may be ordered by the Commission;

3. A further confidential pre-hearing conference shall take place at 10:00 a.m. on February 22, 2016 or at such other time and on such other date as may be ordered by the Commission;

4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:

   a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;

   b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;

   c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and

   d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;

5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and

6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing.

AND WHEREAS on February 22, 2016, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for Drabinsky attended;

AND WHEREAS at the confidential pre-hearing conference held on February 22, 2016, Drabinsky again requested that the hearing scheduled in this matter be adjourned to a later date;

AND WHEREAS Drabinsky continues to be subject to an interim undertaking made to the Director of Enforcement of the Commission (the "Director") providing that, pending the conclusion of the Commission proceeding, he will not apply to become a registrant or an employee of a registrant or an officer or director of a reporting issuer without the express written consent of the Director or an order of the Commission releasing him from the undertaking;

AND WHEREAS Drabinsky continues to be subject to parole terms that are in effect until September 2016 which prohibit him from owning or operating a business or being in a position of responsibility for the management of finances or investments of any other individual, charity, business or institution, among other things;

AND WHEREAS on February 22, 2016, the Commission ordered that:

1. The hearing dates scheduled for June 20, June 21, June 24 to June 28, 2016 and July 19, 2016 are vacated;

2. The hearing in this matter shall commence at 10:00 a.m. on September 19, 2016 and continue on September 21 and 22, September 26 and 29, 2016 and October 19, 2016 or at such other time or times and on such other dates as may be ordered by the Commission;

3. A further confidential pre-hearing conference shall take place at 10:00 a.m. on June 20, 2016 or at such other time and on such other date as may be ordered by the Commission;

4. The parties shall disclose expert and/or industry practice evidence according to the following schedule:

   a. The parties shall identify the expert and/or industry practice witnesses they intend to call and the subject matter of their testimony by no later than 105 days prior to the commencement of the hearing;

   b. Each of the parties shall serve his or its expert report(s) on the other parties by no later than 75 days prior to the commencement of the hearing;

c. Each of the parties shall serve his or its response report(s) on the other parties by no later than 45 days prior to the commencement of the hearing; and

d. Each of the parties shall serve his or its reply report(s) on the other parties by no later than 30 days prior to the commencement of the hearing;

5. Each of the parties shall disclose his or its initial witness lists and witness summaries by no later than 60 days prior to the commencement of the hearing; and

6. Each of the parties shall serve his or its hearing brief materials by no later than 20 days prior to the commencement of the hearing.

AND WHEREAS Staff has requested, on consent, that the pre-hearing conference scheduled to take place at 10:00 a.m. on June 20, 2016 be rescheduled to 11:00 a.m. on June 27, 2016;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that:

The confidential pre-hearing conference scheduled to take place at 10:00 a.m. on June 20, 2016 shall be rescheduled to 11:00 a.m. on June 27, 2016 or at such other time and on such other date as may be ordered by the Commission.

DATED at Toronto this 15th day of June, 2016.

"Christopher Portner"

2.2.18 Pro-Financial Asset Management Inc. et al. – s. 127

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

AND

**IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.,
STUART MCKINNON and
JOHN FARRELL**

**ORDER
(Section 127)**

WHEREAS:

1. On December 9, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") returnable January 14, 2015 accompanied by a Statement of Allegations dated December 8, 2014 with respect to Pro-Financial Asset Management Inc. ("PFAM"), Stuart McKinnon ("McKinnon") and John Farrell ("Farrell") (collectively, the "Respondents");

2. On January 14, 2015, Staff of the Commission ("Staff"), counsel for PFAM and McKinnon and counsel for Farrell attended before the Commission;

3. On January 14, 2015, the Commission ordered that the hearing be adjourned to February 25, 2015 at 10:00 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate;

4. On February 25, 2015, Staff advised that the initial electronic disclosure of approximately 11,000 pages was sent to counsel for the Respondents on January 12, 2015 and the remaining electronic disclosure of approximately 7,400 pages was sent to counsel for the Respondents on February 24, 2015;

5. On February 25, 2015, Staff advised that the Commission order dated January 14, 2015 should have referred to 11,000 pages of disclosure and not 11,000 documents;

6. On February 25, 2015, a confidential pre-hearing conference was held immediately following the public hearing as requested by the parties;

7. On April 9, 2015, the confidential pre-hearing conference continued and Staff, counsel for PFAM and McKinnon, and counsel for Farrell attended before the Commission;

8. On June 15, 2015, the confidential pre-hearing conference continued and Staff and counsel for PFAM and McKinnon attended before the Commission;

9. On June 17, 2015, the Commission ordered that the Second Appearance be held on September 15, 2015 at 10:00 a.m. and that:

   a. Staff shall make disclosure, no later than five days before the date of the Second Appearance, of their witness list and summaries and indicate any intention to call an expert witness, in which event they shall provide the name of the expert and state the issue or issues on which the expert will be giving evidence; and

   b. Any requests by any of the Respondents for disclosure of additional documents shall be set out in a Notice of Motion which shall be filed no later than 10 days before the date of the Second Appearance;

10. On June 19, 2015, counsel for PFAM and McKinnon filed a notice of motion pursuant to Rule 1.7.4. of the Commission's *Rules of Procedure* (2014), 37 O.S.C.B. 4168 seeking leave to withdraw as counsel for PFAM and the Commission granted such motion on September 15, 2015;

11. On June 30, 2015, the Commission heard a motion brought by McKinnon, in which he sought registration as a dealing representative at a mutual fund dealer (the "Registration Motion");

12. On September 14, 2015, the Commission released its reasons and order dismissing the Registration Motion;

13. On September 15, 2015, the Second Appearance was held and Staff advised that: (i) on August 31, 2015, Staff provided a third tranche of disclosure (2,960 pages) to the Respondents; (ii) on September 11, 2015, Staff provided a fourth tranche of disclosure (251 pages) to the Respondents and; (iii) on September 10, 2015, Staff provided its preliminary witness list and a chart setting out the location in Staff's disclosure of the transcripts and affidavits relevant to Staff's witnesses;

14. On September 15, 2015, counsel for McKinnon advised that McKinnon intended to bring a motion for a preliminary determination of certain issues in Staff's Statement of Allegations (the "Preliminary Determination Motion");

15. On September 17, 2015, the Commission ordered that the Third Appearance be held on November 16, 2015 at 9:00 a.m. and that:

a. The Preliminary Determination Motion shall be heard on November 6, 2015 at 10:00 a.m.;

b. PFAM and McKinnon shall make disclosure to Staff, by no later than 30 days before the date of the Third Appearance, of their witness lists and summaries and indicate any intention to call an expert witness, in which event they shall provide Staff with the name of the expert and state the issue or issues on which the expert will be giving evidence; and

c. The dates for the hearing on the merits and for the provision of expert affidavits or reports, if any, will be set at the Third Appearance;

16. On November 6, 2015, Staff and counsel for McKinnon filed written memoranda of fact and law and made oral submissions on the Preliminary Determination Motion and the panel reserved its decision;

17. On November 6, 2015, Staff and counsel for McKinnon agreed to reschedule the Third Appearance from November 16, 2015 at 9:00 a.m. to December 2, 2015 at 10:00 a.m. and that the dates for the hearing on the merits and for the provision of expert affidavits or reports, if any, will be set at the Third Appearance;

18. On November 26, 2015, the Commission released its Order dismissing the Preliminary Determination Motion with reasons to follow;

19. On November 30, 2015, the Commission released its reasons relating to its order dismissing the Preliminary Determination Motion;

20. On December 2, 2015, the Third Appearance was held and Staff and counsel for McKinnon appeared and made submissions;

21. On December 9, 2015, the Commission ordered, among other things, that the hearing on the merits ("Merits Hearing") will commence on Monday, April 11, 2016 and continue on April 12, 13, 14, 15, 18, 20, 21, 22, 25, 26, 27, 28 and 29 and May 2, 2016, each day commencing at 10:00 a.m.;

22. On April 1, 2016, Staff and counsel for McKinnon appeared for a Final Interlocutory Appearance and made submissions;

23. On April 11, 2016, the Merits Hearing commenced and continued on April 12, 13, 14, 15, 18, 20, 21, 22, 25, 26, 27, 28 and 29, 2016 and was scheduled to continue on May 2, 2016;

24. On May 2, 2016, the Commission ordered that the hearing date of May 2, 2016 be vacated and that the Merits Hearing will continue on June 13, 15, 16 and 17, 2016;

25. The Merits Hearing continued on June 13, 15 and 16, 2016 and was scheduled to continue on June 17, 2016;

26. McKinnon consents to the terms of this Order; and

27. The Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that:

1. The hearing date of June 17, 2016 is vacated;

2. Staff's written closing submissions shall be served and filed on or before August 5, 2016;

3. The Respondents' written closing submissions shall be served and filed on or before August 19, 2016;

4. Staff's reply closing submissions, if any, shall be served and filed on or before September 8, 2016; and

5. Oral closing submissions in respect of the Merits Hearing shall be heard on September 15, 2016 at 10:00 a.m.

DATED at Toronto this 17th day of June, 2016

"Christopher Portner"

"Judith Robertson"

"AnneMarie Ryan"

2.2.19 Great-West Lifeco Inc. – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 4,800,000 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no common shares have been purchased by the selling shareholder for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of common shares by the selling shareholder to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer to re-establish its holdings of common shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

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
GREAT-WEST LIFECO INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Great-West Lifeco Inc. (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 respect of the proposed purchases by the Issuer of up to an aggregate of 4,800,000 common shares of the Issuer (collectively, the "**Subject Shares**") in one or more trades from The Toronto-Dominion Bank (the "**Selling Shareholder**");

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 13, 24 and 25, as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head and registered office of the Issuer is located at 100 Osborne Street North, Winnipeg, Manitoba, R3C 1V3.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Issuer (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "GWO". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number First Preferred Shares, issuable in series, an unlimited number of Class A Preferred Shares, issuable in series and an unlimited number of Second Preferred Shares, issuable in series, of which 992,948,474 Common Shares, 7,740,032 Non-Cumulative First Preferred Shares, Series F, 12,000,000 Non-Cumulative First Preferred Shares, Series G, 12,000,000 Non-Cumulative First Preferred Shares, Series H, 12,000,000 Non-Cumulative First Preferred Shares, Series I, 6,800,000 Non-Cumulative First Preferred Shares, Series L, 6,000,000 Non-Cumulative First Preferred Shares, Series M, 8,524,422 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series N, 1,475,578 Non-Cumulative Floating Rate First Preferred Shares, Series O, 10,000,000 Non-Cumulative First Preferred Shares, Series P, 8,000,000 Non-Cumulative First Preferred Shares, Series Q, 8,000,000 Non-Cumulative First Preferred Shares, Series R, and 8,000,000 Non-Cumulative First Preferred Shares, Series S and no Class A Preferred Shares or Second Preferred Shares were issued and outstanding as of May 13, 2016.

5. The corporate headquarters of the Selling Shareholder are located in Toronto, Ontario.

6. The Selling Shareholder does not own, directly or indirectly, more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder is the beneficial owner of at least 4,800,000 Common Shares. All of the Subject Shares are held by the Selling Shareholder in the Province of Ontario. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.

8. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Common Shares. Between the date of this Order and the date on which a Proposed Purchase (as defined below) is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after April 16, 2016, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by the Selling Shareholder to the Issuer.

10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

11. Pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" submitted to, and accepted by, the TSX, dated January 5, 2016, as amended by a "Notice of Intention to Make a Normal Course Issuer Bid" submitted to, and accepted by, the TSX, dated February 18, 2016 (as amended, the "**Notice**"), the Issuer is permitted to make purchases pursuant to a normal course issuer bid (the "**Normal Course Issuer Bid**"), during the 12-month period beginning on January 8, 2016 and ending on January 7, 2017, up to a maximum of 20,000,000 Common Shares, representing approximately 2% of the Issuer's issued and outstanding Common Shares as at the date specified in the Notice. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made through the facilities of the TSX and alternative Canadian trading systems, or by such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**"). The TSX has been advised of the Issuer's intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.

12. The Issuer entered into an automatic share purchase plan ("**ASPP**") on January 6, 2016 to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in the Common Shares, including during internal blackout periods (each such time, a "**Blackout Period**"). The ASPP was pre-cleared by the TSX and complies with the TSX NCIB Rules, applicable securities laws and this Order. Under the ASPP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker under the ASPP (the "**ASPP Broker**") to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ASPP. Such purchases will be determined by the ASPP Broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the ASPP Broker and the Issuer. If the Issuer determines to instruct the ASPP Broker to make purchases under the ASPP during a particular Blackout Period, the Issuer will instruct the ASPP Broker not to conduct a block purchase (a "**Block Purchase**") in reliance on the block purchase exception in clause 629(l)7 of the TSX NCIB Rules in the calendar week in which either (a) the Issuer completes a Proposed Purchase, or (b) a Blackout Period ends and a new trading window of the Issuer opens.

13. The Issuer intends to enter into one or more agreements of purchase and sale with the Selling Shareholder (each, an "**Agreement**") pursuant to which the Issuer will agree to purchase Subject Shares from the Selling Shareholder by way of one or more trades, each occurring by January 7, 2017 (each such purchase, a "**Proposed Purchase**") for a purchase price (each such price, a "**Purchase Price**" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase.

14. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that

term is defined in section 628 of the TSX NCIB Rules.

15. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

16. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from either Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

17. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a Block Purchase in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

18. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

19. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

20. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

21. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

22. To the best of the Issuer's knowledge, as of May 13, 2016, the "public float" of the Common Shares represented approximately 28% of all the issued and outstanding Common Shares for the purposes of the TSX NCIB Rules.

23. The Common Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

24. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.

25. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Equity Derivatives Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

26. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

27. The Issuer has made one other application to the Commission for exemptive relief from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer of up to 1,009,000 Common Shares from the Bank of Montreal and/or BMO Nesbitt Burns Inc., pursuant to one or more private agreements (the "**Concurrent Application**").

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 6,666,666 Common Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Common Shares which are the subject of the Concurrent Application.

29. No Agreement will be negotiated or entered into during a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of (a) the end of such Blackout Period, and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer's financial results and/or any and all "material changes" or any "material facts" (each as defined in the Act) in respect of the Issuer or the Common Shares relating to such Blackout Period.

30. As at June 15, 2016, the Issuer has purchased an aggregate of 1,193,889 Common Shares pursuant to the Normal Course Issuer Bid, none of which were acquired pursuant to Off-Exchange Block Purchases.

31. Assuming completion of the purchase of the maximum number of Subject Shares, being 4,800,000 Common Shares, and the maximum number of Common Shares that are the subject of the Concurrent Application, being 1,009,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,809,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 29% of the maximum of 20,000,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

AND UPON the Commission being satisfied that 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 Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules, or another Off-Exchange Block Purchase, during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Equity Derivatives Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being

equal to, as of the date of this Order, 6,666,666 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.

DATED at Toronto this 17th day of June, 2016

"Naizam Kanji"
Director, Office of Mergers & Acquisitions
Ontario Securities Commission

2.2.20 Great-West Lifeco Inc. – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 1,009,000 of its common shares from two of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholders did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no common shares have been purchased by either of them for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of common shares by either of them to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from each selling shareholder that between the date of the order and the date on which the proposed purchase is completed, neither selling shareholder has purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer to re-establish its, or the other selling shareholder's, holdings of common shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

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
GREAT-WEST LIFECO INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Great-West Lifeco Inc. (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 respect of the proposed purchases by the Issuer of up to an aggregate of 1,009,000 common shares of the Issuer (collectively, the "**Subject Shares**") in one or more trades from the Bank of Montreal and/or BMO Nesbitt Burns Inc. (each, a "**Selling Shareholder**" and collectively, the "**Selling Shareholders**");

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

AND UPON the Issuer (and each Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 13, 24 and 25, as they relate to such Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head and registered office of the Issuer is located at 100 Osborne Street North, Winnipeg, Manitoba, R3C 1V3.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Issuer (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "GWO". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number First Preferred Shares, issuable in series, an unlimited number of Class A Preferred Shares, issuable in series and an unlimited number of Second Preferred Shares, issuable in series, of which 992,948,474 Common Shares, 7,740,032 Non-Cumulative First Preferred Shares, Series F, 12,000,000 Non-Cumulative First Preferred Shares, Series G, 12,000,000 Non-Cumulative First Preferred Shares, Series H, 12,000,000 Non-Cumulative First Preferred Shares, Series I, 6,800,000 Non-Cumulative First Preferred Shares, Series L, 6,000,000 Non-Cumulative First Preferred Shares, Series M, 8,524,422 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series N, 1,475,578 Non-Cumulative Floating Rate First Preferred Shares, Series O, 10,000,000 Non-Cumulative First Preferred Shares, Series P, 8,000,000 Non-Cumulative First Preferred Shares, Series Q, 8,000,000 Non-Cumulative First Preferred Shares, Series R, and 8,000,000 Non-Cumulative First Preferred Shares, Series S and no Class A Preferred Shares or Second Preferred Shares were issued and outstanding as of May 13, 2016.

5. The corporate headquarters of each of the Selling Shareholders are located in Toronto, Ontario. The Selling Shareholders are affiliates of each other.

6. Neither Selling Shareholder owns, directly or indirectly, more than 5% of the issued and outstanding Common Shares.

7. The Bank of Montreal is the beneficial owner of at least 859,000 Common Shares and BMO Nesbitt Burns Inc. is the beneficial owner of at least 150,000 Common Shares. All of the Subject Shares are held by the Selling Shareholders in the Province of Ontario. None of the Subject Shares were acquired by, or on behalf of, either of the Selling Shareholders in anticipation or contemplation of resale by either of them to the Issuer.

8. The Subject Shares are held by the Selling Shareholders in connection with arrangements to hedge client transactions in respect of the Common Shares. Between the date of this Order and the date on which a Proposed Purchase (as defined below) is to be completed, neither Selling Shareholder will purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-establish its, or the other Selling Shareholder's, holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

9. No Common Shares were purchased by, or on behalf of, either of the Selling Shareholders on or after April 16, 2016, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by either of the Selling Shareholders to the Issuer.

10. Each Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). Each Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

11. Pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" submitted to, and accepted by, the TSX, dated January 5, 2016, as amended by a "Notice of Intention to Make a Normal Course Issuer Bid" submitted to, and accepted by, the TSX, dated February 18, 2016 (as amended, the "**Notice**"), the Issuer is permitted to make purchases pursuant to a normal course issuer bid (the "**Normal Course Issuer Bid**"), during the 12-month period beginning on January 8, 2016 and ending on January 7, 2017, up to a maximum of 20,000,000 Common Shares, representing approximately 2% of the Issuer's issued and outstanding Common Shares as at the date specified in the Notice. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made through the

facilities of the TSX and alternative Canadian trading systems, or by such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**"). The TSX has been advised of the Issuer's intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.

12. The Issuer entered into an automatic share purchase plan ("**ASPP**") on January 6, 2016 to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in the Common Shares, including during internal blackout periods (each such time, a "**Blackout Period**"). The ASPP was pre-cleared by the TSX and complies with the TSX NCIB Rules, applicable securities laws and this Order. Under the ASPP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker under the ASPP (the "**ASPP Broker**") to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ASPP. Such purchases will be determined by the ASPP Broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the ASPP Broker and the Issuer. If the Issuer determines to instruct the ASPP Broker to make purchases under the ASPP during a particular Blackout Period, the Issuer will instruct the ASPP Broker not to conduct a block purchase (a "**Block Purchase**") in reliance on the block purchase exception in clause 629(l)7 of the TSX NCIB Rules in the calendar week in which either (a) the Issuer completes a Proposed Purchase, or (b) a Blackout Period ends and a new trading window of the Issuer opens.

13. The Issuer intends to enter into one or more agreements of purchase and sale with each Selling Shareholder (each, an "**Agreement**") pursuant to which the Issuer will agree to purchase Subject Shares from the applicable Selling Shareholder by way of one or more trades, each occurring by January 7, 2017 (each such purchase, a "**Proposed Purchase**") for a purchase price (each such price, a "**Purchase Price**" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the applicable Selling Shareholder. The Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase.

14. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

15. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

16. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from either Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

17. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a Block Purchase in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

18. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

19. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the applicable Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

20. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

21. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed

Purchases will be carried out at minimal cost to the Issuer.

22. To the best of the Issuer's knowledge, as of May 13, 2016, the "public float" of the Common Shares represented approximately 28% of all the issued and outstanding Common Shares for the purposes of the TSX NCIB Rules.

23. The Common Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

24. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.

25. At the time that each Agreement is entered into by the Issuer and the applicable Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products Group of either Selling Shareholder, nor any personnel of the Selling Shareholders that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

26. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from each Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, neither Selling Shareholder has purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its, or the other Selling Shareholder's, holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

27. The Issuer has made one other application to the Commission for exemptive relief from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer of up to 4,800,000 Common Shares from The Toronto-Dominion Bank, pursuant to one or more private agreements (the "**Concurrent Application**").

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 6,666,666 Common Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Common Shares which are the subject of the Concurrent Application.

29. No Agreement will be negotiated or entered into during a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of (a) the end of such Blackout Period, and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer's financial results and/or any and all "material changes" or any "material facts" (each as defined in the Act) in respect of the Issuer or the Common Shares relating to such Blackout Period.

30. As at June 15, 2016, the Issuer has purchased an aggregate of 1,193,889 Common Shares pursuant to the Normal Course Issuer Bid, none of which were acquired pursuant to Off-Exchange Block Purchases.

31. Assuming completion of the purchase of the maximum number of Subject Shares, being 1,009,000 Common Shares, and the maximum number of Common Shares that are the subject of the Concurrent Application, being 4,800,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,809,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 29% of the maximum of 20,000,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

AND UPON the Commission being satisfied that 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 Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules, or another Off-Exchange Block Purchase, during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that

term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from a Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the applicable Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products Group of either Selling Shareholder, nor any personnel of the Selling Shareholders that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 6,666,666 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from each Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, neither Selling Shareholder has purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its, or the other Selling Shareholder's, holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.

DATED at Toronto this 17th day of June, 2016

"Naizam Kanji"
Director, Office of Mergers & Acquisitions
Ontario Securities Commission

2.2.21 Aouad Choufi

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

AND

**IN THE MATTER OF
AOUAD CHOUFI**

ORDER

WHEREAS:

1. On June 1, 2016, Staff ("Staff") of the Ontario Securities Commission (the "Commission") filed a Statement of Allegations, in which Staff seeks an order against Aouad Choufi ("Choufi"), pursuant to subsections 127(1) and 127(10) of the *Securities Act*;

2. On June 2, 2016, the Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting June 20, 2016 as the date of the hearing;

3. On June 15, 2016, Staff filed an affidavit of service sworn by Lee Crann on June 15, 2016, describing steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations and Staff's disclosure materials;

4. At the hearing on June 20, 2016:

   a. Staff appeared before the Commission and made submissions;

   b. Choufi did not appear or make submissions, although properly served; and

   c. Staff applied to continue this proceeding by way of a written hearing, in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2014), 37 OSCB 4168, and subsection 5.1(1) of the *Statutory Powers Procedure Act*, RSO 1990, c S.22; and

5. The Commission is of the opinion that it is in the public interest to make this order.

IT IS ORDERED THAT:

(a) Staff's application to continue this proceeding by way of a written hearing is granted;

(b) Staff's materials shall be served and filed no later than 5:00 p.m. EDT on June 30, 2016;

(c) Choufi's responding materials, if any, shall be served and filed no later than 5:00 p.m. EDT on July 28, 2016; and

(d) Staff's reply materials, if applicable, shall be served and filed no later than 5:00 p.m. EDT on August 11, 2016.

DATED at Toronto this 20th day of June, 2016.

"D. Grant Vingoe"

2.4 Rulings

2.4.1 RBS Securities Inc. – s. 38 of the CFA and s. 6.1 of Rule 91-502 Trades in Recognized Options

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. Applicant will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada and cleared through clearing corporations located outside of Canada to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 Trades in Recognized Options (Rule 91-502), exempting the Applicant and its Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside Canada.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33, 38.
Securities Act, R.S.O. 1990, c. S.5, as am.

Rule Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss. 3.1, 6.1.

Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

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

AND

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 91-502 TRADES IN RECOGNIZED OPTIONS
(Rule 91-502)

AND

IN THE MATTER OF
RBS SECURITIES INC.

RULING & EXEMPTION
(Section 38 of the CFA and Section 6.1 of Rule 91-502)

UPON the application (the Application) of RBS Securities Inc. (the Applicant) to the Ontario Securities Commission (the Commission) for:

(a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures (as defined below) on exchanges located outside Canada (**Non-Canadian**

Exchanges) where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below);

(b) a ruling of the Commission, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges, where the Applicant acts in respect of trades in Exchange-Traded Futures on behalf of the Permitted Client pursuant to the above ruling; and

(c) a decision of the Director, pursuant to section 6.1 of Rule 91-502, exempting the Applicant and its salespersons, directors, officers and employees (the **Representatives**) from section 3.1 of Rule 91-502 in connection with trades in Exchange-Traded Futures;

AND WHEREAS for the purposes of this ruling and exemption (collectively, the **Decision**):

(i) **"CEA"** means the United States Commodity Exchange Act;

"CFTC" means the United States Commodity Futures Trading Commission;

"dealer registration requirements in the CFA" means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

"Exchange-Traded Futures" means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and that is cleared through one or more clearing corporations located outside of Canada;

"FINRA" means the Financial Industry Regulatory Authority in the United States;

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

"NFA" means the National Futures Association in the United States;

"Permitted Client" means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of NI 31-103;

"SEC" means the United States Securities and Exchange Commission;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 Registration Information; and

"trading restrictions in the CFA" means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA; and

(ii) terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Applicant having represented to the Commission and the Director as follows:

1. The Applicant is a corporation incorporated under the laws of the state of Delaware. Its head office is located at 600 Washington Boulevard, Stamford, Connecticut, 06901, United States of America.

2. The Applicant provides futures commission merchant (**FCM**) services. FCM services include commodity clearing and execution services to various institutional customers, including affiliates of the Applicant and customers of such affiliates.

3. The Applicant is a wholly owned subsidiary of RBS Holdings USA Inc. (**RBSHI**). RBSHI is a wholly owned subsidiary of NatWest Group Holdings Corporation, which is an indirect wholly owned subsidiary of The Royal Bank of Scotland Group plc.

4. The Applicant relies on the international dealer exemption in section 8.18 of NI 31-103 in Ontario and therefore is not registered under the OSA.

5. The Applicant is a broker-dealer registered with the SEC, a member of FINRA, a FCM registered with the CFTC and a member of the NFA.

6. The Applicant is a direct member of all major U.S. commodity futures exchanges.

7. The Applicant is not in default of securities legislation in any jurisdiction in Canada or under the CFA, subject to the matter to which this Decision relates. The Applicant is in compliance in all material respects with U.S. securities laws.

8. Pursuant to its registrations and memberships, the Applicant is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the United States (**U.S.**). Rules of the CFTC and NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, account-opening requirements, suitability requirements, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits and initial and maintenance margins. These rules require the Applicant to treat Permitted Clients materially the same as the Applicant's U.S. customers. In order to protect customers in the event of the insolvency or financial instability of the Applicant, the Applicant is required to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Applicant and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the CEA and the rules promulgated by the CFTC thereunder (collectively, the **Applicant Approved Depositories**). The Applicant is further required to obtain acknowledgements from any Applicant Approved Depository holding customer funds or securities that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Applicant's obligations or debts.

9. The Applicant proposes to offer certain of its Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures through the Applicant.

10. The Applicant will execute and clear trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it executes and clears trades on behalf of its U.S. clients, all of which are "Eligible Contract Participants" as defined in the CEA. The Applicant will follow the same know-your-customer, client classification and segregation of assets procedures that it follows in respect of its U.S. clients. Permitted Clients will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of applicable securities regulators, self-regulatory organizations and exchanges located in the U.S. Permitted Clients in Ontario will have the same contractual rights against the Applicant as U.S. clients of the Applicant.

11. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

12. The Applicant will solicit trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients.

13. Permitted Clients of the Applicant will only be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

14. The Exchange-Traded Futures to be traded by Permitted Clients will include, but will not be limited to, Exchange-Traded Futures for equity index, interest rate, energy, agricultural and other commodity products.

15. Permitted Clients of the Applicant will be able to execute Exchange-Traded Futures orders through the Applicant by contacting the Applicant's applicable execution desks. Permitted Clients may also be able to self-execute Exchange-Traded Futures orders electronically via an independent service vendor and/or other electronic trading routing. Permitted Clients may also be able to execute Exchange-Traded Futures orders through third party brokers and then "give up" the transaction for clearance through the Applicant.

16. The Applicant may execute a Permitted Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders. The Applicant will remain responsible for all executions.

17. The Applicant may perform both execution and clearing functions for trades in Exchange-Traded Futures or may direct that a trade executed by it be cleared through a carrying broker if the Applicant is not a member of the Non-Canadian Exchange on which the trade is executed. Alternatively, the Permitted Client of the Applicant will be able to direct that

trades executed by the Applicant be cleared through clearing brokers not affiliated with the Applicant (each a **Non-Applicant Clearing Broker**).

18. If the Applicant performs only the execution of a Permitted Client's Exchange-Traded Futures order and "gives-up" the transaction for clearance to a Non-Applicant Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under any applicable legislation. Each such Non-Applicant Clearing Broker will represent to the Applicant, in an industry-standard give-up agreement, that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's Exchange-Traded Futures order will be executed and cleared. The Applicant will not enter into a give-up agreement with any Non-Applicant Clearing Broker located in the U.S. unless such clearing broker is registered with the CFTC and/or the SEC, as applicable.

19. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures and Permitted Client orders that are submitted to the exchange in the name of the Non-Applicant Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. The Permitted Client of the Applicant is responsible to the Applicant for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Applicant, the carrying broker or the Non-Applicant Clearing Broker is in turn responsible to the clearing corporation/division for payment.

20. Permitted Clients that direct the Applicant to give up transactions in Exchange-Traded Futures for clearance and settlement by Non-Applicant Clearing Brokers will execute the give-up agreements described above.

21. Permitted Clients will pay commissions for trades to the Applicant. In the event that the Applicant needs to utilize a Non-Applicant Clearing Broker for clearing or execution services in relation to such trades, the Applicant will pay the Non-Applicant Clearing Broker for such services.

22. The trading restrictions in the CFA apply unless, among other things, an Exchange-Traded Future is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no Non-Canadian Exchanges have been recognized or registered under the CFA.

23. If the Applicant were registered under the CFA as a "futures commission merchant", it could rely upon certain exemptions from the trading restrictions in the CFA to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

24. Section 3.1 of Rule 91-502 provides that no person shall trade as agent in, or give advice in respect of, a recognized option, as defined in section 1.1 of Rule 91-502, unless he or she has successfully completed the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).

25. All Representatives of the Applicant who trade options in the U.S. have passed the National Commodity Futures Examination (Series 3), being the relevant futures and options proficiency examination administered by FINRA.

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

IT IS RULED, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients provided that:

(a) each client effecting trades in Exchange-Traded Futures is a Permitted Client;

(b) if using a Non-Applicant Clearing Broker, the clearing broker has represented and covenanted that the broker is or will be appropriately registered or exempt from registration under the CFA;

(c) the Applicant only executes and clears trades in Exchange-Traded Futures for Permitted Clients on Non-Canadian Exchanges;

(d) at the time trading activity is engaged in, the Applicant:

(i) has its head office or principal place of business in the U.S.;

(ii) is registered as a FCM with the CFTC in good standing;

(iii) is a member in good standing with the NFA;

(iv) engages in the business of a FCM in Exchange-Traded Futures in the U.S.;

(e) the Applicant has provided to the Permitted Client the following disclosure in writing:

(i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;

(ii) a statement that the Applicant's head office or principal place of business is located in Stamford, Connecticut, United States of America;

(iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

(iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and

(v) the name and address of the Applicant's agent for service of process in Ontario;

(f) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto;

(g) the Applicant notifies the Commission of any regulatory action after the date of this Decision in respect of the Applicant, or any predecessors or specified affiliates of the Applicant, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of such action;

(h) if the Applicant does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**), by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Applicant relied on the IDE;

(i) by December 1st of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to this Decision by filing Form 13-502F4 *Capital Markets Participation Fee Calculation*;

(j) this Decision shall expire on the earliest of:

(i) such transition period as provided by operation of law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as provided by operation of law, after the coming into force of any amendment to Ontario commodity futures law or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges where the Applicant acts in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients pursuant to the above ruling.

Date: June 14, 2016

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"William J. Furlong"
Commissioner
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant or its Representatives in respect of trades in Exchange-Traded Futures, provided that:

(a) the Applicant and its Representatives maintain their respective registrations with the CFTC and NFA which permit them to trade commodity futures options in the U.S.; and

(b) this Decision will terminate on the earliest of:

(i) such transition period as provided by operation of law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as provided by operation of law, after the coming into force of any amendment to Ontario commodity futures law or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

June 17, 2016

"Marrianne Bridge"
Deputy Director
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [international dealer]

   ☐ Section 8.26 [international adviser]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service and

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX "B"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

		Yes	No
(a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g)	Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

   If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 Registration Information.

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

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Chapter 4

Cease Trading Orders

4.1.1 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

THERE IS NOTHING TO REPORT THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management 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
GeneNews Limited	31 March 2016	13 April 2016	13 April 2016	15 June 2016	

4.2.2 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
Blueocean Nutrasciences Inc.	03 May 2016	16 May 2016	16 May 2016		
GeneNews Limited	31 March 2016	13 April 2016	13 April 2016	15 June 2016	
Matica Enterprises Inc.	17 May 2016	30 May 2016	30 May 2016		
Northern Power Systems Corp.	31 March 2016	13 April 2016	13 April 2016		
Starrex International Ltd.	30 December 2015	11 January 2016	11 January 2016		
Stompy Bot Corporation	04 May 2016	16 May 2016	16 May 2016		

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Chapter 5

Rules and Policies

5.1.1 Amendments to MI 11-102 Passport System

[*This Instrument applies in all CSA jurisdictions except for Ontario.*]

AMENDMENTS TO
MULTILATERAL INSTRUMENT 11-102 *PASSPORT SYSTEM*

1. ***Multilateral Instrument 11-102 Passport System is amended by this Instrument.***

2. ***Section 1.1 is amended by replacing the definition of "principal regulator" with the following:***

"principal regulator" means, for a person or company, the securities regulatory authority or regulator determined in accordance with Part 3, 4, 4A, 4B or 4C, as applicable;

3. ***The Instrument is amended by adding the following Part:***

PART 4C APPLICATION TO CEASE TO BE A REPORTING ISSUER

4C.1 Specified jurisdiction

For the purposes of this Part, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

4C.2 Principal regulator – general

Subject to section 4C.3 and 4C.4, the principal regulator for an application to cease to be a reporting issuer is,

(a) for an application made with respect to an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the investment fund manager's head office is located, or

(b) for an application made with respect to an issuer other than an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the issuer's head office is located.

4C.3 Principal regulator – head office not in a specified jurisdiction

Subject to section 4C.4, if the jurisdiction identified under section 4C.2 is not a specified jurisdiction, the principal regulator for the application is the securities regulatory authority or regulator of the specified jurisdiction with which the issuer or, in the case of an investment fund, the investment fund manager, has the most significant connection.

4C.4 Discretionary change of principal regulator

If a filer receives written notice from a securities regulatory authority or regulator that specifies a principal regulator for the application, the securities regulatory authority or regulator specified in the notice is the principal regulator for the application.

4C.5 Deemed to cease to be a reporting issuer

(1) If an application to cease to be a reporting issuer is made by a reporting issuer in the principal jurisdiction, the reporting issuer is deemed to cease to be a reporting issuer in the local jurisdiction if

(a) the local jurisdiction is not the principal jurisdiction for the application,

(b) the principal regulator for the application granted the order and the order is in effect,

(c) the reporting issuer gives notice to the securities regulatory authority or regulator that this subsection is intended to be relied upon for the issuer to be deemed to cease to be a reporting issuer in the local jurisdiction, and

(d) the reporting issuer complies with any terms, conditions, restrictions or requirements imposed by the principal regulator as if they were imposed in the local jurisdiction.

(2) For the purpose of paragraph (1)(c), the reporting issuer may give the notice referred to in that paragraph by giving it to the principal regulator.

4. This Instrument comes into force on June 23, 2016.

5.1.2 MI 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions

[*This Instrument applies in all CSA jurisdictions except for Ontario and Alberta*.]

MULTILATERAL INSTRUMENT 11-103
FAILURE-TO-FILE CEASE TRADE ORDERS IN MULTIPLE JURISDICTIONS

PART 1
DEFINITIONS

Definitions

1. In this Instrument,

"failure-to-file cease trade order" means an order, other than a management cease trade order, in relation to a specified default that prohibits or restricts trading in, or purchasing of, securities of a reporting issuer;

"management cease trade order" means a cease trade order that prohibits or restricts trading in securities of a reporting issuer by one or more of the following:

(a) the chief executive officer of the reporting issuer or a person acting in a similar capacity;

(b) the chief financial officer of the reporting issuer or a person acting in a similar capacity;

(c) an officer or director of the reporting issuer or other person or company who had, or may have had, access directly or indirectly to a material fact or material change with respect to the reporting issuer that has not been generally disclosed;

"specified default" means a failure by a reporting issuer to comply with the requirement to file, within the time period prescribed, one or more of the following:

(a) annual financial statements;

(b) an interim financial report;

(c) an annual or interim management's discussion and analysis or annual or interim management report of fund performance;

(d) an annual information form;

(e) a certification of filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

PART 2
FAILURE-TO-FILE CEASE TRADE ORDERS

Issuance and revocation of failure-to-file cease trade order

2. If an issuer is a reporting issuer in the local jurisdiction, and a securities regulatory authority or regulator in another jurisdiction of Canada makes a failure-to-file cease trade order in respect of the issuer's securities, a person or company must not trade in or purchase a security of the issuer in the local jurisdiction, except in accordance with the conditions that are contained in the order, if any, for so long as the failure-to-file cease trade order remains in effect.

PART 3
EFFECTIVE DATE

3. This Instrument comes into force on June 23, 2016.

5.1.3 Changes to Companion Policy 11-102CP Passport System

[*This Companion Policy applies in all CSA jurisdictions except for Ontario*.]

The text below shows, by way of blackline, the changes made to Companion Policy 11-102CP *Passport System*.

CHANGES TO COMPANION POLICY 11-102CP *PASSPORT SYSTEM*

Companion Policy 11-102CP
Passport System

PART 1 GENERAL

1.1 Definitions

In this Policy,

"CP 33-109" means Companion Policy 33-109CP *Registration Information*;

"domestic firm" means a firm whose head office is in Canada;

"domestic individual" means an individual whose working office is in Canada;

"MI 11-101" means Multilateral Instrument 11-101 *Principal Regulator System*;

"non-principal jurisdiction" means, for a person or company, a jurisdiction other than the principal jurisdiction;

"non-principal regulator" means, for a person or company, the securities regulatory authority or regulator of a jurisdiction other than the principal jurisdiction;

"NP 11-202" means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*;

"NP 11-203" means National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*;

"NP 11-204" means National Policy 11-204 *Process for Registration in Multiple Jurisdictions*;

"NP 11-205" means National Policy 11-205 *Process for Designation of Credit Rating Organizations in Multiple Jurisdictions*;

"NP 11-206" means National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*;

"NRD" has the same meaning as in NI 31-102;

"NRD format" has the same meaning as in NI 31-102;

"SRO" means a self-regulatory organization; and

"T&C" means a term, condition, restriction or requirement imposed by a securities regulatory authority or regulator on the registration of a firm or an individual.

1.2 Additional definitions

A term used in this policy and that is defined in NP 11-202, NP 11-203, NP 11-204, NP 11-205 and NP 11-206 has the same meaning as in those national policies.

1.3 Purpose

(1) **General** – Multilateral Instrument 11-102 *Passport System* (the Instrument) and this policy implement the passport system contemplated by the Provincial/Territorial Memorandum of Understanding Regarding Securities Regulation.

The Instrument gives each market participant a single window of access to the capital markets in multiple jurisdictions. It enables a person or company to deal only with its principal regulator to

- get deemed receipts in other jurisdictions (except Ontario) for a preliminary prospectus and prospectus,
- obtain automatic exemptions in other jurisdictions (except Ontario) equivalent to most types of discretionary exemptions granted by the principal regulator,
- register automatically in other jurisdictions (except Ontario),
- if the person or company is a credit rating organization, obtain a deemed designation as a designated rating organization in other jurisdictions (except in Ontario),
- be deemed to have ceased to be a reporting issuer in other jurisdictions (except in Ontario).

(2) **Process** – NP 11-202, NP 11-203, NP 11-204, NP 11-205 and NP 11-206 set out the processes for a market participant in any jurisdiction to obtain a deemed prospectus receipt, an automatic exemption, an automatic registration, a deemed designation as a designated rating organization, or to be deemed to cease to be a reporting issuer in a passport jurisdiction. These policies also set out processes for a market participant in a passport jurisdiction to get a prospectus receipt, a discretionary exemption or an order to cease to be a reporting issuer from the OSC or to register in Ontario or to obtain designation as a designated rating organization in Ontario.

NP 11-203 also sets out the process for seeking exemptive relief in multiple jurisdictions that falls outside the scope of the Instrument. NP 11-203 applies to a broad range of exemptive relief applications, not just discretionary exemption applications from the provisions listed in Appendix D of the Instrument. For example, NP 11-203 applies to an application to be designated a reporting issuer, a mutual fund, a non-redeemable investment fund or an insider. However, it does not apply to an application to be designated as a designated rating organization, specifically covered in NP 11-205, or to an application for an order to cease to be a reporting issuer, specifically covered in NP 11-206.

Please refer to NP 11-202, NP 11-203, NP 11-204, NP 11-205 and NP 11-206 for more details on these processes.

(3) **Interpretation of the Instrument** – As with all national or multilateral instruments, you should read the Instrument from the perspective of the local jurisdiction. For example, if the Instrument does not specify where you file a document, it means that you must file it in the local jurisdiction. In this policy, we generally use the term 'non-principal jurisdiction' instead of 'local jurisdiction'.

To get a deemed receipt for a prospectus in the non-principal jurisdiction, a filer must file the prospectus in the jurisdiction through SEDAR. Similarly, to get an automatic exemption based on a discretionary exemption granted in the principal jurisdiction, a filer must give notice under section 4.7(1)(c) of the Instrument to the securities regulatory authority or regulator in the non-principal jurisdiction. Under section 4.7(2) of the Instrument, a filer can satisfy the latter requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the non-principal jurisdiction.

To register in the non-principal jurisdiction, a firm or individual must make the required submission in the non-principal jurisdiction. To streamline the process, section 4A.3(3) of the Instrument allows a firm to make its submission to the principal regulator instead of the non-principal regulator. Submissions for individuals are made through NRD. If the principal regulator imposes a T&C on a firm's or individual's registration, or suspends, terminates or accepts the surrender of registration of the firm or individual, that decision applies automatically in the non-principal jurisdiction, whether or not the firm or individual registered in the non-principal jurisdiction under the Instrument.

To obtain a deemed designation as a designated rating organization in the non-principal jurisdiction, a credit rating organization must give notice under section 4B.6(1)(c) of the Instrument to the securities regulatory authority or regulator in the non-principal jurisdiction. Under section 4B.6(2) of the Instrument, a credit rating organization can satisfy the latter requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the non-principal jurisdiction.

To be deemed to cease to be a reporting issuer in the non-principal jurisdiction, an issuer must give notice under section 4C.5(1)(c) of the Instrument to the securities regulatory authority or regulator in the non-principal jurisdiction. Under section 4C.5(2) of the Instrument, the issuer can satisfy this requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the non-principal jurisdiction.

(4) **Operation of law** – The provisions of the Instrument on prospectus receipt, discretionary exemptions, registration, designation as a designated rating organization and applications for an order to cease to be a reporting issuer produce automatic legal outcomes in the non-principal jurisdiction that result from a decision made by the principal regulator. The effect is to make the law of the non-principal jurisdiction apply to a market participant as if the non-principal regulator had made the same decision as the principal regulator.

(5) **Applicable requirements** – A market participant must comply with the law of each jurisdiction in which it files a prospectus, is a reporting issuer, seeks registration, is registered or seeks designation as a designated rating organization.

- Most prospectus, continuous disclosure, registration requirements and requirements relating to designated rating organizations are harmonized and are in rules or regulations commonly referred to as 'national instruments'. The securities regulatory authorities and regulators intend to interpret and apply the harmonized requirements in national instruments in a consistent way, and we have put practices and procedures in place to achieve this objective.

- Some jurisdictions have non-harmonized requirements in Securities Acts or local rules or regulations. In addition, some national instruments contain requirements or carve-outs for specific jurisdictions, which are apparent on the face of the instruments.

- Registrants will be subject to a few non-harmonized requirements. Section 4A.5 contains a description of these requirements.

(6) **Ontario** – The OSC has not adopted the Instrument, but the Instrument provides that the OSC can be a principal regulator for purposes of a prospectus filing under Part 3, a discretionary exemption application under Part 4, registration under Part 4A, an application for designation as a designated rating organization under Part 4B and an application for an order to cease to be a reporting issuer under Part 4C. Consequently, Ontario market participants have direct access to passport as follows:

- When the OSC issues a receipt for a prospectus to an issuer whose principal jurisdiction is Ontario, a deemed receipt is automatically issued in each passport jurisdiction where the market participant filed the prospectus under the Instrument.

- When the OSC grants a discretionary exemption to a market participant whose principal jurisdiction is Ontario, the person obtains an automatic exemption from the equivalent provision of securities legislation of each passport jurisdiction for which the person gives the notice described in section 4.7(1)(c) of the Instrument.

- A firm or individual whose principal jurisdiction is Ontario and who is registered in a category in Ontario is automatically registered in the same category in a passport jurisdiction when the firm or individual makes the required submission under the Instrument.

- When the OSC designates a credit rating organization as a designated rating organization, the credit rating organization obtains a deemed designation in each passport jurisdiction for which the credit rating organization gives the notice described in section 4B.6(1)(c) of the Instrument.

- When the OSC issues an order to cease to be a reporting issuer to an issuer whose principal jurisdiction is Ontario, the issuer is deemed to cease to be a reporting issuer in each passport jurisdiction for which the issuer gives the notice described in section 4C.5(1)(c) of the Instrument.

1.4 Language of documents – Québec

The Instrument does not relieve issuers filing in Québec from the linguistic obligations prescribed by Québec law, including the specific obligations in the Québec *Securities Act* (e.g. section 40.1). For example, where a prospectus is filed in several jurisdictions including Québec, the prospectus must be in French or in French and English.

PART 2 [REPEALED]

PART 3 PROSPECTUS

3.1 Principal regulator for prospectus

For a prospectus filing subject to Part 3 of the Instrument, the principal regulator is the principal regulator identified under section 3.1 of the Instrument. Under this section, the principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 3.1(1) of the Instrument specifies the following jurisdictions for purposes of that section: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 3.4 of NP 11-202 gives guidance on how to identify the principal regulator for a prospectus filing subject to Part 3 of the Instrument.

3.2 Discretionary change in principal regulator for prospectus

Section 3.2 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a prospectus filing subject to Part 3 of the Instrument on its own motion or on application. Section 3.5 of NP 11-202 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for a prospectus filing subject to Part 3 of the Instrument.

3.3 Deemed issuance of receipt

Section 3.3 of the Instrument deems a receipt to be issued for a preliminary prospectus or prospectus in the non-principal jurisdiction if certain conditions are met. A deemed receipt in the non-principal jurisdiction has the same legal effect as a receipt issued in the principal jurisdiction.

To rely on section 3.3 of the Instrument in the non-principal jurisdiction, a filer must file on SEDAR the preliminary prospectus or the pro forma prospectus, and the prospectus, in both the non-principal jurisdiction and the principal jurisdiction. When filing, the filer must also indicate that it is filing the preliminary prospectus or pro forma prospectus under the Instrument. Under the law of the non-principal jurisdiction, these filings trigger the obligation to file supporting documents (e.g., consents and material contracts) and to pay required fees.

NP 11-202 sets out the process for making a waiver application for a prospectus filing subject to Part 3 of the Instrument.

If the principal regulator refuses to issue a receipt for a prospectus, it will notify the filer and the non-principal regulators by sending a refusal letter through SEDAR. In these circumstances, the Instrument will no longer apply to the filing and the filer may deal separately with the local securities regulatory authority or regulator in any non-principal jurisdiction in which the prospectus was filed to determine if the local securities regulatory authority or regulator would issue a local receipt.

3.4 [REPEALED]

3.5 Transition for section 3.3

Section 3.3 of the Instrument applies to a preliminary prospectus or pro forma prospectus and their related prospectus, and to an amendment to a prospectus, filed on or after March 17, 2008.

Section 3.5(1) of the Instrument removes the deemed receipt that would otherwise be available in the non-principal jurisdiction under section 3.3 of the Instrument if a preliminary prospectus amendment is filed after March 17, 2008 and the related preliminary prospectus was filed before March 17, 2008.

Section 3.5(2) provides an exemption from the requirement in section 3.3(2)(b) of the Instrument to indicate on SEDAR, at the time of filing the preliminary prospectus or pro forma prospectus, that the preliminary prospectus or pro forma prospectus is filed under Instrument. This means there is a deemed receipt in the non-principal jurisdiction for a prospectus amendment if the related preliminary prospectus or pro forma prospectus was filed before March 17, 2008 and the filer indicated on SEDAR that it filed the amendment under the Instrument at the time of filing the amendment.

PART 4 DISCRETIONARY EXEMPTIONS

4.1 Application

Part 4 of the Instrument applies to an application for a discretionary exemption from a provision listed in Appendix D of the Instrument. Part 4 does not apply to a discretionary exemption application from a provision not listed in Appendix D of the Instrument or to other types of exemptive relief applications. For example, Part 4 does not apply to an application to designate a person to be a reporting issuer, mutual fund, non-redeemable investment fund or insider.

4.2 Principal regulator for discretionary exemption applications

For purposes of a discretionary exemption application under Part 4 of the Instrument, the principal regulator is the principal regulator identified under sections 4.1 to 4.5 of the Instrument. Except under section 4.4.1, the principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4.1 of the Instrument specifies the following jurisdictions for this purpose: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 4.4.1 of the Instrument provides that the principal regulator for an application for exemption from a requirement in Parts 3 and 12 of NI 31-103 and Part 2 of NI 33-109 made in connection with an application for registration in the principal jurisdiction is the principal regulator as determined under section 4A.1 of the Instrument. The securities regulatory authority or regulator of each jurisdiction may be a principal regulator under section 4A.1 of the Instrument.

Section 3.6 of NP 11-203 gives guidance on how to identify the principal regulator for a discretionary exemption application under Part 4 of the Instrument.

4.3 Discretionary change of principal regulator for discretionary exemption applications

Section 4.6 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a discretionary exemption application under Part 4 of the Instrument on its own motion or on application. Section 3.7 of NP 11-203 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for a discretionary exemption application under Part 4 of the Instrument.

4.4 Passport application of discretionary exemptions

Section 4.7(1) of the Instrument exempts a person or company from an equivalent provision of securities legislation in the non-principal jurisdiction if the principal regulator for the application grants the discretionary exemption, the filer gives the notice required under paragraph (c) of that section and other conditions are met. The equivalent provisions from which an automatic exemption is available under section 4.7(1) of the Instrument are set out in Appendix D of the Instrument.

If the principal regulator revokes or cancels the discretionary exemption or it expires under a sunset clause, the exemption in section 4.7 is no longer available in the non-principal jurisdiction.

A discretionary exemption under section 4.7(1) of the Instrument is available in the passport jurisdictions for which the filer gives the required notice when filing the application. However, the discretionary exemption can become available later in other passport jurisdictions if the circumstances warrant. For example, if a reporting issuer obtains a discretionary exemption from a national continuous disclosure requirement in its principal jurisdiction and an automatic exemption under section 4.7(1) in three non-principal jurisdictions in 2008 and the issuer becomes a reporting issuer in a fourth non-principal jurisdiction in 2009, the issuer could obtain an automatic exemption in the new jurisdiction. To obtain the automatic exemption in the new jurisdiction, the issuer would have to give the notice referred to in section 4.7(1)(c) of the Instrument in respect of that jurisdiction and meet the other condition of the exemption.

Under section 4.7(2) of the Instrument the filer may give the required notice to the principal regulator instead of the non-principal regulator.

A filer should identify in the application all the exemptions required and give notice for all the jurisdictions in which section 4.7(1) of the Instrument is intended to be relied upon. If an exemption is required in a non-principal jurisdiction when the filer files the application, but the filer does not give the required notice for that jurisdiction until after the principal regulator grants the exemption, the securities regulatory authority or regulator of the non-principal jurisdiction will take appropriate action. This could include removing the exemption, in which case the filer may have an opportunity to be heard in that jurisdiction in appropriate circumstances.

A principal regulator's decision to vary a decision the principal regulator previously made to exempt a person or company from a provision set out in Appendix D of the Instrument has automatic effect in a non-principal jurisdiction if

- the person or company applied in the principal jurisdiction to have the decision varied and gave the notice required under section 4.7(1)(c) of the Instrument in respect of the non-principal jurisdiction,
- the principal regulator grants the exemption and the exemption is in effect, and
- the other conditions of section 4.7(1) of the Instrument are met.

If the principal regulator for an application for exemption from a filing requirement under section 6.1 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) grants an exemption under section 4.7(1) of the Instrument, a person or company has an automatic exemption in a non-principal jurisdiction under the section only if

- the filing requirement arises from the person or company relying on one of the provisions referred to in section 6.1 of NI 45-106 in the principal jurisdiction,
- the person or company is relying on the equivalent exemption in the non-principal jurisdiction, and
- the person or company complies with the conditions of section 4.7(1) of the Instrument.

Because, under the Instrument, a person or company files an application for a discretionary exemption only in the principal jurisdiction to obtain an automatic exemption in multiple jurisdictions, the filer is required to pay fees only in the principal jurisdiction.

NP 11-203 sets out the process for seeking exemptive relief in multiple jurisdictions, including the process for seeking a discretionary exemption under Part 4 of the Instrument.

4.5 Availability of passport for discretionary exemptions applied for before March 17, 2008

Under section 4.8(1) of the Instrument, an exemption from the equivalent provision is automatically available in the local jurisdiction if

- an application was made in a specified jurisdiction before March 17, 2008 for an exemption from a provision of securities legislation that is now listed in Appendix D of the Instrument,
- the securities regulatory authority or regulator in the specified jurisdiction granted the exemption before, on or after March 17, 2008, and
- certain other conditions are met.

These conditions include giving the notice required under section 4.8(1)(c). Section 4.8(2) permits the filer to give the required notice to the securities regulatory authority or regulator that would be the principal regulator for the application under Part 4 if an application were to be made under that Part at the time the notice is given, instead of to the non-principal regulator.

Under section 4.1, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

A specified jurisdiction for purposes of section 4.8 of the Instrument is a principal jurisdiction under MI 11-101.

The combined effect of sections 4.8(1) and 4.8(3) is to make an exemption from a CD requirement granted by the principal regulator before March 17, 2008 under MI 11-101 automatically available in the non-principal jurisdiction, even though the decision of the principal regulator under MI 11-101 does not refer to the non-principal jurisdiction. To benefit from this, however, the reporting issuer must comply with the terms and conditions of the decision of the principal regulator under MI 11-101. Only exemptions granted from CD requirements that are now listed in Appendix D of the Instrument become available in the non-principal jurisdiction in this way.

Appendix A of this policy lists the CD requirements from which a reporting issuer could get an exemption under section 3.2 of MI 11-101. Appendix D of the Instrument sets out the list of equivalent provisions.

PART 4A REGISTRATION

4A.1 Application

The Instrument permits a firm or individual to register automatically in a non-principal jurisdiction based on its principal jurisdiction registration. It also makes some types of regulatory decisions by a firm's or individual's principal regulator apply automatically in each non-principal jurisdiction where the firm or individual is registered, whether or not the firm or individual is registered automatically under the Instrument.

Permitted individual
The Instrument does not apply to "permitted individuals" under NI 33-109 because these individuals are not registered under securities legislation. The Instrument applies to a permitted individual only if the permitted individual becomes registered in a category in his or her principal jurisdiction and seeks registration in the same category in a non-principal jurisdiction.

Restricted dealers and their representatives
Section 4A.3 of the Instrument does not apply to a firm registered in the category of "restricted dealer" under NI 31-103. To register in a non-principal jurisdiction, a restricted dealer must apply directly to the non-principal regulator. Automatic registration under the Instrument does not apply to restricted dealers because there are no standard requirements for this category and most firms registered as restricted dealers operate in a single jurisdiction. However, if a restricted dealer registers directly in the same category in a non-principal jurisdiction, the provisions of the Instrument relating to T&Cs (section 4A.5), suspension (section 4A.6), termination (section 4A.7) and surrender (section 4A.8) apply to the firm.

All the provisions of the Instrument apply to the dealing representatives of a restricted dealer. This includes automatic registration under section 4A.4 of the Instrument if the representative's sponsoring firm is registered as a restricted dealer in the representative's principal jurisdiction and the non-principal jurisdiction in which the representative seeks registration. It also includes the provisions of the Instrument relating to T&Cs (section 4A.5), suspension (section 4A.6), termination (section 4A.7) and surrender (section 4A.8).

4A.2 Registration by SRO

The securities regulatory authority or regulator in some jurisdictions has delegated, assigned or authorized an SRO to perform all or part of its registration function. The instrument applies to the decisions made by SROs under these arrangements. For more details, refer to section 3.5 of NP 11-204.

4A.3 Principal regulator for registration

The principal regulator of a firm or individual is the securities regulatory authority or regulator identified under section 4A.1 of the Instrument. The securities regulatory authority or regulator of any jurisdiction can be a principal regulator for registration.

Section 3.6 of NP 11-204 gives guidance on how to identify the principal regulator of a firm or individual under Part 4A of the Instrument.

4A.4 Discretionary change of principal regulator for registration

Section 4A.2 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for the purpose of Part 4A of the Instrument. Section 3.7 of NP 11-204 gives guidance on the process for a discretionary change of principal regulator for registration under Part 4A of the Instrument.

4A.5 Registration

Sections 4A.3 and 4A.4 of the Instrument are available for firms or individuals required to be registered under NI 31-103, except for firms registering as restricted dealers.

A firm or individual who registers in a non-principal jurisdiction under section 4A.3 or 4A.4 of the Instrument must comply with all applicable requirements of the non-principal jurisdiction, including the obligation to pay the required fees in that jurisdiction and any non-harmonized requirements.

In Québec, firms and individuals in the mutual fund and scholarship plan sectors are subject to a specific regulatory framework that also applies under passport:

- mutual fund firms registered in Québec are not required to be members of the Mutual Fund Dealers Association of Canada (MFDA) and are under the direct supervision of the Autorité des marchés financiers, as are scholarship plan firms,
- individuals in the mutual fund and scholarship plan sectors are required to be members of the Chambre de la sécurité financière,
- firms and individuals must maintain professional liability insurance, and
- firms must contribute to the Fonds d'indemnisation des services financiers which provides financial compensation to investors who are victims of fraudulent tactics or embezzlement committed by these firms or individuals.

In addition, in Québec, an individual who is a representative of an investment dealer cannot concurrently be employed by a financial institution and carry on business as a representative in a Québec branch of a financial institution unless he or she is a representative specialized in mutual funds or scholarship plans.

In British Columbia, investment dealers that trade in the U.S. over-the-counter markets must comply with local requirements to manage the risks of trading these securities, retain records and report quarterly to the Commission.

To register in a non-principal jurisdiction
Before making a submission under section 4A.3 or 4A.4, the firm or individual should ensure that the firm's or individual's principal jurisdiction is correctly identified in the firm's or individual's latest submission under NI 33-109.

Firm
Under section 4A.3(1) of the Instrument, if a firm is registered in its principal jurisdiction in a category set out in NI 31-103, other than the category of "restricted dealer", the firm is registered in the same category in a non-principal jurisdiction if the firm

(a) has submitted a completed Form 33-109F6 in accordance with NI 33-109, and

(b) is a member of an SRO if required for that category.

A firm should refer to Part 4 and section 5.2 of NP 11-204 for guidance on how to make its submission under the Instrument.

Under section 4A.3(3) of the Instrument, a firm may make the relevant submission by giving it to its principal regulator instead of the non-principal regulator. In a jurisdiction where the principal regulator has delegated, assigned or authorized an SRO to register firms, the firm should make the submission by giving it to the relevant office of the SRO.

To register under section 4A.3(1) of the Instrument, the firm must be a member of an SRO if required in the local jurisdiction for that category of registration. This condition does not apply if the firm has an exemption in the local jurisdiction from the requirement to be a member of the SRO. All jurisdictions require investment dealers to be members of the Investment Industry Regulatory Organization of Canada. All jurisdictions, except Québec, require mutual fund dealers to be members of the MFDA. A mutual fund dealer whose principal jurisdiction is Québec must be a member of the MFDA before it can register in another jurisdiction.

Individual

Under section 4A.4 of the Instrument, if an individual acting on behalf of a sponsoring firm is registered in his or her principal jurisdiction in a category set out in NI 31-103, the individual is registered in the same category in a non-principal jurisdiction if

(a) the individual's sponsoring firm is registered in the non-principal jurisdiction in the same category as in the firm's principal jurisdiction,

(b) the individual submitted a completed Form 33-109F2 or Form 33-109F4 in accordance with NI 33-109, and

(c) the individual is a member or an approved person of an SRO if required for that category.

Section 5.2 of NP 11-204 provides guidance on how to make a submission.

To register under section 4A.4 of the Instrument, the individual must be a member or an approved person of an SRO if required in the local jurisdiction for that category of registration. This condition does not apply if the individual has an exemption in the local jurisdiction from the requirement to be a member or approved person of the SRO. Québec legislation requires individuals who are representatives of mutual fund or scholarship plan dealers to be members of the Chambre de la sécurité financière. Other jurisdictions require individuals who are representatives of mutual fund dealers to be approved persons under the rules of the MFDA.

For greater certainty, if an individual is registered in a category in his or her principal jurisdiction for more than one sponsoring firm, each sponsoring firm must be registered in the same category in the non-principal jurisdiction in which the individual seeks registration under section 4A.4 of the Instrument.

4A.6 Terms and conditions of registration

Section 4A.5(1) of the Instrument provides that, if a firm or individual is registered in the same category in the principal jurisdiction and in the non-principal jurisdiction, a T&C imposed on the registration in the principal jurisdiction applies to the firm or individual as if it were imposed in the non-principal jurisdiction (i.e., by operation of law). Under section 4A.5(2) of the Instrument, a T&C continues to apply until the earlier of the date the securities regulatory authority or regulator that imposed it, cancels or revokes it, or it expires.

Under section 4A.5 of the Instrument, if the principal regulator amends or adds a T&C to a category in which a firm or individual is registered, the amended or additional T&C automatically applies to the firm's or individual's registration in the same category in the non-principal jurisdiction.

In the event of a change of principal regulator, and for each category in which a firm or an individual is registered in the non-principal jurisdiction under section 4A.3 or 4A.4 of the Instrument, the firm's or individual's

- original principal regulator will revoke any T&C it imposed, and
- new principal regulator will adopt any T&C's that are appropriate.

This will enable the new principal regulator to amend the firm's or individual's T&Cs in appropriate circumstances and result in any T&C amended by the new principal regulator applying automatically in a non-principal jurisdiction as if it had been imposed in that jurisdiction (i.e., by operation of law).

4A.7 Suspension

Under section 4A.6 of the Instrument, if a firm's or an individual's registration in the principal jurisdiction is suspended, the firm's or individual's registration is automatically suspended in any non-principal jurisdiction where the firm or individual is registered.

For greater certainty, a suspension of registration is a suspension of a firm's or individual's trading or advising privileges and the firm or individual remains registered under securities legislation. A firm's or individual's registration is suspended on the same day in the principal jurisdiction and the non-principal jurisdiction. NRD will show the same suspension date in each relevant jurisdiction.

A firm's or individual's registration is suspended in the non-principal jurisdiction for as long as the firm's or individual's registration is suspended in the principal jurisdiction. If the principal regulator lifts a firm's or individual's suspension, the firm or individual may resume trading or advising in the non-principal jurisdiction on the date NRD shows that the suspension has been lifted. Any T&C imposed by the principal regulator when it lifts a suspension applies automatically in the non-principal jurisdiction under section 4A.5 of the Instrument.

4A.8 Termination

Under section 4A.7 of the Instrument, if a firm's or individual's registration in the principal jurisdiction is cancelled, revoked or terminated, as applicable, the firm's or individual's registration in the non-principal jurisdiction is automatically cancelled, revoked or terminated, as applicable. A firm's or individual's registration is terminated on the same date in the principal jurisdiction and the non-principal jurisdiction. NRD will show the same termination date in each relevant jurisdiction.

4A.9 Surrender

Under section 4A.8 of the Instrument, a firm's or individual's registration is automatically cancelled, revoked or terminated, as applicable, in a category in all non-principal jurisdictions in which the firm or individual is registered if the firm or individual applies to surrender registration in the category in its principal jurisdiction and the principal regulator accepts the surrender.

A firm should submit an application to surrender registration in one or more categories in the firm's principal jurisdiction and Ontario, if Ontario is a non-principal jurisdiction. The application should identify any non-principal jurisdiction where the firm is registered in the same category(ies). In a jurisdiction where the principal regulator has delegated, assigned or authorized an SRO to perform registration functions, a firm should submit its application to surrender to the relevant office of the SRO. A firm should refer to Appendix B of CP 33-109 for guidance on how to submit its application for surrender to the principal regulator or the relevant office of the SRO.

An individual should make the relevant NRD submission under NI 33-109 to surrender registration.

If a firm or individual applies to surrender a category in the principal jurisdiction, the principal regulator may suspend registration in the category pending surrender, or impose a T&C. See section 4A.7 of this Policy for guidance on suspension of registration.

If the principal regulator imposes a T&C, section 4A.5 of the Instrument provides that the T&C applies in each non-principal jurisdiction where a firm or individual is registered in the same category as if the T&C had been imposed in the non-principal jurisdiction.

The Instrument does not deal with a firm or individual that seeks to surrender a category in a non-principal jurisdiction only. If a firm or individual seeks to surrender a category in a non-principal jurisdiction, other than Ontario,

- the firm may still submit its application by giving it to the principal regulator only or, if the principal regulator has delegated, assigned or authorized an SRO to perform registration functions, the relevant office of the SRO in the principal jurisdiction,
- the individual should make the relevant NRD submission under NI 33-109,
- the firm's or individual's submission should indicate the non-principal jurisdiction where the firm or individual is applying to surrender registration, and
- the fact that a securities regulatory authority, regulator or SRO accepts the surrender of registration of a firm or individual in the non-principal jurisdiction does not affect the registration of the firm or individual in another jurisdiction.

4A.10 Transition – terms and conditions in non-principal jurisdiction

The purpose of section 4A.9(1) of the Instrument is to delay until October 28, 2009 the automatic application of section 4A.5 of the Instrument in a non-principal jurisdiction in which a firm or individual is registered on September 28, 2009. This gives the firm or individual time to make an application under section 4A.9(2) of the Instrument for an exemption from having a T&C imposed by the principal regulator apply automatically in the non-principal jurisdiction.

A firm or individual should apply for the exemption contemplated in section 4A.9(2) of the Instrument separately in each non-principal jurisdiction because the purpose of the exemption application is to give the firm or individual an opportunity to be heard on the automatic application in the non-principal jurisdiction of a T&C imposed by the principal regulator. For this reason, a firm or individual should not make the application under NP 11-203.

If a firm or individual does not apply for an exemption under section 4A.9(2) of the Instrument in a non-principal jurisdiction,

- a T&C imposed by the principal regulator automatically applies on October 28, 2009 in the non-principal jurisdiction, and
- a T&C previously imposed by the non-principal regulator ceases to apply unless it is enforcement related.

4A.11 Transition – notice of principal regulator for foreign firm

Under section 4A.10(1) of the Instrument, a foreign firm registered in a category in multiple jurisdictions before September 28, 2009 is required to submit the information to identify its principal jurisdiction in item 2.2(b) in Form 33-109F6 by submitting a Form 33-109F5 on or before October 28, 2009. This information will determine the foreign firm's principal regulator under section 4A.1 of the Instrument.

Section 4A.10(2) of the Instrument permits the foreign firm to make this submission to a non-principal regulator by giving it only to its principal regulator. In a jurisdiction where the principal regulator has delegated, assigned or authorized an SRO to perform registration functions, the foreign firm should make the submission to the relevant office of the SRO. Foreign firms should refer to Appendix B of CP 33-109 for guidance on how to make a submission.

Because the principal regulator for a foreign individual is the same as the principal regulator for the individual's sponsoring firm, the Instrument does not require the foreign individual to make a submission to identify the individual's principal regulator.

PART 4B APPLICATION TO BECOME A DESIGNATED RATING ORGANIZATION

4B.1 Application

Part 4B of the Instrument only applies to an application for designation as a designated rating organization. Designated rating organizations applying for a discretionary exemption from a provision of National Instrument 25-101 *Designated Rating Organizations* should refer to Part 4 of the Instrument.

4B.2 Principal regulator for application for designation

For purposes of an application for designation as a designated rating organization under Part 4B of the Instrument, the principal regulator is the principal regulator identified under sections 4B.2 to 4B.5 of the Instrument. The principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4B.1 of the Instrument specifies the following jurisdictions for this purpose: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and New Brunswick.

Section 7 of NP 11-205 gives guidance on how to identify the principal regulator for an application for designation as a designated rating organization under Part 4B of the Instrument.

4B.3 Discretionary change of principal regulator for application for designation

Section 4B.5 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for an application for designation as a designated rating organization under Part 4B of the Instrument on its own motion or on application. Section 8 of NP 11-205 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for an application for designation as a designated rating organization under Part 4B of the Instrument.

4B.4 Passport application of designation

Section 4B.6(1) of the Instrument provides that a credit rating organization is deemed to be designated as a designated rating organization in the non-principal jurisdiction if the principal regulator for the application grants the designation, the credit rating organization gives the notice required under paragraph (c) of that section and other conditions are met.

A deemed designation under section 4B.6(1) of the Instrument is available in the passport jurisdictions for which the credit rating organization gives the required notice when filing the application for designation. Credit rating organizations should give the notice in paragraph (c) of that section for all passport jurisdictions. However, the deemed designation can become available later in other passport jurisdictions if the circumstances warrant. To obtain the deemed designation in the new jurisdiction, the credit

rating organization would have to give the notice referred to in section 4B.6(1)(c) of the Instrument in respect of that jurisdiction and meet the other conditions of the designation.

Because, under the Instrument, a credit rating organization makes an application for designation only in the principal jurisdiction to obtain a deemed designation in multiple jurisdictions, the credit rating organization is required to pay fees only in the principal jurisdiction.

NP 11-205 sets out the process for seeking designation as a designated rating organization in multiple jurisdictions under Part 4B of the Instrument.

PART 4C APPLICATION TO CEASE TO BE A REPORTING ISSUER

4C.1 Application

Part 4C of the Instrument only applies to an application for an order to cease to be a reporting issuer.

4C.2 Principal regulator for application to cease to be a reporting issuer

For purposes of an application for an order to cease to be a reporting issuer under Part 4C of the Instrument, the principal regulator is the principal regulator identified under sections 4C.2 and 4C.3 of the Instrument. The principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4C.1 of the Instrument specifies the following jurisdictions for this purpose: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 8 of NP 11-206 gives guidance on how to identify the principal regulator for an application to cease to be a reporting issuer under Part 4C of the Instrument.

4C.3 Discretionary change of principal regulator

Section 4C.4 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for an application to cease to be a reporting issuer under Part 4C of the Instrument on its own motion. Section 9 of NP 11-206 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for an application to cease to be a reporting issuer under Part 4C of the Instrument.

4C.4 Deemed to cease to be a reporting issuer

Subsection 4C.5(1) of the Instrument provides that an issuer is deemed to cease to be a reporting issuer in the non-principal jurisdiction if the principal regulator for the application issues the order, the issuer gives the notice required under paragraph (c) of that subsection and other conditions are met. Issuers should give this notice in each passport jurisdiction in which it is a reporting issuer. Under subsection 4C.5(2) of the Instrument, the filer may satisfy this notice requirement by giving the required notice to the principal regulator.

Under the Instrument, an issuer makes an application only in the principal jurisdiction to obtain an order deeming it to cease to be a reporting issuer in multiple jurisdictions. As a result, the issuer is required to pay fees only in the principal jurisdiction.

NP 11-206 sets out the process for seeking an order to cease to be a reporting issuer in multiple jurisdictions under Part 4C of the Instrument.

4C.5 Transition

Subsection 40(1) of NP 11-206 provides that the coordinated review process set out in NP 11-203 will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

Subsection 40(2) of NP 11-206 provides that the coordinated review process set out under the heading “The Simplified Procedure” in CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

PART 5 EFFECTIVE DATE

5.1 Effective date

The Instrument applies to continuous disclosure documents, prospectuses and discretionary exemption applications filed on or after March 17, 2008.

The Instrument applies to an individual or firm seeking registration outside its principal jurisdiction on or after September 28, 2009. In addition, it applies to an individual or firm that is registered on that date unless the individual or firm requests and obtains an exemption under subsection 4A.9(2).

The Instrument applies to applications for designation as a designated rating organization filed on or after April 20, 2012.

The Instrument applies to applications for an order to cease to be a reporting issuer filed on or after June 23, 2016.

Companion Policy 11-102CP
Passport System

Appendix A

CD requirements under MI 11-101

For ease of reference, this appendix reproduces the definition of CD requirements in MI 11-101 even though some references might no longer be relevant because sections were repealed after September 19, 2005 when MI 11-101 came into force.

British Columbia:	
Securities Act:	section 85 and 117
Securities Rules:	section 144 (except as it relates to fees), 145 (except as it relates to fees), 152 and 153 sections 2, 3 and 189 as they relate to a filing under another CD requirement, as defined in MI 11-101
Alberta:	
Securities Act:	sections 146, 149 (except as it relates to fees), 150, 152 and 157.1
Securities Commission Rules (General):	except as it relates to a prospectus, section 143 – 169, 196 and 197
Saskatchewan:	
The Securities Act, 1988:	section 84, 86 – 88, 90, 94 and 95
The Securities Regulations:	section 117 – 138.1 and 175 as it relates to a filing under another CD requirement, as defined under MI 11-101
Manitoba:	
Securities Act:	sections 101(1), 102(1), 104, 106(3), 119, 120 (except as it relates to fees) and 121–130
Securities Regulation:	sections 38 – 40 and 80 – 87
Québec:	
Securities Act:	sections 73 excluding the filing requirement of a statement of material change, 75 excluding the filing requirement, 76, 77 excluding the filing requirement, 78, 80 – 82.1, 83.1, 87, 105 excluding the filing requirement, 106 and 107 excluding the filing requirement
Securities Regulation:	sections 115.1 – 119, 119.4, 120 – 138 and 141 – 161
Regulations:	No. 14, No. 48, Q-11, Q-17 (Title IV) and 62 – 102 A document filed with or delivered to the Autorité des marchés financiers, delivered to securityholder in Québec or disseminated in Québec under section 3.2 of the Instrument, is deemed, for the purposes of securities legislation in Québec, to be a document filed, delivered or disseminated under Chapter II of Title III or section 84 of the *Securities Act* (Québec).
New Brunswick:	
Securities Act:	sections 89(1) – (4), 90, 91, 100 and 101
Nova Scotia:	
Securities Act:	section 81, 83, 84 and 91
General Securities Rules:	sections 9, 140(2), 140(3) and 141
Newfoundland and Labrador:	
Securities Act:	except as they relate to fees, sections 76, 78 – 80, 82, 86 and 87
Securities Regulations:	sections 4 – 14 and 71 – 80

Yukon:

Securities Act: section 22(5) except as it relates to filing a new or amended prospectus

All jurisdictions:

(a) National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, except as it relates to a prospectus,

(b) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, except as it relates to a prospectus,

(c) National Instrument 51-102 *Continuous Disclosure Obligations*,

(d) National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards,*

(e) National Instrument 52-108 *Auditor Oversight*,

(f) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*,

(g) National Instrument 52-110 *Audit Committees*, except in British Columbia,

(h) BC Instrument 52-509 *Audit Committees*, only in British Columbia,

(i) National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer,*

(j) National Instrument 58-101 *Disclosure of Corporate Governance Practices*,

(k) section 8.5 of National Instrument 81-104 *Commodity Pools*, and

(l) National Instrument 81-106 *Investment Fund Continuous Disclosure*.

5.1.4 NP 11-206 Process for Cease to be a Reporting Issuer Applications

NATIONAL POLICY 11-206
PROCESS FOR CEASE TO BE A REPORTING ISSUER APPLICATIONS

PART 1
APPLICATION

Application

1. This policy describes the process for the filing and review of an application by a filer for an order that an issuer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer.

PART 2
DEFINITIONS

Definitions

2. In this policy

"AMF" means the regulator in Québec;

"application" means a request by a filer for an order for an issuer to cease to be a reporting issuer in all the jurisdictions of Canada in which it is a reporting issuer;

"beneficial owner" means a beneficial owner as defined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"dual application" means an application described in section 7 of this policy;

"dual review" means the review under this policy of a dual application;

"filer" means

(a) an issuer filing an application, or

(b) an agent of a person referred to in paragraph (a);

"marketplace" means a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

"modified procedure" means the procedure for issuers with a *de minimis* connection to Canada described in section 20 of this policy;

"notified passport jurisdiction" means a passport jurisdiction for which a filer gave the notice referred to in paragraph 4C.5(1)(c) of Multilateral Instrument 11-102 *Passport System*;

"OSC" means the regulator in Ontario;

"passport application" means an application described in section 6 of this policy;

"passport jurisdiction" means the jurisdiction of a passport regulator;

"passport regulator" means a regulator that has adopted Multilateral Instrument 11-102 *Passport System*;

"pre-filing" means a consultation with the principal regulator for an application, initiated before the filing of the application, regarding the interpretation of securities legislation or securities directions or their application to a particular application;

"regulator" means a securities regulatory authority or regulator;

"securityholder" means, for a security, the beneficial owner of the security;

"simplified procedure" means the procedure for issuers that have a *de minimis* number of securityholders as described in section 19 of this policy.

Further definitions

3. Terms used in this policy that are defined in Multilateral Instrument 11-102 *Passport System*, National Instrument 14-101 *Definitions* or, in Québec, in *Regulation 14-501Q on definitions*, have the same meaning as in those instruments.

Interpretation

4. For the purposes of this policy, a reference to an application for an order that an issuer has ceased to be a reporting issuer is deemed to include:

(a) an application under section 153 of the *Securities Act* (Alberta) for an order that the reporting issuer is deemed to have ceased to be a reporting issuer,

(b) an application under section 88 of the *Securities Act* (British Columbia) for an order that the reporting issuer is deemed to have ceased to be a reporting issuer,

(c) an application under subparagraph 1(1.2)(b) of the *Securities Act* (Manitoba) for an order declaring that an issuer has ceased to be a reporting issuer,

(d) an application under subparagraph 1.1(1)(a) of the *Securities Act* (New Brunswick) for an order designating for the purposes of New Brunswick securities law, a person not to be a reporting issuer,

(e) an application under section 84 of the *Securities Act* (Newfoundland and Labrador) for an order that the reporting issuer is no longer a reporting issuer,

(f) an application under subparagraph 6(1)(a) of the *Securities Act* (Northwest Territories) for an order designating an issuer to cease to be a reporting issuer,

(g) an application under section 89 of the *Securities Act* (Nova Scotia) for an order that the reporting issuer is deemed to have ceased to be a reporting issuer,

(h) an application under subparagraph 6(1)(a) of the *Securities Act* (Nunavut) for an order designating an issuer to cease to be a reporting issuer,

(i) an application under clause 1(10)(a)(ii) of the *Securities Act* (Ontario) for an order that, for the purposes of Ontario securities law, a person or company is not a reporting issuer,

(j) an application under subparagraph 6(1)(a) of the *Securities Act* (Prince Edward Island) for an order designating an issuer to cease to be a reporting issuer,

(k) an application under section 92 of the *Securities Act*, *1988* (Saskatchewan), for an order that the reporting issuer is no longer a reporting issuer,

(l) an application under section 69 or 69.1 of the *Securities Act* (Québec), for an order to revoke the issuer's status as a reporting issuer, and

(m) an application under subparagraph 6(1)(a) of the *Securities Act* (Yukon) for an order designating an issuer to cease to be a reporting issuer.

PART 3
OVERVIEW, PRINCIPAL REGULATOR AND GENERAL GUIDELINES

Overview

5. This policy applies to an application by a filer for an order that an issuer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer. An issuer may not apply to cease to be a reporting issuer in only some, but not all, of the jurisdictions in which it is a reporting issuer.

These are the possible types of applications:

(a) the principal regulator is a passport regulator and the issuer is not a reporting issuer in Ontario. This is a "passport application",

(b) the principal regulator is the OSC and the issuer is also a reporting issuer in a passport jurisdiction. This is also a "passport application",

(c) the principal regulator is a passport regulator and the issuer is also a reporting issuer in Ontario. This is a "dual application".

An application under this policy may not be combined with an application for exemptive relief under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Passport application

6. **(1)** If the principal regulator is a passport regulator and the issuer is not a reporting issuer in Ontario, the filer files the application only with, and pays fees only to, the principal regulator. Only the principal regulator reviews the application. The principal regulator's order is deemed to automatically have the same result in the notified passport jurisdictions.

(2) If the principal regulator is the OSC and the filer also seeks an order for the issuer to cease to be a reporting issuer in a passport jurisdiction, the filer files the application only with, and pays fees only to, the OSC. Only the OSC reviews the application. The OSC's order is deemed to automatically have the same result in the notified passport jurisdictions.

Dual application

7. If the principal regulator is a passport regulator and the issuer is also a reporting issuer in Ontario, the filer files the application with, and pays fees to, both the principal regulator and the OSC. The principal regulator reviews the application and the OSC, as a non-principal regulator, coordinates its review with the principal regulator. The principal regulator's order is deemed to automatically have the same result in the notified passport jurisdictions and evidences the decision of the OSC.

Principal regulator

8. **(1)** For any application under this policy, the principal regulator is identified in the same manner as in sections 4C.1 to 4C.4 of Multilateral Instrument 11-102 *Passport System*. This section summarizes sections 4C.1 to 4C.4 of Multilateral Instrument 11-102 *Passport System* and provides guidance on identifying the principal regulator for an application under this policy.

(2) For the purpose of this section, a specified jurisdiction is one of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick or Nova Scotia.

(3) Except as provided in subsection (4) and in section 9 of this policy, the principal regulator is,

(a) for an application made for an investment fund, the regulator of the jurisdiction in which the investment fund manager's head office is located, or

(b) for an application made for an issuer other than an investment fund, the regulator of the jurisdiction in which the issuer's head office is located.

(4) If the jurisdiction identified under subsection (3) is not a specified jurisdiction, the principal regulator for the application is the regulator of the specified jurisdiction with which the issuer or, in the case of an investment fund, the investment fund manager, has the most significant connection.

(5) The factors a filer should consider in identifying the principal regulator for the application based on the most significant connection test are, in order of influential weight:

(a) location of management,

(b) location of assets and operations,

(c) location of majority of securityholders or clients, and

(d) location of trading market or quotation and trade reporting system in Canada.

Discretionary change in principal regulator

9. **(1)** If the principal regulator identified under section 8 of this policy thinks it is not the appropriate principal regulator, it will first consult with the filer and the other regulator it thinks would be more appropriate. If all agree, the first identified principal regulator will give the filer written notice of the new principal regulator and the reasons for the change.

(2) A filer may request a discretionary change of principal regulator for an application if

(a) the filer believes the principal regulator identified under section 8 of this policy is not the appropriate principal regulator,

(b) the location of the head office changes over the course of the application, or

(c) the most significant connection to a specified jurisdiction changes over the course of the application.

(3) Regulators do not anticipate changing a principal regulator except in exceptional circumstances.

(4) A filer should submit a written request for a change in principal regulator to its current principal regulator and include the reasons for requesting the change. The current principal regulator will consult with the other regulator the filer thinks would be more appropriate. If they both agree, the first identified principal regulator will give the filer written notice of the new principal regulator.

General guidelines

10. **(1)** A regulator will generally send communications to a filer by e-mail.

(2) The British Columbia Securities Commission allows reporting issuers to voluntarily surrender their reporting issuer status under certain circumstances set out in BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*. However, that procedure is only available for an issuer that is only a reporting issuer in British Columbia and may not be used by an issuer that intends to apply for an order under this policy.

Issuers subject to business corporations legislation in certain jurisdictions

11. In certain jurisdictions of Canada, the local business corporations legislation:

(a) contains certain provisions that apply to reporting issuers that were incorporated, continued or amalgamated under the business corporations legislation, and

(b) provides that if a reporting issuer no longer wants those provisions to apply to it, it must obtain an order from the relevant regulator that it is no longer a public company for the purposes of the business corporations legislation.

Issuers should review their business corporations legislation to determine if they need to make a separate application to the relevant regulator for an order under the business corporations legislation. An order obtained under this policy is only for the purposes of securities legislation.

Reporting issuer that has been dissolved or terminated

12. **(1)** A reporting issuer does not need to apply for an order that it has ceased to be a reporting issuer if it is:

(a) a corporation that was dissolved under applicable corporate legislation,

(b) a limited partnership that was dissolved under applicable limited partnership legislation,

(c) a trust that was terminated under its declaration of trust, or

(d) another form of business organization that was dissolved or terminated under its applicable governing legislation or constating or establishing document.

(2) In each case, it will be sufficient if an agent files evidence of the dissolution or termination with the regulator in each jurisdiction where the issuer was a reporting issuer.

(3) For a corporation, sufficient evidence includes a copy of the certificate and articles of dissolution.

(4) For a limited partnership, sufficient evidence typically includes:

(a) a copy of the declaration of dissolution or similar document filed under applicable limited partnership legislation, and

(b) a written representation from the general partner about the effective date of dissolution under applicable limited partnership legislation.

(5) For a trust, sufficient evidence typically includes:

(a) a copy of the resolution authorizing the termination of the trust,

(b) a report on voting results indicating that the resolution was passed,

(c) a written representation that the trust no longer exists (it is sufficient if this representation is provided by an agent or former trustees or officers),

(d) a copy of the change in corporate structure notice filed under section 4.9 of National Instrument 51-102 *Continuous Disclosure Obligations* or a copy of the change in legal structure notice filed under section 2.10 of National Instrument 81-106 *Investment Fund Continuous Disclosure*, and

(e) evidence such as a copy of a news release or written submission from an agent that the trust has no securities outstanding and none are traded on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

(6) If an issuer has commenced dissolution proceedings but still exists, it will remain a reporting issuer in the absence of an order that it has ceased to be a reporting issuer.

Issuers that are only a reporting issuer in one jurisdiction

13. If an issuer is only a reporting issuer in one jurisdiction, it may apply for a local order to cease to be a reporting issuer in that jurisdiction. Although the application will be treated as a local application rather than as an application under this policy, the regulator in the jurisdiction will generally apply the principles set out in this policy to that application.

The British Columbia Securities Commission allows reporting issuers that are only reporting in British Columbia to voluntarily surrender their reporting issuer status under certain circumstances set out in BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status.*

Resale restrictions

14. For applications under the modified procedure or in the procedure for other applications described in section 21 of this policy, a filer should consider whether any of the issuer's securities may be subject to any resale restrictions under applicable securities legislation following the issuance of an order that the issuer has ceased to be a reporting issuer.

If the issuer has, at any time in the past, issued securities to Canadian securityholders pursuant to certain prospectus exemptions, those Canadian securityholders would no longer be able to rely on the resale provisions in sections 2.5 and 2.6 of National Instrument 45-102 *Resale of Securities* to sell their securities if the issuer has ceased to be a reporting issuer.

The issuer should disclose, in its application, what efforts it has conducted to ascertain the number of Canadian securityholders who purchased securities pursuant to a prospectus exemption and still hold those securities. The issuer should provide an analysis of whether those Canadian securityholders can rely on section 2.14 or any other provision in National Instrument 45-102 *Resale of Securities* to sell their securities following the issuance of the order that the issuer has ceased to be a reporting issuer.

If Canadian securityholders would not be able to rely on a provision in National Instrument 45-102 *Resale of Securities* to sell their securities following the issuance of the requested order, the issuer should disclose, in its application, whether the issuer will be filing a separate application for exemptive relief under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* to permit such sales.

PART 4
PRE-FILINGS

General

15. **(1)** A filer should submit a pre-filing sufficiently in advance of an application to avoid any delays in the processing of the application.

(2) Generally, a pre-filing should only be made where an application will involve a novel and substantive issue or raise a novel policy concern.

(3) The principal regulator will treat the pre-filing as confidential except that it may:

(a) provide copies or a description of the pre-filing to other regulators for discussion purposes, and

(b) have to release the pre-filing under freedom of information and protection of privacy legislation.

Procedure for passport application pre-filing

16. A filer should submit a pre-filing for a passport application by letter to the principal regulator and should:

(a) identify in the pre-filing the principal regulator for the application and each passport jurisdiction for which the filer intends to give the notice referred to in paragraph 4C.5(1)(c) of Multilateral Instrument 11-102 *Passport System*, and

(b) submit the pre-filing to the principal regulator only.

Procedure for dual application pre-filing

17. **(1)** A filer submitting a pre-filing for a dual application should identify in the pre-filing the principal regulator, each passport jurisdiction for which the filer intends to give the notice referred to in paragraph 4C.5(1)(c) of Multilateral Instrument 11-102 *Passport System*, and Ontario.

(2) The filer should submit the pre-filing to the principal regulator and the OSC.

(3) The principal regulator will arrange with the OSC to discuss the pre-filing within 7 business days, or as soon as practicable after the pre-filing is submitted.

Disclosure in related application

18. The filer should include in the application that follows a pre-filing,

(a) a description of the subject matter of the pre-filing and the approach taken by the principal regulator, and

(b) any alternative approach proposed by a non-principal regulator that was involved in discussions and that disagreed with the principal regulator.

PART 5
TYPES OF APPLICATION PROCEDURES

The simplified procedure

19. The simplified procedure is available to a filer that is seeking an order for an issuer to cease to be a reporting issuer in each of the jurisdictions in Canada in which it is a reporting issuer and meets all of the following criteria:

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

(b) its outstanding securities, 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,

(c) its securities, including debt securities, are not traded in Canada or another country on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported, and

(d) it is not in default of securities legislation in any jurisdiction.

The modified procedure

20. (1) A reporting issuer that is incorporated or organized under the laws of a foreign jurisdiction may make an application under the modified procedure if it meets all of the following criteria:

(a) the issuer files continuous disclosure reports under U.S. securities laws and is listed on a U.S. exchange,

(b) the issuer is able to make a representation that residents of Canada do not:

(i) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the issuer worldwide, and

(ii) directly or indirectly comprise more than 2% of the total number of securityholders of the issuer worldwide,

(c) in the 12 months before applying for the order, the issuer has not taken any steps that indicate there is a market for its securities in Canada, including conducting a prospectus offering in Canada, establishing or maintaining a listing on an exchange in Canada or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported.

If the issuer is unable to meet the above 12 month requirement because its securities have only recently been delisted from an exchange in Canada or have only recently been removed from trading on a marketplace or other facility in Canada for bringing together buyers and sellers where trading data is publicly reported, CSA staff may nevertheless be willing to recommend that an order be granted if the issuer is able to show that:

(i) prior to the delisting or the removal from trading, the issuer only attracted a *de minimis* number of Canadian investors, in particular, the daily average volume of trading of the issuer's securities in Canada during the 12 months prior to the delisting or the removal from trading was less than 2% of the worldwide daily average volume of trading of the issuer's securities during that 12 month period, and

(ii) the issuer did not take any other steps that indicate there is a market for its securities in Canada,

(d) the issuer provides advance notice to Canadian resident securityholders in a news release that it has applied for an order to cease to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer and, if that order is made, the issuer will no longer be a reporting issuer in any jurisdiction of Canada. If applicable, the news release should also disclose that some of the issuer's outstanding securities may be subject to resale restrictions. There should be sufficient time between the news release and the issuance of the order to provide securityholders with the opportunity to object to the order,

(e) the issuer undertakes to concurrently deliver to its Canadian securityholders, all disclosure the issuer would be required to deliver to U.S. resident securityholders under U.S. securities law or exchange requirements.

(2) The representation in paragraph (1)(b) should not be qualified or limited to the knowledge of the issuer, unless the issuer can fully demonstrate that it has made diligent enquiry to support the representation and why it cannot give an unqualified representation. CSA staff recognize that some issuers have difficulty making representations on the beneficial ownership of securities by residents of Canada. However, CSA staff will not generally recommend granting the order without the issuer satisfying the 2% test in paragraph (1)(b).

(3) A non-U.S. issuer incorporated or organized under the laws of a foreign jurisdiction can also seek an order under the modified procedure if the issuer

(a) is listed on a major foreign exchange and meets the 2% test described in paragraph (1)(b), and

(b) demonstrates that its Canadian securityholders will receive adequate continuous disclosure under the foreign securities law or exchange requirements.

Procedure for other applications

21. An issuer that does not meet the criteria in section 19 or 20 may make an application under this policy. In the application, the issuer should clearly explain why it does not meet the criteria in section 19 or 20, as applicable, and state the reasons and provide submissions as to why the principal regulator, and the OSC in the case of a dual application, should grant the order.

An example would be a situation where the issuer has completed a going-private transaction and would otherwise meet the criteria in section 19, but for the fact that it is in default of securities legislation as a result of failing to file financial statements that were due after the completion of the transaction.

However, it is important for filers to realize that unless the filer can identify a previous order that is directly on point, CSA staff will treat any application filed under this section as novel. Novel applications may take more time to consider and the filer may not get the desired result.

PART 6
FILING MATERIALS

Election to file under this policy and identification of principal regulator

22. **(1)** In its application, the filer should indicate whether it is filing a passport application or a dual application under this policy and identify the principal regulator for the application.

(2) A filer should file an application sufficiently in advance of any deadline to ensure that staff has a reasonable opportunity to complete the review and make recommendations for an order.

(3) A filer seeking an order in Québec should file a French language version of the draft order when the AMF is acting as principal regulator.

Materials to be filed with an application under the simplified procedure

23. **(1)** For a passport application under the simplified procedure, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:

(a) a written application, in the format of the sample application letter set out in Schedule 1, in which the filer:

(i) states that the application is being made under the simplified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(v) sets out any request for confidentiality,

(vi) includes representations that confirm that the issuer meets each of the criteria in section 19, and

(vii) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(b) a draft form of order, in the format set out in Annex A, with representations that confirm that the issuer meets the 4 criteria in section 19.

(2) For a dual application under the simplified procedure, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC to each of them, as appropriate, and file the following materials with both the principal regulator and the OSC:

(a) a written application, in the format of the sample application letter set out in Schedule 2, in which the filer:

(i) states that the application is being made under the simplified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(v) sets out any request for confidentiality,

(vi) sets out any request to abridge the review period (see subsection 32(3) of this policy) or the opt-in period (see subsection 34(4) of this policy) and provides supporting reasons,

(vii) includes representations that confirm that the issuer meets each of the criteria in section 19, and

(viii) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(b) a draft form of order, in the format set out in Annex B, with representations that confirm that the issuer meets the 4 criteria in section 19.

(3) If the issuer is in the process of completing a going-private transaction following which it will want an order that it has ceased to be a reporting issuer, the issuer may apply for relief using the simplified procedure prior to completing the transaction. The principal regulator cannot make an order until the transaction is complete and the issuer can represent that it has satisfied all the criteria for the simplified procedure.

(4) In circumstances where an issuer has exchanged its securities with another party (or that party's securityholders) in connection with a statutory arrangement or procedure, the issuer should consider whether any other party in the transaction will or has become a reporting issuer following the exchange. If so, the issuer should disclose in its application the name of that party and the jurisdictions in which that party will or has become a reporting issuer and provide a brief summary of the statutory arrangement or procedure and the parties involved.

Materials to be filed with an application under the modified procedure

24. (1) For a passport application under the modified procedure, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:

(a) a written application in which the filer:

(i) states that the application is being made under the modified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) sets out, for any related pre-filing, the information referred to in section 18 of this policy,

(v) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(vi) sets out any request for confidentiality,

(vii) provides submissions on how the issuer meets each of the criteria in section 20,

(viii) provides submissions on how the issuer has dealt, or proposes to deal, with the resale issues set out in section 14 of this policy,

(ix) sets out references to previous orders of the principal regulator or other regulators that would support issuing the order, or indicates that the application is novel,

(x) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(xi) states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default,

(b) supporting materials, and

(c) a draft form of order, in the format set out in Annex C, with representations that explain how the issuer meets each of the criteria in section 20 and states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.

(2) For a dual application under the modified procedure, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC to each of them, as appropriate, and file the following materials with both the principal regulator and the OSC:

(a) a written application in which the filer:

(i) states that the application is being made under the modified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) sets out, for any related pre-filing, the information referred to in section 18 of this policy,

(v) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(vi) sets out any request for confidentiality,

(vii) sets out any request to abridge the review period (see subsection 32(3) of this policy) or the opt-in period (see subsection 34(4) of this policy) and provides supporting reasons,

(viii) provides submissions on how the issuer meets each of the criteria in section 20,

(ix) provides submissions on how the issuer has dealt, or proposes to deal, with the resale issues set out in section 14 of this policy,

(x) sets out references to previous orders of the principal regulator or other regulators that would support issuing the order, or indicates that the application is novel,

(xi) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(xii) states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default,

(b) supporting materials, and

(c) a draft form of order, in the format set out in Annex D, with representations that explain how the issuer meets each of the criteria in section 20 and that states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.

(3) The application filed under this section should describe what due diligence the filer has done to ascertain:

(a) the number of securities of the issuer (of each class or series) directly or indirectly beneficially owned by residents of Canada, and

(b) the number of securityholders of the issuer resident in Canada.

If an issuer has outstanding American Depositary Receipts (ADR), American Depositary Shares (ADS) or Global Depositary Receipts (GDR), the number of shares represented by ADR, ADS or GDR should be considered in the 2% test.

(4) The due diligence conducted by the issuer described in subsection (3) would normally include the following:

(a) where a registered holder of securities of the issuer is a depository or an intermediary located in Canada, procedures similar to the procedures set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* to obtain beneficial ownership information,

(b) where a registered holder of securities of the issuer is a depository or an intermediary located in a foreign jurisdiction, similar procedures set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* if it is reasonable to expect that the depository or intermediary may be holding securities of the issuer that are directly or beneficially owned by residents of Canada.

For example, if the securities of the issuer are traded in a foreign jurisdiction on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported, similar inquiries should be made of depositories or intermediaries in that jurisdiction if it is reasonable to expect that residents of Canada may have purchased securities of the issuer through that marketplace or facility.

Similarly, if securities of the issuer are held in a foreign jurisdiction by a foreign intermediary that is an affiliate of a Canadian intermediary, the foreign intermediary should be asked if it is holding securities of the issuer on behalf of residents of Canada.

Materials to be filed with other applications

25. An issuer described in section 21 of this policy should file the materials listed in section 24 of this policy. In its application, instead of providing submissions on how the issuer meets the criteria in the modified procedure, the issuer should provide submissions on why it does not meet the criteria in section 19 or 20 of this policy, as applicable, and state the reasons and provide submissions as to why regulators should grant the order.

Request for confidentiality

26. (1) A filer requesting that the regulators hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.

(2) CSA staff is unlikely to recommend that an order be held in confidence after its effective date. However, if a filer requests that the regulators hold the application, supporting materials, or order in confidence after its effective date, the filer should describe the request for confidentiality separately in its application, and pay any required fee:

(a) in the principal jurisdiction, if the filer is making a passport application, or

(b) in the principal jurisdiction and in Ontario, if the filer is making a dual application.

(3) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality would expire.

(4) Communications on requests for confidentiality will normally take place by e-mail. If a filer is concerned with this practice, the filer may request in the application that all communications take place by telephone.

Filing

27. **(1)** Except as set out in subsections (3) and (4), a filer should send the application materials in paper and in electronic format together with the fees to

(a) the principal regulator, in the case of a passport application, or

(b) the principal regulator and the OSC, in the case of a dual application.

(2) The filer should also provide an electronic copy of the application materials, including the draft order, by e-mail. For a dual application, filing the application concurrently with the principal regulator and the OSC will enable these regulators to process the application expeditiously.

(3) In British Columbia, an electronic filing system is available for filing and tracking applications. Filers should file an application in British Columbia using that system instead of e-mail.

(4) In Ontario, an electronic system is available for filing applications. Filers should file an application in Ontario using that system instead of e-mail.

(5) Filers should send pre-filing and application materials by e-mail (or through the electronic system in British Columbia and Ontario) using the relevant address or addresses listed below:

British Columbia	www.bcsc.bc.ca (click on *BCSC e-services* and follow the steps)
Alberta	legalapplications@asc.ca
Saskatchewan	exemptions@gov.sk.ca
Manitoba	exemptions.msc@gov.mb.ca
Ontario	www.osc.gov.on.ca/filings (follow the steps for submitting applications)
Québec	dispenses-passeport@lautorite.qc.ca
New Brunswick	passport-passeport@fcnb.ca
Nova Scotia	nsscexemptions@novascotia.ca

Incomplete or deficient material

28. If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

Acknowledgement of receipt of filing

29. After the principal regulator receives a complete application, the principal regulator will send the filer an acknowledgement of receipt of the application. For a dual application, the principal regulator will send a copy of the acknowledgement to the OSC. The acknowledgement will identify the name, phone number and e-mail address of the individual reviewing the application and, for a dual application, the end date of the review period identified in subsection 32(3) of this policy.

Withdrawal or abandonment of application

30. **(1)** If a filer decides to withdraw an application at any time during the process, the filer must notify the principal regulator and, for a dual application, the principal regulator and the OSC and provide an explanation of the withdrawal.

(2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file unless the filer provides acceptable reasons not to close the file in writing within 10 business days of the notification from the principal regulator. If the filer does not provide acceptable reasons, the principal regulator will notify the filer and for a dual application, the OSC, that the principal regulator has closed the file.

PART 7
REVIEW OF MATERIALS

Review of passport application

31. **(1)** The principal regulator will review a passport application in accordance with its securities legislation and securities directions and based on its review procedures, analysis and consideration of previous orders.

(2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

Review and processing of dual application

32. **(1)** The principal regulator will review a dual application in accordance with its securities legislation and securities directions, based on its review procedures, analysis and consideration of previous orders. The principal regulator will consider any comments from the OSC.

(2) The filer will generally deal only with the principal regulator, which will be responsible for providing comments to the filer once it has considered the comments from the OSC and completed its own review. However, in exceptional circumstances, the principal regulator may refer the filer to the OSC.

(3) The OSC will have 7 business days from receiving the acknowledgement referred to in section 29 of this policy to reviehe application. In exceptional circumstances, the principal regulator may abridge the review period if the filer filed the dual application concurrently with the OSC and shows that it is necessary and reasonable in the circumstances for the application to receive immediate attention.

(4) Unless the filer provides compelling reasons as to why it did not start the application process sooner, the principal regulator will not consider the following circumstances as exceptional:

(a) the recent closing of a take-over bid, plan of arrangement or similar transaction that resulted in the issuer being eligible to make an application,

(b) the upcoming deadline for the filing of a continuous disclosure document that would result in the issuer being in default of securities legislation if the order that the issuer has ceased to be a reporting issuer is not granted before that deadline,

(c) an upcoming date on which the issuer must have ceased to be a reporting issuer for legal, tax or business reasons, or

(d) other situations in which the deadline was known before filing the application and the filer could have filed the application earlier.

While staff will attempt to accommodate transaction timing where possible, filers planning time-sensitive transactions should build sufficient regulatory approval time into their transaction schedules.

The fact that a filer may consider an application as routine is not a compelling argument for requesting an abridgement.

(5) Filers should provide sufficient information in an application to enable staff to assess how quickly they should handle the application. For example, if the filer has committed to take certain steps by a specific date and needs to have staff's view or an order by that date, the filer should explain why staff's view or the order to cease to be a reporting issuer is required by the specific date and identify these time constraints in its application.

(6) In a dual application, the OSC will advise the principal regulator, before the expiration of the review period, of any substantive issues that would cause OSC staff to recommend that the order not be granted. The principal regulator may assume that the OSC does not have comments on the application if the principal regulator does not receive them within the review period.

PART 8
DECISION-MAKING PROCESS

Passport application

33. **(1)** After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether or not to grant the order a filer sought in a passport application.

(2) If the principal regulator is not prepared to grant the order based on the information before it, the principal regulator will notify the filer accordingly.

(3) If a filer receives a notice under subsection (2) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

Dual application

34. **(1)** After completing the review process and considering the recommendation of its staff, the principal regulator will determine whether or not to grant the order a filer sought in a dual application and immediately circulate its decision to the OSC.

(2) In a dual application, the OSC will have 5 business days from receipt of the principal regulator's order to confirm whether:

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(3) If the OSC is silent, the principal regulator will consider that the OSC will not be making the same decision as the principal regulator.

(4) If the filer shows that it is necessary and reasonable in the circumstances, the principal regulator may request, but cannot require, the OSC to abridge the opt-in period. In some circumstances, abridging the opt-in period may not be feasible. For example, only a panel of the OSC that convenes according to a schedule can make some types of decisions.

(5) The principal regulator will not send the filer an order for a dual application until receipt from the OSC of the confirmation referred to in paragraph (2)(a). If the OSC does not provide the confirmation, the principal regulator will advise the filer that it will not be receiving an order from the principal regulator or the OSC.

(6) If the principal regulator is not prepared to grant the order based on the information before it, it will notify the filer and the OSC.

(7) If a filer receives a notice under subsection (6) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the OSC.

PART 9
ORDER

Effect of order made under passport application

35. **(1)** Under a passport application, the order of the principal regulator that an issuer has ceased to be a reporting issuer is the decision of the principal regulator. Under subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System*, an issuer is deemed to cease to be a reporting issuer in all notified passport jurisdictions as a result of the order of the principal regulator for the application.

(2) The order is effective in each notified passport jurisdiction on the date of the principal regulator's order (even if the regulator in the notified passport jurisdiction is closed on that date).

Effect of order made under dual application

36. Under a dual application, the order of the principal regulator that an issuer has ceased to be a reporting issuer is the decision of the principal regulator. Under subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System*, an

issuer is deemed to cease to be a reporting issuer in all notified passport jurisdictions as a result of the order of the principal regulator for the application. The order of the principal regulator under a dual application also evidences the OSC's decision, if the OSC provided the confirmation referred to in paragraph 34(2)(a) of this policy.

Listing non-principal jurisdictions

37. **(1)** For convenience, the order of the principal regulator on a passport application or a dual application will refer to the notified passport jurisdictions, but it is the filer's responsibility to ensure that it gives the required notice for each jurisdiction for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon. A filer must give the notice for each jurisdiction of Canada in which the issuer is a reporting issuer.

(2) The order of the principal regulator on a dual application will contain wording that makes it clear that the order evidences and sets out the decision of the OSC.

Form of order

38. An order under this policy will be in the form set out in one of the following:

(a) Annex A, *Form of order for a passport application under the simplified procedure*,

(b) Annex B, *Form of order for a dual application under the simplified procedure*,

(c) Annex C, *Form of order for a passport application under the modified procedure*,

(d) Annex D, *Form of order for a dual application under the modified procedure*,

(e) Annex E, *Form of order for a passport application for other applications*, or

(f) Annex F, *Form of order for a dual application for other applications*.

Issuance of order

39. For a dual application, the principal regulator will send the order to the filer and to the OSC.

PART 10
TRANSITION AND EFFECTIVE DATE

Transition

40. **(1)** The coordinated review process set out in National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

(2) The coordinated review process set out under the heading "The Simplified Procedure" in CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

Effective date

41. This policy comes into effect on June 23, 2016.

Annex A
Form of order for a passport application under the simplified procedure

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] (the Jurisdiction)

and

In the Matter of
the Process for Cease to be a Reporting Issuer Applications

and

In the Matter of
[*name of issuer* (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 [*name of the principal regulator*] 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 [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*].

Interpretation

Terms defined in National Instrument 14-101 *Definitions*[,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] 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.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex B
Form of order for a dual application under the simplified procedure

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Cease to be a Reporting Issuer Applications

and

In the Matter of
[*name of issuer* (the Filer)]

Order

Background

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 [*name of the principal regulator*] 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 [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*], 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 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] 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.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex C
Form of order for a passport application under the modified procedure

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] (the Jurisdiction)

and

In the Matter of
the Process for Cease to be a Reporting Issuer Applications

and

In the Matter of
[*name of issuer* (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 [*name of the principal regulator*] 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 [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*].

Interpretation

Terms defined in National Instrument 14-101 *Definitions*[,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

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

1. [*Insert material representations necessary to explain how the Filer meets the modified procedure criteria and why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

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.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
Name of principal regulator)
(*justify signature block*)

Annex D
Form of order for a dual application under the modified procedure

[Citation: [*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Cease to be a Reporting Issuer Applications

and

In the Matter of
[*name of issuer*] (the Filer)

Order

Background

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 [*name of the principal regulator*] 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 [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*], 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 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

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

1. [*Insert material representations necessary to explain how the Filer meets the modified procedure criteria and why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

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.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex E
Form of order for a passport application for other applications

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] (the Jurisdiction)

and

In the Matter of
the Process for Cease to be a Reporting Issuer Applications

and

In the Matter of
[*name of issuer*] (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 [*name of the principal regulator*] 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 [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*].

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

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

1. [*Insert material representations necessary to explain why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

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.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex F
Form of order for a dual application for other applications

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Cease to be a Reporting Issuer Applications

and

In the Matter of
[*name of issuer*] (the Filer)

Order

Background

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 [*name of the principal regulator*] 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 [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*], 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 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

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

1. [*Insert material representations necessary to explain why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application*.]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default*.]

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.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Schedule 1
Example of an Application Letter under the Simplified Procedure for a Passport Application

[Enter date]

[Name of the principal regulator]

Dear Sir/Madam:

Re: [Enter name of issuer] (the Filer) – passport application for an order under the securities legislation of [name of principal jurisdiction] that the Filer has ceased to be a reporting issuer

We are applying under the simplified procedure to the [identify principal regulator] as principal regulator for an order under the securities legislation (the Legislation) of [name of principal jurisdiction] that the Filer has ceased to be a reporting issuer (the Order Sought).

We identify [name of regulator] as the principal regulator for the application on the basis of [name the applicable criteria] under section 8 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206).

In accordance with subsection 4C.5(2) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) and in satisfaction of the notice requirement in paragraph 4C.5(1)(c) of MI 11-102, the Filer provides notice to the securities regulatory authority or regulator in [list the non-principal jurisdictions where the Filer is a reporting issuer] that subsection 4C.5(1) of MI 11-102 is intended to be relied upon for the Order Sought.

Under the simplified procedure in NP 11-206, the Filer represents 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.

[If applicable, set out any request for confidentiality and/or requests to abridge the review period or the opt-in period and provide supporting reasons.]

[Identify whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application.]

[Enter name of Filer]

[Signature of the person who has signing authority]

[Include a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application.]

Schedule 2
Example of an Application Letter under the Simplified Procedure for a Dual Application

[Enter date]

[List name of the principal regulator and the Ontario Securities Commission]

Dear Sir/Madam:

Re: [Enter name of issuer] (the Filer) – dual application for an order under the securities legislation of [name of principal jurisdiction] and Ontario that the Filer has ceased to be a reporting issuer

We are applying under the simplified procedure to the [identify principal regulator] as principal regulator and the Ontario Securities Commission for an order under the securities legislation (the Legislation) of [name of principal jurisdiction] and Ontario that the Filer has ceased to be a reporting issuer (the Order Sought).

We identify [name of regulator] as the principal regulator for the application on the basis of [name the applicable criteria] under section 8 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206).

In accordance with subsection 4C.5(2) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) and in satisfaction of the notice requirement in paragraph 4C.5(1)(c) of MI 11-102, the Filer provides notice to the securities regulatory authority or regulator in [list the non-principal jurisdictions where the Filer is a reporting issuer] that subsection 4C.5(1) of MI 11-102 is intended to be relied upon for the Order Sought.

Under the simplified procedure in NP 11-206, the Filer represents 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.

[If applicable, set out any request for confidentiality and/or requests to abridge the review period or the opt-in period and provide supporting reasons.]

[Identify whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application.]

[Enter name of Filer]

[Signature of the person who has signing authority]

[Include a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application.]

5.1.5 NP 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions

NATIONAL POLICY 11-207 *FAILURE-TO-FILE CEASE TRADE ORDERS AND REVOCATIONS IN MULTIPLE JURISDICTIONS*

PART 1
INTRODUCTION

Scope of this policy

1. Reporting issuers are subject to continuous disclosure requirements under securities legislation so that there is information in the marketplace to enable investors and prospective investors to make an informed investment decision. The integrity and fairness, or confidence in the integrity and fairness, of the capital markets may be compromised if trading in securities of a reporting issuer is permitted to continue when the reporting issuer is not in compliance with the continuous disclosure requirements.

This policy provides guidance to issuers, investors and other market participants regarding how the Canadian Securities Administrators (CSA or we) will generally respond to certain types of continuous disclosure defaults by a reporting issuer, referred to as specified defaults in this policy.[1]

This policy also explains why we issue a failure-to-file cease trade order in response to a specified default. Beginning in part 4, this policy also explains how a failure-to-file cease trade order has effect in multiple jurisdictions due to the operation of:

- Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, in those CSA jurisdictions that have adopted it, or
- A statutory reciprocal order provision as defined in section 3.

This policy also explains what a reporting issuer should do to apply for a full or partial revocation (including a variation) of a failure-to-file cease trade order.

Any CSA jurisdiction that has adopted Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or has a statutory reciprocal order provision will apply the operational processes set out in this policy.

Although Ontario has not adopted Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions,* this policy describes an interface process ("dual" regime) to facilitate the reciprocation in Ontario of failure-to-file cease trade orders issued and revoked by other CSA regulators.

This policy applies to a reporting issuer and, where the context permits, to a securityholder or other party.

Cease trade orders outside of the scope of this policy

2. The following cease trade orders for continuous disclosure defaults are not covered by the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*:

(a) a cease trade order issued in respect of a failure to file deficiency that is not a specified default;[2]

(b) a cease trade order issued where a reporting issuer has made a required filing but the required filing is deficient in terms of content (a content deficiency);[3]

(c) a management cease trade order as defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

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1 The term "specified default" is defined in section 3 of this policy and is based on the harmonized list of deficiencies developed by the CSA and described in CSA Notice 51-322 *Reporting Issuer Defaults.*

2 The definition of "specified default" does not include certain failure to file deficiencies described in section 1 of CSA Notice 51-322 *Reporting Issuer Defaults*, such as a failure to file a material change report or a failure to file technical disclosure or other reports required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.* We have omitted these items from the definition because these filings will generally be non-periodic in nature and in some cases it may be unclear whether a filing requirement has been triggered.

3 Examples of content deficiencies are set out in section 2 of CSA Notice 51-322 *Reporting Issuer Defaults.*

(d) a cease trade order issued in respect of an issuer that is only a reporting issuer in one jurisdiction;[4]

(e) a cease trade order issued prior to the effective date of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*.

Cease trade orders that do not meet the definition of failure-to-file cease trade order, and as such do not automatically take effect in each MI 11-103 jurisdiction where the issuer is a reporting issuer, will generally be issued by the CSA regulators following principles of mutual reliance. Once the principal regulator, as this term is defined in section 3, issues a cease trade order, each other CSA regulator in a jurisdiction where the issuer is a reporting issuer will then decide whether to issue a similar order in its jurisdiction.[5]

The application process for a revocation of a cease trade order that does not meet the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, is described in National Policy 12-202 *Revocations of Certain Cease Trade Orders.*

PART 2
DEFINITIONS AND INTERPRETATION

Definitions

3. In this policy:

"cease trade order" means an order under a provision of Canadian securities legislation, set out in Annex A, that one or more persons or companies must not trade in securities of a reporting issuer, whether directly or indirectly;

"CSA regulator" means a securities regulatory authority or a regulator, as applicable;

"dual application" means an application described in section 22;

"dual failure-to-file cease trade order" means an order described in section 14;

"failure-to-file cease trade order" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"filer" means the person or company filing an application to revoke or partially revoke a failure-to-file cease trade order;

"management cease trade order" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations;*

"MI 11-103 jurisdiction" means the jurisdiction of a CSA regulator that has adopted Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"MRFP" means a management report of fund performance as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure;*

"non-principal regulator" means, for a person or company, the CSA regulator of a jurisdiction other than the principal jurisdiction;

"OSC" means the regulator in Ontario;

"OTC reporting issuer" has the same meaning as in Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-The-Counter Markets*;

"partial revocation order" means an order that permits one or more persons or companies to conduct specific trades when a failure-to-file cease trade order is in effect, and includes a variation of the failure-to-file cease trade order;

"principal jurisdiction" means, for a person or company, the jurisdiction of the principal regulator;

[4] A local CSA regulator will generally apply the same principles and considerations as set out in this policy when issuing a local cease trade order.

[5] These cease trade orders would be automatically reciprocated in jurisdictions that have a statutory reciprocal order provision.

"principal regulator" means the regulator described in section 13;

"revocation order" means either a partial revocation order or an order fully revoking a failure-to-file cease trade order;

"SEDAR" means System for Electronic Document Analysis and Retrieval;

"SEDI" means System for Electronic Disclosure by Insiders;

"specified default" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"statutory reciprocal order provision" means a provision in the securities statute of a jurisdiction, set out in Annex C, that provides for the automatic reciprocation of any order imposing sanctions, conditions, restrictions or requirements issued by another CSA regulator based on a finding or admission of a contravention of securities legislation;

"venture issuer" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*.

Further definitions

4. Terms used in this policy that are defined in National Instrument 14-101 *Definitions* have the same meaning as in that instrument.

Interpretation

5. **(1)** In certain jurisdictions, the CSA regulator may issue a failure-to-file cease trade order that prohibits trading in, and the acquisition or purchase of, securities of a reporting issuer. In these jurisdictions, references in this policy to a "trade" refer to a trade in, acquisition of, or purchase of securities of the reporting issuer, as applicable.

(2) In Québec, "trade" is not defined in the *Securities Act* (Québec). This policy covers any activity in respect of a transaction in securities that may be the object of an order issued under paragraph 3 of section 265 of the *Securities Act* (Québec) that falls within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*.

PART 3
OVERVIEW AND IMPLICATIONS OF CEASE TRADE ORDERS ISSUED FOR CONTINUOUS DISCLOSURE DEFAULTS

DIVISION 1 OVERVIEW

Possible regulatory responses to a specified default

6. In the jurisdictions where the issuer is a reporting issuer, the CSA regulators will generally respond to a specified default by noting the issuer in default on their default lists. For more information about the CSA default lists, refer to CSA Notice 51-322 *Reporting Issuer Defaults*.

The CSA regulators will then generally respond to a specified default in one of two ways:

(a) by issuing a failure-to-file cease trade order;

(b) if an issuer applies under National Policy 12-203 *Management Cease Trade Orders*, and demonstrates that it is able to comply with that policy, by issuing a management cease trade order.

If the outstanding filing is expected to be filed relatively quickly, the default is not expected to be recurring and the issuer meets the eligibility criteria, a management cease trade order may be an appropriate response to the default.

While we recognize that issuers may sometimes face difficulties in complying with filing deadlines due to circumstances beyond their control, we do not believe it is appropriate to vary a filing deadline simply to allow an issuer to avoid being in default. The CSA regulators will consider the issuer's circumstances in deciding what action, if any, is appropriate to respond to a default. Once an issuer is in default, a failure-to-file cease trade order may be issued by the CSA regulator at any time.

Reasons for issuing a failure-to-file cease trade order in response to a specified default

7. In the event of a specified default, the CSA regulators generally respond by issuing a failure-to-file cease trade order. Some of the reasons for issuing a failure-to-file cease trade order are listed below.

(a) Investors and prospective investors should be able to make an informed investment decision about the securities of the defaulting reporting issuer. This ability may be compromised if certain disclosures have not been made when required.

(b) The integrity and fairness, or confidence in the integrity and fairness, of the capital markets may be compromised if trading in securities of the reporting issuer is permitted to continue during the period of default (when there is heightened potential that some people may have access to information that would normally be reflected in the continuous disclosure document that the reporting issuer is in default of filing).

(c) The practice of responding to a specified default with a failure-to-file cease trade order has a significant positive effect on general compliance. The prospect of a cease trade order creates a strong incentive for the reporting issuer's management to avoid a specified default. Similarly, the issuance of a cease trade order once the issuer is in default creates a strong incentive on the part of management to diligently rectify the specified default.

(d) A failure-to-file cease trade order represents a rapid, public response by the CSA regulators to a specified default by a reporting issuer. This sends a message to issuers and investors that filing deadlines are important and that there will be serious consequences for a specified default, helping to preserve integrity and fairness in the securities marketplace.

We acknowledge that a failure-to-file cease trade order can impose a burden on issuers and investors because existing investors may be unable to sell their securities and prospective investors are unable to purchase securities of the issuer while the cease trade order remains in effect. In addition, issuers are generally unable to access financing while the cease trade order remains in effect. Nevertheless, if a specified default occurs, the issuance of a failure-to-file cease trade order addresses our overriding concern of investor protection.

Enforcement action

8. If a reporting issuer is in default of a continuous disclosure requirement, CSA regulators may also consider taking enforcement action against the reporting issuer, the directors and officers of the reporting issuer, or any other responsible party. Nothing in this policy should be interpreted as limiting the discretion of the CSA regulators in responding to such a default through enforcement action.

Insider trading

9. The guidelines below should be considered if a reporting issuer is in default or reasonably anticipates that a specified default or a default of another continuous disclosure requirement will occur, and a cease trade order has not yet been issued in respect of the issuer.

(a) We expect an issuer to monitor and restrict trading by a director, officer and other insider of the issuer due to the increased risk that these individuals may have access to material undisclosed information. This may include information that would otherwise have been reflected in the continuous disclosure filing in respect of which the issuer is or reasonably anticipates being in default, information about any investigation into the events that may have led to the default or anticipated default, and information about the status of remediation activities.

(b) Management and other insiders of the issuer should consider the insider trading prohibitions under securities legislation before entering into any transaction involving securities of the issuer that is or reasonably anticipates being in default.

Refer to National Policy 51-201 *Disclosure Standards* for guidance regarding disclosure, the maintenance of confidential information, and the application of insider trading laws.

(c) We also remind issuers and other market participants that an officer or other insider of a reporting issuer in default will generally be unable to sell securities acquired from the issuer on a prospectus exempt basis because of the resale restrictions in subsections 2.5(2)7 and 2.6(3)5 of National Instrument 45-102 *Resale of Securities* which require that a selling security holder have no reasonable grounds to believe that the issuer is in default of securities legislation.

DIVISION 2 OTHER IMPLICATIONS OF A CEASE TRADE ORDER

Effect of a cease trade order in a jurisdiction where an issuer is not a reporting issuer

10. Although a trade in a jurisdiction where an issuer is not a reporting issuer may not violate a cease trade order in another jurisdiction, the trading activity may still be contrary to the public interest and therefore subject to enforcement or other administrative proceedings. Market participants in a jurisdiction in which an issuer is not a reporting issuer should be cautious about trading in a security if a CSA regulator in another jurisdiction has issued a cease trade order. Continuous disclosure obligations reflect the minimum requirements we think are necessary to generate sufficient public disclosure to permit investors to make informed investment decisions. The issuance of a cease trade order by a CSA regulator will generally mean that an issuer has not met the required standard and that there is significant risk of harm to investors if trading is allowed to continue. Accordingly, market participants should carefully consider the existence of the continuous disclosure default, and the determination of the principal regulator, before effecting a trade in a jurisdiction where the issuer is not reporting.

In a jurisdiction that has a statutory reciprocal order provision, a cease trade order issued by another CSA regulator will have effect in this jurisdiction even where the issuer is not a reporting issuer.

Effect of a cease trade order in a foreign jurisdiction

11. If a market participant intends to execute a trade in securities of a cease-traded issuer on an exchange or marketplace outside of Canada, the market participant should consider whether the trade may be considered to be a trade in one or more jurisdictions in Canada where either the cease trade order is in effect or trading is prohibited or restricted under Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or a statutory reciprocal order provision. For example, a transaction may be a trade in a jurisdiction if "acts in furtherance of the trade" occur within that jurisdiction. A transaction may also be a trade in a jurisdiction if there are connecting factors or other facts and circumstances that indicate that the securities may not "come to rest" outside Canada but may be resold to investors in a jurisdiction where a cease trade order is in effect or trading is prohibited under Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or a statutory reciprocal order provision. The conditions of each cease trade order should be carefully considered.

Effect of a cease trade order on market participants subject to Investment Industry Regulatory Organization of Canada regulation

12. Presently, all marketplaces (including exchanges, alternative trading systems and quotation and trade reporting systems) in Canada have retained Investment Industry Regulatory Organization of Canada (IIROC) as their regulation services provider. Under the Universal Market Integrity Rules (UMIR), which have been adopted by IIROC, if a CSA regulator issues a cease trade order with respect to an issuer whose securities are traded on a marketplace, IIROC imposes a regulatory halt on trading of those securities on all marketplaces for which IIROC acts as the regulation services provider. Once the halt is imposed by IIROC, no person subject to the UMIR may trade those securities on any marketplace in Canada, over-the-counter or on a foreign organized regulated market, subject to any conditions set out in the cease trade order.

PART 4
ISSUANCE OF A FAILURE-TO-FILE CEASE TRADE ORDER

DIVISION 1 OVERVIEW

Principal regulator

13. Under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, if a CSA regulator issues a failure-to-file cease trade order in respect of a reporting issuer's securities, a person or company must not trade in a security of the issuer in any MI 11-103 jurisdiction where the issuer is a reporting issuer, except in accordance with any conditions of the order, including any variation or partial revocation of it. The effect is the same in jurisdictions that have a statutory reciprocal order provision, except that a failure-to-file cease trade order issued by another CSA regulator will have effect in these jurisdictions even where the issuer is not a reporting issuer.

In most cases, the CSA regulator that will issue a failure-to-file cease trade order will be the reporting issuer's principal regulator, that is, the one selected by the issuer at the time that it becomes a reporting issuer and that it identified on its SEDAR profile. For the purposes of this policy, we will refer to the CSA regulator that issues the failure-to-file cease trade order as the principal regulator.

Dual failure-to-file cease trade order

14. A dual failure-to-file cease trade order is a failure-to-file cease trade order issued in respect of an issuer by its principal regulator where the principal regulator is a CSA regulator other than the OSC, the issuer is a reporting issuer in Ontario and the OSC, as a non-principal regulator, confirms that it is opting into the failure-to-file cease trade order.

DIVISION 2 DECISION-MAKING PROCESS

Issuance of failure-to-file cease trade orders

15. After considering the recommendation of its staff, the principal regulator will determine whether or not to issue a failure-to-file cease trade order.

Dual failure-to-file cease trade orders

16. **(1)** After considering the recommendation of its staff, the principal regulator will determine whether or not to issue the failure-to-file cease trade order. If the principal regulator decides to issue the failure-to-file cease trade order, it will circulate its order to the OSC before 12:00 pm (noon) local time in the jurisdiction of the principal regulator.

(2) The OSC, on the same business day that it receives the principal regulator's order, will confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will opt out and not make the same decision as the principal regulator.

(3) If the OSC elects to opt out, it will notify the principal regulator and give its reasons for opting out.

(4) If the OSC does not provide a response before the expiry of the opt-in period referred to in subsection (2), the principal regulator will consider that the OSC has opted out.

(5) The principal regulator generally will not issue the dual failure-to-file cease trade order before the earlier of

(a) the expiry of the opt-in period referred to in subsection (2), and

(b) receipt from the OSC of the confirmation referred to in subsection (2).

(6) If the OSC does not opt into or is considered to have opted out of the principal regulator's order as set out in subsections (3) and (4), the principal regulator will issue a failure-to-file cease trade order.

DIVISION 3 EFFECT OF A FAILURE-TO-FILE CEASE TRADE ORDER

Effect of a failure-to-file cease trade order

17. Once the principal regulator issues a failure-to-file cease trade order, the effect under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, in each MI 11-103 jurisdiction where the issuer is a reporting issuer, is that a person or company must not trade in a security of the issuer, except in accordance with the conditions, if any, contained in the order. The conditions of a failure-to-file cease trade order may include a variation or partial revocation.

The effect is the same in each jurisdiction that has a statutory reciprocal order provision, except that the failure-to-file cease trade order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

Effect of a dual failure-to-file cease trade order

18. Once the principal regulator issues a dual failure-to-file cease trade order, the effect under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, in each MI 11-103 jurisdiction where the issuer is a reporting issuer, is that a person or company must not trade in a security of the issuer, except in accordance with the conditions, if any, contained in the order. The conditions of a failure-to-file cease trade order may include a variation or partial revocation. The order of the principal regulator also evidences the OSC's decision. As a result, trading in the securities that are subject to the failure-to-file cease trade order is also prohibited in Ontario.

The effect is the same in each jurisdiction that has a statutory reciprocal order provision, except that the dual failure-to-file cease trade order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

Transmission of failure-to-file cease trade orders

19. **(1)** The principal regulator will send the failure-to-file cease trade order to the reporting issuer.

(2) The principal regulator will send the OSC a copy of the dual failure-to-file cease trade order.

PART 5
REVOCATION OF A FAILURE-TO-FILE CEASE TRADE ORDER

DIVISION 1 INITIATING THE REVOCATION PROCESS

Full revocation

20. The way an issuer initiates the process to obtain a full revocation of a failure-to-file cease trade order depends on how long the failure-to-file cease trade order has been in effect.

(a) In the case of a failure-to-file cease trade order that has been in effect for 90 days or less, the filing of the required continuous disclosure documents initiates the review process by the principal regulator for a revocation of the failure-to-file cease trade order. We will not require an issuer to make an application in this circumstance.[6]

(b) In the case of a failure-to-file cease trade order that has been in effect for more than 90 days, the issuer should make an application as set out in section 33.

Partial revocation

21. An issuer seeking a partial revocation order should meet the revocation qualification criteria under Division 3 and make an application as set out in section 34.

Dual application

22. An issuer whose principal regulator is a CSA regulator other than the OSC and that is also a reporting issuer in Ontario will make an application to both its principal regulator and to the OSC.

Principal regulator

23. The principal regulator for a revocation order is the CSA regulator that issued the failure-to-file cease trade order.

DIVISION 2 FULL REVOCATION QUALIFICATION CRITERIA AND CONSIDERATIONS

Filing outstanding continuous disclosure for a full revocation

24. **(1)** We will generally not exercise our discretion to revoke a failure-to-file cease trade order that has been in effect for 90 days or less, unless the issuer has filed all of the outstanding continuous disclosure documents specified in the failure-to-file cease trade order, and any annual or interim financial statements, MD&A or MRFP, and certification of filings, that subsequently became due.[7]

(2) We will generally not exercise our discretion to revoke a failure-to-file cease trade order that has been in effect for more than 90 days, subject to sections 25 and 26, unless the issuer has filed all of its outstanding continuous disclosure.

[6] In the jurisdictions where an application is required by law to obtain a revocation order, the filing of the outstanding documents referred to in the failure-to-file cease trade order will be deemed to be the application, or the dual application, as the case may be.

[7] Before we revoke a failure-to-file cease trade order for an OTC reporting issuer, we may require the issuer to file additional documents, including those required under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*.

Exceptions to interim filing requirements

25. In exercising their discretion to revoke a failure-to-file cease trade order that has been in effect for more than 90 days, the principal regulator or, for a dual application, the principal regulator and the OSC, may elect not to require the issuer to file certain outstanding interim financial reports, interim MD&A, interim MRFP, or interim certificates under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, subject to section 24, if the issuer has filed all of the following:

(a) audited annual financial statements, annual MD&A, annual MRFP, and annual certificates, required to be filed under applicable securities legislation;

(b) annual information forms, information circulars and material change reports required to be filed under applicable securities legislation;

(c) for all interim periods in the current fiscal year, interim financial reports (which include the applicable comparatives from the prior fiscal year), interim MD&A, interim MRFP, and interim certificates, required to be filed under applicable securities legislation.

Exceptions to annual filing requirements

26. In certain cases, an issuer seeking to revoke a failure-to-file cease trade order that has been in effect for more than 90 days may consider that the length of time that has elapsed since the date of the failure-to-file cease trade order makes the preparation and filing of all outstanding disclosure impractical or of limited use to investors. This may particularly apply to disclosure for periods that ended more than 3 years before the date of the application for a non-venture issuer or more than 2 years before the date of the application for a venture issuer, or for periods prior to a significant change in the issuer's business. An issuer seeking a full revocation order in these circumstances should make detailed submissions explaining its position. In appropriate cases, the principal regulator or, for a dual application, the principal regulator and the OSC, will consider whether the filing of certain outstanding disclosure may be unnecessary as a condition of a full revocation order. The factors that we may consider include one or more of the following:

(a) the age of information to be contained in the continuous disclosure filing: information from older periods may be less relevant than information from more recent periods;

(b) whether there is access to records of the issuer: lack of access to records may hinder compliance with some filing requirements;

(c) whether the issuer conducted activity during the period: if an issuer was inactive or changed its business at any time while it was cease-traded, disclosure of information from or prior to this time may be less relevant;

(d) the length of time the failure-to-file cease trade order has been in effect;

(e) whether the historical disclosure relates to significant transactions or litigation.

We generally consider that disclosure for periods within the most recent 3 financial years for a non-venture issuer, or the most recent 2 financial years for a venture issuer, provides useful information for investors. We generally do not consider the time and cost required to prepare disclosure to be a compelling factor in the determination of the disclosure to be provided in connection with an application to revoke a failure-to-file cease trade order.

Outstanding fees

27. Before a full revocation order is issued, the issuer should pay all outstanding fees to each CSA regulator in whose jurisdiction it is a reporting issuer. Outstanding fees generally include, where applicable, all activity and participation fees, and late filing fees.

Depending on how long the failure-to-file cease trade order has been in effect, and whether the issuer filed its continuous disclosure documents in a timely manner while it was cease-traded, the amount of outstanding fees can be considerable. Before submitting an application, an issuer should contact each relevant CSA regulator to confirm the fees that will be payable.

Annual meeting

28. An issuer should ensure that it has complied with the requirement in applicable corporate or similar governing legislation or any equivalent requirement in its constating documents to hold an annual meeting of securityholders. If

the issuer has not complied with the annual meeting requirement, the CSA regulator will generally not exercise its discretion to issue a full revocation order unless the issuer provides an undertaking to hold an annual meeting within 3 months after the date on which the failure-to-file cease trade order is revoked.

An undertaking does not relieve the issuer from any requirement to hold an annual meeting requirement.

News release

29. If the issuance of an order revoking a failure-to-file cease trade order or the circumstances giving rise to the issuer seeking the revocation order are a "material change", the issuer is required by Canadian securities legislation to issue and file a news release and material change report. For example, if the issuer has ceased to carry on an active business, or its business purpose has been abandoned, the circumstances giving rise to the issuer seeking the revocation order may be a "material change". If so, the news release and material change report should disclose that the issuer has ceased to carry on an active business or that its business purpose has been abandoned, and should disclose the issuer's future business plans or that the issuer has no future business plans.

Even if there is no material change, the issuer should consider issuing a news release that announces the revocation order.

DIVISION 3 PARTIAL REVOCATION QUALIFICATION CRITERIA AND CONSIDERATIONS

Permitted transactions

30. We will consider granting a partial revocation order to permit certain transactions involving trades in securities of the issuer, such as a private placement to raise sufficient funds to prepare and file outstanding continuous disclosure documents or a shares-for-debt transaction to allow the issuer to recapitalize. We will generally not exercise our discretion to grant a partial revocation order unless the issuer intends to subsequently apply for a full revocation order and reasonably anticipates having sufficient resources after the proposed transaction to bring its continuous disclosure and fees up to date.

Other circumstances may arise that warrant a partial revocation order. For example, we will generally consider granting a partial revocation order to permit a securityholder to sell securities for a nominal amount solely to establish a tax loss, or if the issuer is winding up or in the context of insolvency. It may be possible to establish a loss for tax purposes without disposing of the securities. Securityholders may want to consult the *Income Tax Act* before applying for a partial revocation order.

Issuers may wish to consult their legal counsel to determine whether a particular transaction constitutes a trade and therefore requires an application for a partial revocation order. For example, in most jurisdictions of Canada, a disposition of securities by way of a bona fide gift, made in good faith and not as part of a plan or scheme to evade requirements of securities legislation, would generally not be considered a "trade" under securities legislation. As such, a partial revocation order would not typically be required in these circumstances. However, after the gift, the securities will generally remain subject to the cease trade order.

Acts in furtherance of a trade

31. The definition of trade, where applicable, includes acts in furtherance of a trade. In any particular case, it is a question of legal interpretation whether a step taken by an issuer or other party is an act in furtherance of a trade, and therefore a breach of the failure-to-file cease trade order. If securities have been issued in breach of a cease trade order, we will consider whether enforcement action is appropriate. Issuers should consult their legal counsel whenever there is doubt as to whether a proposed action would be an act in furtherance of a trade. We generally expect an issuer to obtain a partial revocation order before carrying out an act in furtherance of a trade. For example, we expect an issuer or other party intending to conduct a trade to obtain a partial revocation order before entering into an agreement to transfer securities and before publicly disclosing an intended transaction in securities.

Continuing effect of failure-to-file cease trade order

32. Following the completion of a trade permitted by a partial revocation order, all securities of the issuer remain subject to the failure-to-file cease trade order until a full revocation is granted, depending on the terms of the failure-to-file cease trade order.

DIVISION 4 FILING MATERIALS FOR A REVOCATION APPLICATION

Materials to be filed with an application for a full revocation of a failure-to-file cease trade order that has been in effect for more than 90 days

33. **(1)** To make an application to fully revoke a failure-to-file cease trade order that has been in effect for more than 90 days, a filer should remit the fees payable, where applicable, under the securities legislation of the principal regulator, as set out in Annex B. The application should include all of the following information:

(a) details of any revocation applications currently in progress in the other jurisdictions;

(b) a copy of any draft material change report or news release as discussed in section 29;

(c) confirmation that all continuous disclosure documents have been filed with the relevant CSA regulator or a description of the documents that will be filed;

(d) confirmation that the issuer has the necessary financial resources to pay all outstanding fees, referred to in section 27, or has paid these fees to each relevant CSA regulator;

(e) confirmation that the issuer's SEDAR and SEDI profiles are up-to-date;

(f) a draft full revocation order as contemplated in subsection 36(1);

(g) a completed personal information form and authorization in the form set out in Appendix A of National Instrument 41-101 *General Prospectus Requirements*, or Form 51-105F3A, for issuers subject to Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*, for each current and incoming director, executive officer and promoter of the issuer;

(h) if the issuer has been subject to another cease trade order within the 12-month period before the date of the current failure-to-file cease trade order, a detailed explanation of the reasons for the multiple defaults.

(2) To make a dual application to fully revoke a dual failure-to-file cease trade order that has been in effect for more than 90 days, a filer should remit any application fees payable under the securities legislation of the principal regulator and the OSC. The application should include the same information as set out in subsection (1).

(3) With respect to paragraph (1)(g), if the promoter is not an individual, the issuer should provide a completed personal information form and authorization for each director and executive officer of the promoter. If the issuer is an investment fund, the issuer should also provide a completed personal information form and authorization for each director and executive officer of the manager of the investment fund.

Materials to be filed with an application for a partial revocation

34. **(1)** To make an application for a partial revocation order, a filer should submit the application and remit any application fees payable under the securities legislation of the principal regulator, as set out in Annex B. The application should include all of the following information:

(a) the jurisdictions where the proposed trades would occur;

(b) details of any revocation applications currently in progress in the other jurisdictions;

(c) a description of the proposed trades and their purpose;

(d) a draft partial revocation order as contemplated in subsection 36(1) that includes conditions that the applicant will

(i) obtain, and provide upon request to the principal regulator, signed and dated acknowledgements from all participants in the proposed trades, which clearly state that the securities of the issuer acquired by the participant will remain subject to the failure-to-file cease trade order until a full revocation order is granted, the issuance of which is not certain, and

(ii) provide a copy of the failure-to-file cease trade order and the partial revocation order to all participants in the proposed trades;

(e) if the purpose of the proposed partial revocation is to permit the issuer to raise funds, use of proceeds information as discussed in subsection (4);

(f) if applicable, details of the exemptions the issuer intends to rely on to complete the proposed trades;

(g) if the proposed trades are the result of a decision by a court, a copy of the relevant court order.

(2) To make a dual application for a partial revocation order, a filer should submit the application and remit any application fees payable under the securities legislation of the principal regulator and the OSC. The application should include the same information as set out in subsection (1).

(3) A filer requesting a partial revocation order only in a jurisdiction that is not the principal jurisdiction should contact the CSA regulator of that jurisdiction so that appropriate steps can be taken regarding the filer's request.

(4) If the purpose of a proposed partial revocation of a failure-to-file cease trade order is to permit the issuer to raise funds, the application and the offering document, if any, should contain all of the following:

(a) an estimate, reasonably supported, of the amount the issuer expects to raise from the financing;

(b) a reasonably detailed explanation of the purpose of the financing and how the issuer plans to use the funds;

(c) an estimate, reasonably supported, of the total amount the issuer will need in order to apply for a full revocation order, which includes the amount of funds required to prepare and file the documents that are necessary to bring the issuer's continuous disclosure up to date and pay outstanding fees.

Request for confidentiality

35. (1) A filer requesting that the CSA regulators hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.

(2) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality would expire.

(3) Staff of the CSA regulators are unlikely to recommend that an order be held in confidence after its effective date. However, if a filer requests that the CSA regulators hold the application, supporting materials, or order in confidence after its effective date, the filer should describe the request for confidentiality separately in its application, and pay any required fee

(a) in the principal jurisdiction, or

(b) in the principal jurisdiction and in Ontario, if the filer is making a dual application.

(4) Communications on requests for confidentiality will normally take place by e-mail. If a filer is concerned with this practice, the filer may request in the application that all communications take place by telephone.

Form of order

36. (1) For the purposes of preparing a draft order to be included in an application for a full revocation of a failure-to-file cease trade order that has been in effect for more than 90 days or a partial revocation order, an issuer can refer to one of the following forms set out in this policy:

(a) if the application is for a full revocation of a failure-to-file cease trade order, the issuer should use Annex D – *Form of order for a full revocation of a FFCTO that has been in effect for more than 90 days*;

(b) if the application is a dual application for a full revocation of a dual failure-to-file cease trade order, the issuer should use Annex E — *Form of order for a full revocation of a dual FFCTO that has been in effect for more than 90 days;*

(c) if the application is for a partial revocation of a failure-to-file cease trade order, the issuer should use Annex F — *Form of order for a partial revocation of a FFCTO – applied for by issuer;* and

(d) if the application is a dual application for a partial revocation of a dual failure-to-file cease trade order, the issuer should use Annex G — *Form of order for a partial revocation of a dual FFCTO – applied for by issuer.*

(2) If a filer that is not the issuer is requesting a partial revocation order only in a jurisdiction that is not the principal jurisdiction, the filer should contact the CSA regulator of that jurisdiction for guidance on the appropriate form of order.

Filing

37. (1) Except as set out in subsections (3) and (4), a filer should send the application materials in paper format, including the draft order together with the fees, where applicable, and by e-mail to

(a) the principal regulator, or

(b) the principal regulator and the OSC, in the case of a dual application.

(2) For a dual application, filing the application concurrently with the principal regulator and the OSC will enable these CSA regulators to process the application expeditiously.

(3) In British Columbia, an electronic filing system is available for filing and tracking applications. Filers should file an application in British Columbia using that system instead of e-mail.

(4) In Ontario, an electronic system is available for filing applications. Filers should file an application in Ontario using that system instead of e-mail.

(5) Filers should send application materials by e-mail (or through the electronic systems in British Columbia and Ontario) using the relevant address or addresses listed below:

British Columbia	www.bcsc.bc.ca (click on *BCSC e-services* and follow the steps)
Alberta	legalapplications@asc.ca
Saskatchewan	exemptions@gov.sk.ca
Manitoba	exemptions.msc@gov.mb.ca
Ontario	www.osc.gov.on.ca/filings (follow the steps for submitting applications)
Québec	dispenses-passeport@lautorite.qc.ca
New Brunswick	passport-passeport@fcnb.ca
Nova Scotia	nsscexemptions@novascotia.ca

Incomplete or deficient material

38. If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

Acknowledgment of receipt of filing

39. After the principal regulator receives a complete application, the principal regulator will send the filer an acknowledgment of receipt of the application. For a dual application, the principal regulator will send a copy of the acknowledgement to the OSC. The acknowledgement will identify the name, phone number and e-mail address of the individual reviewing the application and, for a dual application, the end date of the review period identified in subsections 43(3), (4) or (5), as applicable.

Withdrawal or abandonment of application

40. **(1)** If a filer decides to withdraw an application at any time during the process, the filer must notify the principal regulator or, for a dual application, the principal regulator and the OSC, and provide an explanation of the withdrawal.

(2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file unless the filer provides acceptable reasons not to close the file in writing within 10 business days of the notification from the principal regulator. If the filer does not provide acceptable reasons, the principal regulator will notify the filer and, for a dual application, the filer and the OSC, that the principal regulator has closed the file.

DIVISION 5 REVIEW PROCESS FOR A REVOCATION ORDER

Review of continuous disclosure

41. **(1)** All full revocations will involve some level of review of the filings the issuer made in order to rectify the specified default. If the failure-to-file cease trade order has been in effect for more than 90 days, this review will be similar to the full review under the harmonized continuous disclosure review program described in CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program.*

(2) Partial revocations generally do not involve a review of the issuer's continuous disclosure record.

Review process for a revocation of a failure-to-file cease trade order

42. **(1)** The principal regulator will conduct a review in relation to the revocation of a failure-to-file cease trade order in accordance with its securities legislation and securities directions and based on its review procedures, analysis and consideration of previous orders.

(2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

Review process for a revocation of a dual failure-to-file cease trade order

43. **(1)** The principal regulator will conduct a review in relation to the revocation of a dual failure-to-file cease trade order in accordance with its securities legislation and securities directions, based on its review procedures, analysis and consideration of previous orders. The principal regulator will consider any comments from the OSC.

(2) The filer will generally deal only with the principal regulator. The principal regulator will provide comments to the filer once it has completed its own review and considered any comments from the OSC. In exceptional circumstances, the principal regulator may refer the filer to the OSC.

(3) For a dual failure-to-file cease trade order that has been in effect for 90 days or less, the OSC will have one business day from being notified by the principal regulator that the issuer has filed the continuous disclosure documents specified in the failure-to-file cease trade order to conduct a review in relation to the revocation of the order.

(4) For a dual failure-to-file cease trade order that has been in effect for more than 90 days, the OSC will have 7 business days from receiving the acknowledgement referred to in section 39 to conduct a review in relation to the revocation of the order.

(5) For a partial revocation of a dual failure-to-file cease trade order, the OSC will have 7 business days from receiving the acknowledgement referred to in section 39 to conduct a review.

(6) For the revocation of a dual failure-to-file cease trade order, the OSC will advise the principal regulator, before the expiration of the review period, of any substantive issues that would cause OSC staff to recommend that the revocation order not be granted. The principal regulator may assume that the OSC does not have comments in respect of the revocation if the principal regulator does not receive the comments from the OSC within the review period.

DIVISION 6 DECISION-MAKING PROCESS

Revocation of a failure-to-file cease trade order

44. **(1)** After completing the review process and considering the recommendation of its staff, the principal regulator will determine whether or not to grant the revocation of a failure-to-file cease trade order.

(2) If the principal regulator is not prepared to grant the revocation order based on the information before it, the principal regulator will notify the filer accordingly.

(3) If a filer receives a notice under subsection (2) and this process is available in the jurisdiction of the principal regulator, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

Revocation of a dual failure-to-file cease trade order

45. **(1)** After completing the review process and considering the recommendation of its staff, the principal regulator will determine whether or not to grant the revocation of a dual failure-to-file cease trade order and promptly circulate its decision to the OSC.

(2) For a full revocation of a dual failure-to-file cease trade order that has been in effect for 90 days or less, the OSC will have one business day from receipt of the principal regulator's revocation order to confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(3) For a full revocation of a dual failure-to-file cease trade order that has been in effect for more than 90 days, the OSC will have 5 business days from receipt of the principal regulator's revocation order to confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(4) For a partial revocation of a dual failure-to-file cease trade order, the OSC will have 5 business days from receipt of the principal regulator's revocation order to confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(5) If the OSC elects to opt out as referred to in subsection (2), (3), or (4) as applicable, it will notify the principal regulator and give its reasons for opting out.

(6) If the OSC does not provide a response in the time frames contemplated under subsection (2), (3), or (4), as applicable, the principal regulator will consider that the OSC has opted out.

(7) The principal regulator will not send the filer an order for the revocation of a dual failure-to-file cease trade order before the earlier of

(a) the expiry of the opt-in period referred to in subsection (2), (3) or (4), as applicable, and

(b) receipt from the OSC of the confirmation referred to in subsection (2), (3) or (4), as applicable.

(8) If the OSC does not provide the confirmation referred to in subsection (2), (3) or (4), the principal regulator will advise the filer that it will not be receiving an order from the OSC and direct the filer to consult the OSC on this matter.

(9) If the principal regulator is not prepared to grant the order based on the information before it, it will notify the filer and the OSC.

(10) If a filer receives a notice under subsection (9) and this process is available in the jurisdiction of the principal regulator, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the OSC.

DIVISION 7 EFFECT OF A REVOCATION ORDER

Effect of a revocation of a failure-to-file cease trade order

46. Under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions,* a principal regulator's revocation order has the effect of removing or limiting the prohibition or restriction on trading in each MI 11-103 jurisdiction where the issuer is a reporting issuer, to the same extent as in the jurisdiction of the principal regulator.

The effect is the same in each jurisdiction that has a statutory reciprocal order provision, except that the revocation order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

Effect of a revocation of a dual failure-to-file cease trade order

47. **(1)** Under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, a principal regulator's revocation order has the effect of removing or limiting the prohibition or restriction on trading in each MI 11-103 jurisdiction where the issuer is a reporting issuer, to the same extent as in the jurisdiction of the principal regulator. The effect is the same in each jurisdiction that has a statutory reciprocal order provision except that the revocation order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

(2) If the OSC has opted into the principal regulator's revocation order under section 45, the prohibition or restriction on trading in Ontario, referred to in section 18, is removed or limited to the same extent as in the jurisdiction of the principal regulator. The order of the principal regulator also evidences the OSC's decision.

(3) If the OSC has opted out or is considered to have opted out of the principal regulator's revocation order under section 45, the prohibition or restriction on trading in Ontario referred to in section 18 continues to apply.

PART 6
EFFECTIVE DATE

Effective Date

48. This policy comes into effect on June 23, 2016.

Annex A

Securities Act provisions for Cease Trade Orders

Jurisdiction	Legislative reference
British Columbia	Section 164
Alberta	Section 33.1
Saskatchewan	Section 134.1
Manitoba	Sections 147.1 and 148
Ontario	Section 127
Québec	Section 265, paragraph 3
New Brunswick	Section 188.2
Nova Scotia	Section 134A
Prince Edward Island	Section 59
Newfoundland and Labrador	Subsection 127(1)
Yukon	Section 59
Northwest Territories	Section 59
Nunavut	Section 59

Annex B

Securities Act provisions for full or partial revocation applications

Jurisdiction	Legislative reference
British Columbia	Section 171
Alberta	Section 214
Saskatchewan	Subsections 158(3) and (4)
Manitoba	Subsection 147.1(1)
Ontario	Section 144
Québec	Sections 265, paragraph 3 and 318
New Brunswick	Subsections 188.2(3) and (4)
Nova Scotia	Section 151
Prince Edward Island	Section 15
Newfoundland and Labrador	Section 142.1
Yukon	Section 15
Northwest Territories	Section 15
Nunavut	Section 15

Annex C

Statutory reciprocal order provisions (*Securities Act*)

Jurisdiction	Legislative reference
Alberta	Section 198.1
Québec	Sections 308.2.1.1 to 308.2.1.6
Nova Scotia	Section 134B

Annex D

Form of order for a <u>full</u> revocation of a FFCTO that has been in effect for <u>more than 90 days</u>

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator*] (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the [*regulator of / securities regulatory authority*] (the **Principal Regulator**) on [*date of the FFCTO*].

2. The Issuer has applied to the Principal Regulator under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for an order revoking the FFCTO.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

[Representations - *Include representations if necessary.*

3. This decision is based on the following facts represented by the Issuer:]

Order

4. The Principal Regulator is satisfied that the order to revoke the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.

5. The decision of the Principal Regulator under the Legislation is that the FFCTO is revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"].

_____
(Name of signatory for the principal regulator)

_____
(*Title*)

_____
(*Name of principal regulator*)

Annex E

Form of order for a full revocation of a dual FFCTO that has been in effect for more than 90 days

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator]* **and Ontario** (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the regulator or securities regulatory authority in each of [*the principal regulator jurisdiction*] (the **Principal Regulator**) and Ontario (each a **Decision Maker**) respectively on [*date(s) of the FFCTO*].

2. The Issuer has applied to each of the Decision Makers under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for an order revoking the FFCTOs.

3. This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

[Representations - *Include representations if necessary.*

4. This decision is based on the following facts represented by the Issuer:]

Order

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

6. The decision of the Decision Makers under the Legislation is that the FFCTO is revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"].

_____
(Name of signatory for the principal regulator)

_____
(*Title*)

_____
(*Name of principal regulator*)

Annex F

Form of order for a <u>partial</u> revocation of a FFCTO - applied for by issuer

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

PARTIAL REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator*] (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the [*regulator / securities regulatory authority*] (the **Principal Regulator**) on [*date of the FFCTO*].

2. The Issuer has applied to the Principal Regulator for a partial revocation order of the FFCTO.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Representations

3. This decision is based on the following facts represented by the Issuer:

    a. [*Include necessary representations from Issuer.*]

Order

4. The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.

5. The decision of the Principal Regulator under the Legislation is that the FFCTO is partially revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"] solely to permit [*enter the name of the defined transaction e.g., Private Placement*].

_____
(Name of signatory for the principal regulator)

_____
(*Title*)

_____
(*Name of principal regulator*)

Annex G

Form of order for a partial revocation of a dual FFCTO - applied for by issuer

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

PARTIAL REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator*] **and Ontario** (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the regulator or securities regulatory authority in each of [*the principal regulator jurisdiction*] (the **Principal Regulator**) and Ontario (each a **Decision Maker**) respectively on [*date(s) of the FFCTOs*].

2. The Issuer has applied to each of the Decision Makers for a partial revocation order of the FFCTO.

3. This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Representations

4. This decision is based on the following facts represented by the Issuer:

   a. [*Include necessary representations from Issuer.*]

Order

5. Each of the Decision Makers is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Decision Maker to make the decision.

6. The decision of the Decision Makers under the Legislation is that the FFCTO is partially revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"] solely to permit [*enter the name of the defined transaction e.g., Private Placement*].

_____
(Name of signatory for the principal regulator)

_____
(*Title*)

_____
(*Name of principal regulator*)

5.1.6 NP 12-202 Revocation of Certain Cease Trade Orders

NATIONAL POLICY 12-202
REVOCATION OF CERTAIN CEASE TRADE ORDERS

PART 1
INTRODUCTION

Scope of this policy

1. This policy[1] provides guidance for issuers applying for the revocation of a cease trade order (or CTO, as defined below) for a continuous disclosure default that is not covered by the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*. These CTOs include all of the following:

(a) a CTO issued in respect of a failure to file deficiency that is not a specified default;[2]

(b) a CTO issued where a reporting issuer has made a required filing but the required filing is deficient in terms of content (a content deficiency);[3]

(c) a management cease trade order as defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

(d) a CTO issued in respect of an issuer that is only a reporting issuer in one jurisdiction;

(e) a CTO issued prior to the effective date of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*.

This policy describes what the issuer should file, the general type of review that the Canadian Securities Administrators (or we) will perform, and explains some of the factors that we will consider when determining whether to grant a full or partial revocation of the CTO.[4] It also applies, where the context permits, to a securityholder or other party applying for a revocation order.

PART 2
DEFINITIONS AND INTERPRETATION

Definitions

2. In this policy:

"application" means an application for a partial or full revocation of a CTO submitted to the applicable jurisdictions (see Appendix A for section references); in British Columbia, if the CTO has been in effect for 90 days or less, the filing of the required continuous disclosure documents constitutes the application;

"CSA regulator" means a securities regulatory authority or a regulator, as applicable;

"cease trade order" (or "CTO") has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions;*

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

---

1 National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order* has been withdrawn and replaced by this policy, National Policy 12-202 *Revocation of Certain Cease Trade Orders*. This replacement policy, which includes a title change, reflects the fact that the processes surrounding the full or partial revocation (including variation) of cease trade orders that fall within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* have been moved to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

2 The definition of "specified default" does not include certain failure to file deficiencies described in section 1 of CSA Notice 51-322 *Reporting Issuer Defaults*, such as a failure to file a material change report, or a failure to file technical disclosure or other reports required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.* We have omitted these items from the definition because these filings will generally be non-periodic in nature and in some cases it may be unclear whether a filing requirement has been triggered.

3 Examples of content deficiencies are set out in section 2 of CSA Notice 51-322 *Reporting Issuer Defaults.*

4 The full or partial revocation of a CTO will have an automatic effect in jurisdictions that have a statutory reciprocal order provision, as this term is defined in section 3 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

"MRFP" means a management report of fund performance as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"partial revocation order" has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;

"SEDAR" means System for Electronic Document Analysis and Retrieval;

"SEDI" means System for Electronic Disclosure by Insiders;

"venture issuer" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*.

Further definitions

3. Terms used in this policy that are defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or National Instrument 14-101 *Definitions* have the same meaning as in those instruments.

Interpretation

4. **(1)** In certain jurisdictions, the CSA regulator may issue a CTO that prohibits trading in, and the acquisition or purchase of, securities of a reporting issuer. In these jurisdictions, references in this policy to a "trade" refer to a trade in, acquisition of, or purchase of securities of the reporting issuer, as applicable.

(2) In Québec, "trade" is not defined in the *Securities Act* (Québec). This policy covers any activity in respect of a transaction in securities that may be the object of an order issued under paragraph 3 of section 265 of the *Securities Act* (Québec), other than CTOs that fall within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*.

PART 3
REVOCATION QUALIFICATION CRITERIA AND CONSIDERATIONS

DIVISION 1 FULL REVOCATION

Filing outstanding continuous disclosure for a full revocation

5. **(1)** We will generally not exercise our discretion to grant a full revocation order, subject to sections 6 and 7, unless the issuer has filed all of its outstanding continuous disclosure.

(2) Most of the continuous disclosure requirements are in the following rules or regulations:

(a) National Instrument 51-102 *Continuous Disclosure Obligations*;

(b) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

(c) National Instrument 81-106 *Investment Fund Continuous Disclosure*;

(d) National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

(e) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

(f) Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

(g) National Instrument 52-110 *Audit Committees*;

(h) National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

Exceptions to interim filing requirements

6. In exercising our discretion to revoke a CTO, we may elect not to require the issuer to file certain outstanding interim financial reports, interim MD&A, interim MRFP, or interim certificates under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, subject to section 7, if the issuer has filed all of the following:

(a) audited annual financial statements, annual MD&A, annual MRFP, and annual certificates, required to be filed under applicable securities legislation;

(b) annual information forms, information circulars and material change reports required to be filed under applicable securities legislation;

(c) for all interim periods in the current fiscal year, interim financial reports (which include the applicable comparatives from the prior fiscal year), interim MD&A, interim MRFP, and interim certificates, required to be filed under applicable securities legislation.

Exceptions to annual filing requirements

7. In certain cases, an issuer seeking a revocation order may consider that the length of time that has elapsed since the date of the CTO makes the preparation and filing of all outstanding disclosure impractical or of limited use to investors. This may particularly apply to disclosure for periods that ended more than 3 years before the date of the application for a non-venture issuer or more than 2 years before the date of the application for a venture issuer, or for periods prior to a significant change in the issuer's business. An issuer seeking a revocation order in these circumstances should make detailed submissions explaining its position. In appropriate cases, we will consider whether the filing of certain outstanding disclosure may be unnecessary as a condition of a full revocation order. The factors that we may consider include one or more of the following:

(a) the age of information to be contained in the continuous disclosure filing: information from older periods may be less relevant than information from more recent periods;

(b) whether there is access to records of the issuer: lack of access to records may hinder compliance with some filing requirements;

(c) whether the issuer conducted activity during the period: if an issuer was inactive or changed its business at any time while it was cease-traded, disclosure of information from or prior to this time may be less relevant;

(d) the length of time the CTO has been in effect;

(e) whether the historical disclosure relates to significant transactions or litigation.

We generally consider that disclosure for periods within the most recent 3 financial years for a non-venture issuer, or the most recent 2 financial years for a venture issuer, provides useful information for investors. We generally do not consider the time and cost required to prepare disclosure to be a compelling factor in the determination of the disclosure to be provided in connection with an application to revoke a CTO.

Outstanding fees

8. Before a full revocation order is issued, the issuer should pay all outstanding fees to each CSA regulator in whose jurisdiction it is a reporting issuer. Outstanding fees generally include, where applicable, all activity and participation fees, and late filing fees.

Depending on how long the CTO has been in effect, and whether the issuer filed its continuous disclosure documents in a timely manner while it was cease-traded, the amount of outstanding fees can be considerable. Before submitting an application, an issuer should contact each relevant CSA regulator to confirm the fees that will be payable.

Annual meeting

9. An issuer should ensure that it has complied with the requirement in applicable corporate or similar governing legislation or any equivalent requirement in its constating documents to hold an annual meeting of securityholders. If the issuer has not complied with the annual meeting requirement, we will generally not exercise our discretion to issue a full revocation order unless the issuer provides an undertaking to the relevant CSA regulator(s) to hold the annual meeting within 3 months after the date on which the CTO is revoked.

An undertaking does not relieve the issuer from any requirement to hold an annual meeting requirement.

News release

10. If the issuance of a revocation order or the circumstances giving rise to the issuer seeking the revocation order are a "material change", the issuer is required by Canadian securities legislation to issue and file a news release and material

change report. For example, if the issuer has ceased to carry on an active business, or its business purpose has been abandoned, the circumstances giving rise to the issuer seeking the revocation order may be a "material change". If so, the news release and material change report should disclose that the issuer has ceased to carry on an active business or that its business purpose has been abandoned, and should disclose the issuer's future business plans or that the issuer has no future business plans.

Even if there is no material change, the issuer should consider issuing a news release that announces the revocation order.

DIVISION 2 PARTIAL REVOCATIONS

Permitted transactions

11. We will consider granting a partial revocation order to permit certain transactions involving trades in securities of the issuer, such as a private placement to raise sufficient funds to prepare and file outstanding continuous disclosure documents or a shares-for-debt transaction to allow the issuer to recapitalize. We will generally not exercise our discretion to grant a partial revocation order unless the issuer intends to subsequently apply for a full revocation order and reasonably anticipates having sufficient resources after the proposed transaction to bring its continuous disclosure and fees up to date.

Other circumstances may arise that warrant a partial revocation order. For example, we will generally consider granting a partial revocation order to permit a securityholder to sell securities for a nominal amount solely to establish a tax loss, or if the issuer is winding up or in the context of insolvency. It may be possible to establish a loss for tax purposes without disposing of the securities. Securityholders may want to consult the *Income Tax Act* before applying for a partial revocation order.

Issuers may wish to consult their legal counsel to determine whether a particular transaction constitutes a trade and therefore requires an application for a partial revocation order. For example, in most jurisdictions of Canada, a disposition of securities by way of a bona fide gift, made in good faith and not as part of a plan or scheme to evade requirements of securities legislation, would generally not be considered a "trade" under securities legislation. As such, a partial revocation order would not typically be required in these circumstances. However, after the gift, the securities will generally remain subject to the CTO.

Acts in furtherance of a trade

12. The definition of trade, where applicable, includes acts in furtherance of a trade. In any particular case, it is a question of legal interpretation whether a step taken by an issuer or other party is an act in furtherance of a trade, and therefore a breach of the CTO. If securities have been issued in breach of a CTO, we will consider whether enforcement action is appropriate. Issuers should consult their legal counsel whenever there is doubt as to whether a proposed action would be an act in furtherance of a trade. We generally expect an issuer to obtain a partial revocation order before carrying out an act in furtherance of a trade. For example, we expect an issuer or other party intending to conduct a trade to obtain a partial revocation order before entering into an agreement to transfer securities and before publicly disclosing an intended transaction in securities.

Continuing effect of CTO

13. Following the completion of a trade permitted by a partial revocation order, all securities of the issuer remain subject to the CTO until a full revocation is granted, depending on the terms of the CTO.

PART 4
APPLICATIONS

Application for a full revocation

14. **(1)** All applications for a full revocation will result in some level of review of the issuer's continuous disclosure record for compliance.

(2) An issuer requesting a full revocation order should submit an application, with the application fees, to the CSA regulator in all jurisdictions where the issuer's securities are cease-traded. The application should include all of the following information:

(a) the jurisdictions where the issuer's securities are cease-traded;

(b) details of any revocation applications currently in progress in the other jurisdictions;

(c) a copy of any draft material change report or news release as discussed in section 10;

(d) confirmation that all continuous disclosure documents have been filed with the relevant CSA regulator or a description of the documents that will be filed;

(e) confirmation that the issuer has the necessary financial resources to pay all outstanding fees, referred to in section 8, or has paid these fees to each relevant CSA regulator;

(f) confirmation that the issuer's SEDAR and SEDI profiles are up-to-date;

(g) a draft revocation order;

(h) a completed personal information form and authorization in the form set out in Appendix A of National Instrument 41-101 *General Prospectus Requirements* for each current and incoming director, executive officer and promoter of the issuer;

(i) if the issuer has been subject to another CTO within the 12-month period before the date of the current CTO, the issuer should provide a detailed explanation of the reasons for the multiple defaults.

(3) With respect to paragraph 14(2)(h), if the promoter is not an individual, the issuer should provide a completed personal information form and authorization for each director and executive officer of the promoter. If the issuer is an investment fund, the issuer should also provide a completed personal information form and authorization for each director and executive officer of the manager of the investment fund.

Application for a partial revocation

15. (1) An issuer requesting a partial revocation order should submit an application with the application fees, where applicable, to the CSA regulator in all jurisdictions where the issuer's securities are cease-traded and where the proposed trades would occur. The application should include all of the following information:

(a) the jurisdictions where the issuer's securities are cease-traded and where the proposed trades would occur;

(b) details of any revocation applications currently in progress in the other jurisdictions;

(c) a description of the proposed trades and their purpose;

(d) a draft partial revocation order that includes conditions that the applicant will

(i) obtain, and provide upon request to the relevant CSA regulators, signed and dated acknowledgements from all participants in the proposed trades, which clearly state that the securities of the issuer acquired by the participant will remain subject to the CTO until a full revocation order is granted, the issuance of which is not certain, and

(ii) provide a copy of the CTO and partial revocation order to all participants in the proposed trades;

(e) if the purpose of the proposed partial revocation is to permit an issuer to raise funds, use of proceeds information as discussed in subsection (2);

(f) if applicable, details of the exemptions the issuer intends to rely on to complete the proposed trades;

(g) if the proposed trades are the result of a decision by a court, a copy of the relevant court order.

(2) If the purpose of a proposed partial revocation of a CTO is to permit the issuer to raise funds, the application and the offering document, if any, should contain all of the following:

(a) an estimate, reasonably supported, of the amount the issuer expects to raise from the financing;

(b) a reasonably detailed explanation of the purpose of the financing and how the issuer plans to use the funds;

(c) an estimate, reasonably supported, of the total amount the issuer will need in order to apply for a full revocation order, which includes the amount of funds required to prepare and file the documents that are necessary to bring the issuer's continuous disclosure up to date and pay outstanding fees.

Request for confidentiality

16. **(1)** An issuer requesting that a CSA regulator hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.

(2) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality would expire.

(3) Staff of a CSA regulator is unlikely to recommend that an order be held in confidence after its effective date. However, if an issuer requests that a CSA regulator hold the application, supporting materials, or order in confidence after its effective date, the issuer should describe the request for confidentiality separately in its application, and pay any required fee to the CSA regulator.

(4) Communications on requests for confidentiality will normally take place by e-mail. If an issuer is concerned with this practice, the issuer may request in the application that all communications take place by telephone.

PART 5
EFFECTIVE DATE

Prior policy

17. National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order* is withdrawn and replaced by this policy.

Effective date

18. This new policy comes into effect on June 23, 2016.

Appendix A

Legislative references for an application under local securities legislation

British Columbia:
Securities Act: sections 164 and 171.

Alberta:
Securities Act: section 214.

Saskatchewan:
The Securities Act, 1988: subsections 158(3) and (4).

Manitoba:
Securities Act: subsection 148(1).

Ontario:
Securities Act: section 144.

Quebec:
Securities Act: section 265 paragraph 3 and section 318.

New Brunswick:
Securities Act: section 188.2.

Nova Scotia:
Securities Act: section 151.

Prince Edward Island:
Securities Act: sections 15 and 59.

Newfoundland and Labrador:
Securities Act: section 142.1.

Yukon:
Securities Act: sections 15 and 59.

Northwest Territories:
Securities Act: sections 15 and 59.

Nunavut:
Securities Act: sections 15 and 59.

5.1.7 NP 12-203 Management Cease Trade Orders

NATIONAL POLICY 12-203
MANAGEMENT CEASE TRADE ORDERS

PART 1
INTRODUCTION

Scope of this policy

1. This policy[1] provides guidance to issuers, investors and other market participants as to when the Canadian Securities Administrators (CSA or we) will consider responding to a specified default by issuing a management cease trade order (or MCTO). It explains what we mean by the term MCTO and why we issue MCTOs, addresses what other actions we will ordinarily take when issuing an MCTO, and identifies what we expect from defaulting reporting issuers in these circumstances.

The definition of "specified default" does not include certain defaults described in CSA Notice 51-322 *Reporting Issuer Defaults*, such as a failure to file a material change report, or a failure to file technical disclosure or other reports required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

We have omitted these items from the definition because these filings will generally be non-periodic in nature, and in some cases it may be unclear whether the issuer has triggered a filing requirement. However, a CSA regulator may apply this policy statement if a reporting issuer is in default of a continuous disclosure requirement that is not included in the definition of specified default. Similarly, a CSA regulator may apply this policy statement if a reporting issuer has made a required filing but the required filing is deficient in terms of content.

The guidance in this policy is general in nature. Each CSA regulator will decide how to respond to a specified default, including whether to issue an MCTO on a case-by-case basis after considering all relevant facts and circumstances.

PART 2
DEFINITIONS AND INTERPRETATION

Definitions

2. In this policy:

"alternative information guidelines" means the guidelines relating to a default announcement and default status report described in sections 9 and 10;

"cease trade order" has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;

"CSA regulator" means a securities regulatory authority or a regulator, as applicable;

"default announcement" means a news release and material change report as described in section 9;

"default status report" means a report as described in section 10;

"failure-to-file cease trade order" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"management cease trade order" (or "MCTO") has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions;*

"principal regulator" has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;

[1] National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* has been withdrawn and replaced by this policy, National Policy 12-203 *Management Cease Trade Orders*. This replacement policy, which includes a title change, reflects the fact that the process surrounding the issuance of failure-to-file cease trade orders has been moved to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

"specified default" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"specified requirement" means the requirement to file within the time period prescribed by securities legislation one or more of the following:

(a) annual financial statements;

(b) an interim financial report;

(c) annual or interim MD&A or annual or interim MRFP;

(d) an annual information form;

(e) a certification of filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

"SEDAR" means System for Electronic Document Analysis and Retrieval.

Further definitions

3. Terms used in this policy that are defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or National Instrument 14-101 *Definitions* have the same meaning as in those instruments.

Interpretation

4. In certain jurisdictions, the CSA regulator may issue cease trade orders and MCTOs that prohibit trading in, and the purchase or acquisition of, securities of a reporting issuer. In these jurisdictions, references in this policy to a "trade" refer to a trade in, acquisition of, or purchase of securities of the reporting issuer, as applicable.

In Québec, "trade" is not defined in the *Securities Act* (Québec). This policy covers any activity in respect of a transaction of securities that may be the object of an order issued under paragraph 3 of section 265 of the *Securities Act* (Québec), other than cease trade orders that fall within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*.

PART 3
ISSUANCE AND REVOCATION OF A MANAGEMENT CEASE TRADE ORDER

Possible regulatory responses to a specified default

5. In the jurisdictions where the issuer is a reporting issuer, the CSA regulators will generally respond to a specified default by noting the issuer in default on their default lists. For more information about the CSA default lists, refer to CSA Notice 51-322 *Reporting Issuer Defaults*.

The CSA regulators will then generally respond to a specified default in one of two ways:

(a) by issuing a failure-to-file cease trade order;

(b) if an issuer applies under section 8, and demonstrates that it is able to comply with this policy, by issuing an MCTO.

For more information about failure-to-file cease trade orders refer to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

If the outstanding filing is expected to be filed relatively quickly, the default is not expected to be recurring and the issuer meets the eligibility criteria outlined in section 6, an MCTO may be an appropriate response to the default.

If the issuer's principal regulator decides that an MCTO is appropriate, it will generally issue an MCTO that restricts the trading of the issuer's chief executive officer and chief financial officer. At the discretion of the principal regulator, it will similarly decide whether to extend it to the issuer's directors or other persons or companies. Since MCTOs are not covered by Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, the non-principal

regulators in the jurisdictions in which the issuer is a reporting issuer will generally issue MCTOs in respect of persons or companies named in the principal regulator's MCTO that reside in their jurisdiction.[2]

Eligibility criteria

6. We will consider granting an MCTO if the issuer satisfies all of the following criteria:

(a) the outstanding filings are expected to be filed as soon as they are available and within a reasonable period. In most cases, we expect this to be within 2 months. However, in exceptional circumstances, as determined by the principal regulator, we may permit an issuer to take longer than 2 months to remedy the default;

(b) the issuer is generating revenue from its principal business or, if it is in the development stage, the issuer is actively pursuing the development of its products or properties;

(c) the issuer has the necessary financial and human resources, including a reasonable number of directors and officers in place, to remedy the default in a timely and effective manner and complies with all other continuous disclosure requirements (other than requirements reasonably linked to the specified default) for the duration of the default;

(d) the issuer's securities are listed on a Canadian stock exchange and there is an active, liquid market for those securities. Thinly traded issuers will generally not be considered eligible for an MCTO;

(e) the issuer is not on the defaulting reporting issuer list in any CSA jurisdiction for any reason other than the failure to comply with the specified requirement (and any other requirement that is reasonably linked to the specified requirement).

We will also consider an issuer's history of complying with its continuous disclosure obligations when evaluating the issuer's request for an MCTO. A reporting issuer subject to insolvency proceedings should also refer to section 14 for additional considerations.

Application timing

7. If an issuer satisfies the eligibility criteria set out above, it should contact its principal regulator at least 2 weeks before the due date for the required filings and apply in writing for an MCTO instead of a having a cease trade order issued against the issuer.

We believe that, in most cases, an issuer exercising reasonable diligence should be able to determine whether it can comply with a specified requirement at least 2 weeks in advance of the deadline. We acknowledge, however, that there will be rare situations where an issuer, notwithstanding the exercise of reasonable diligence, will be unable make this determination at least 2 weeks before the due date. In these rare cases, the issuer should include a brief explanation of the reasons for the delayed filing in its application.

We will generally not consider an application for an MCTO that is submitted after a filing deadline.

Application contents

8. An issuer that wishes to apply for an MCTO under this policy should apply to the issuer's principal regulator and send a copy of the application to each CSA regulator in the other jurisdictions in which the issuer is a reporting issuer.

In its application, the issuer should

(a) identify the specified default, the reasons for the default and the anticipated duration of the default,

(b) explain how the issuer satisfies each of the eligibility criteria described in section 6,

(c) set out a detailed remediation plan that explains how the issuer proposes to remedy the default and includes a realistic timetable for remedying the default,

[2] Management cease trade orders will be automatically reciprocated in jurisdictions that have a statutory reciprocal order provision as this term is defined in section 3 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.* This automatic reciprocation will occur in these jurisdictions even where the issuer is not a reporting issuer.

(d) include consents signed by the chief executive officer and the chief financial officer (or equivalent) to the issuance of an MCTO (see Appendix A),

(e) include a copy of the proposed or actual default announcement,

(f) confirm that the issuer will comply with the alternative information guidelines,

(g) include a copy of the issuer undertaking described in section 13, and

(h) briefly describe the issuer's blackout policies and other policies and procedures relating to insider trading.

Alternative Information Guidelines – Default Announcement

9. If a reporting issuer determines that it will not comply, or subsequently determines that it has not complied, with a specified requirement, this will often represent a material change that the issuer should immediately communicate to the securities marketplace by way of a news release and material change report in accordance with part 7 of National Instrument 51-102 *Continuous Disclosure Obligations*. In determining whether a failure to comply with a specified requirement is a material change, the issuer should consider both the events leading to the failure and the failure itself.

If neither the circumstances leading to the default, nor the default, represent a material change, the issuer should nevertheless consider whether the circumstances involve important information that should be immediately communicated to the marketplace by way of news release.

The CSA regulators will generally not exercise their discretion to issue an MCTO unless the issuer issues and files a default announcement containing the information set out below. If the default involves a material change, the material change report may contain this information, in which case a separate default announcement is not necessary. The default announcement should be authorized by the chief executive officer or the chief financial officer (or equivalent) of the reporting issuer, approved by the board or audit committee and prepared and filed with the CSA regulators on SEDAR in the same manner as a news release and material change report referred to in part 7 of National Instrument 51-102 *Continuous Disclosure Obligations*. An issuer will usually be able to determine that it will not comply with a specified requirement at least 2 weeks before the due date and, as soon as it makes this determination, should issue the default announcement.

The default announcement should

(a) identify the relevant specified requirement and the (anticipated) default,

(b) disclose in detail the reason(s) for the (anticipated) default,

(c) disclose the plans of the reporting issuer to remedy the default, including the date it anticipates remedying the default,

(d) confirm that the reporting issuer intends to satisfy the provisions of the alternative information guidelines so long as it remains in default of a specified requirement,

(e) disclose relevant particulars of any insolvency proceeding to which the reporting issuer is subject, including the nature and timing of information that is required to be provided to creditors, and confirm that the reporting issuer intends to file with the CSA regulators throughout the period in which it is in default, the same information it provides to its creditors when the information is provided to the creditors and in the same manner as it would file a material change report under part 7 of National Instrument 51-102 Continuous *Disclosure Obligations*, and

(f) subject to section 11, disclose any other material information concerning the affairs of the reporting issuer that has not been generally disclosed.

A default announcement is not needed if the issuer is in default of a previous specified requirement, has followed the provisions of this section regarding a default announcement of that earlier default and is complying with the provisions of section 10 regarding default status reports.

Alternative Information Guidelines — Default Status Reports

10. After the default announcement, and during the period of the MCTO, the CSA regulators will generally exercise their discretion to issue a cease trade order unless the defaulting reporting issuer issues bi-weekly default status reports, in the form of news releases, containing the following information:

(a) any changes to the information contained in the default announcement or subsequent default status reports that would reasonably be expected to be material to an investor, including a description of all actions taken to remedy the default and the status of any investigations into any events which may have contributed to the default;

(b) particulars of any failure by the defaulting reporting issuer in fulfilling its stated intentions with respect to satisfying the provisions of the alternative information guidelines;

(c) information regarding any (anticipated) specified default subsequent to the default which is the subject of the default announcement;

(d) subject to section 11, any other material information concerning the affairs of the reporting issuer that has not been generally disclosed.

Where there are no changes otherwise required to be disclosed in items (a) to (d), this fact should be disclosed in a default status report.

To keep the market continuously informed of any developments during the period of default, the issuer should issue default status reports every 2 weeks following the default announcement. If a CSA regulator, at any time, issues a cease trade order against an issuer, default status reports will no longer be necessary.

Every default status report should be prepared, authorized, filed and communicated to the securities marketplace in the same manner as that specified in section 9 for a default announcement.

Confidential material information

11. The alternative information guidelines in this policy supplement the material change reporting requirements in National Instrument 51-102 *Continuous Disclosure Obligations* and should be interpreted in a similar manner. Similar to the procedures in that instrument, an issuer may omit confidential material information from default status announcement or default status reports if in the opinion of the issuer, and if that opinion is arrived at in a reasonable manner, disclosure of the applicable material information would be unduly detrimental to the interests of the reporting issuer.

Compliance with other continuous disclosure requirements

12. The alternative disclosure described in sections 9 and 10 supplements the issuer's disclosure record during the period of default. It does not provide an alternative to the continuous disclosure requirements under Canadian securities legislation.

If a reporting issuer is in default of a specified requirement, the issuer must still comply with all other applicable continuous disclosure requirements, other than requirements reasonably linked to the specified requirement in question. For example, an issuer that has not filed its financial statements on time will also be unable to comply with the requirement to file management's discussion and analysis under National Instrument 51-102 *Continuous Disclosure Obligations*. However, failure to comply with a requirement to file audited financial statements in accordance with the requirements of part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* does not excuse compliance with other requirements of that instrument such as the requirement to file an Annual Information Form in accordance with part 6 or material change reports in accordance with part 7.

Issuer undertaking to cease certain trading activities

13. The reporting issuer should include with the application an undertaking that, for so long as the issuer is in default of the specified requirement in question, the issuer will not, directly or indirectly, issue securities to or acquire securities from an insider or employee of the issuer except in accordance with legally binding obligations to do so existing as of the date of the specified default. The issuer should address the undertaking to the CSA regulator of each jurisdiction in which the issuer is a reporting issuer.

Reporting issuers subject to insolvency proceedings

14. If a reporting issuer is the subject of insolvency proceedings, we will consider an application for an MCTO if in addition to complying with all applicable sections of this policy, including the eligibility criteria in section 6,

(a) the issuer retains title to its assets,

(b) the issuer's directors and officers continue to manage the affairs of the issuer, and

(c) the issuer agrees to file a report disclosing the information it provides to its creditors

(i) simultaneously with delivery to its creditors, and

(ii) in the same manner as a report of a material change referred to in part 7 of National Instrument 51-102 *Continuous Disclosure Obligations.*

If the issuer chooses to file the information provided to creditors with a material change report, then, for the purposes of filing on SEDAR, this should be contained in the same electronic document as the material change report.

Financial information in default announcements and default status reports

15. Any unaudited financial information that is communicated to the marketplace should, except in certain circumstances involving insolvency, be directly derived from financial statements prepared and presented in accordance with generally accepted accounting principles. In default announcements and default status reports, this information should be accompanied by cautionary language that the information has been prepared by management of the defaulting reporting issuer and is unaudited.

Default correction announcement

16. Once the specified default is remedied, the reporting issuer should consider communicating that information to the securities marketplace in the same manner as that specified in this policy for a default announcement.

Revocation of a management cease trade order

17. Some MCTOs will include a provision which describes when the MCTO will automatically expire.

The process for revoking an MCTO that does not automatically expire by its terms is described in National Policy 12-202 *Revocations of Certain Cease Trade Orders*.

PART 4
OTHER CONSIDERATIONS

Trading by management and other insiders during the period of default

18. Certain guidelines regarding trading by management and other insiders during the period of default are set out in section 9 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

No penalty or sanction for disclosure purposes

19. The CSA regulators do not consider MCTOs issued under this policy to be a "penalty" or "sanction" for the purposes of disclosure obligations in Canadian securities legislation relating to penalties or sanctions. They are not issued as part of an enforcement process and the CSA regulators do not intend them to suggest a finding of fault or wrongdoing on the part of any individual named in the MCTO. For example, a defaulting issuer's board of directors might invite an individual to serve as an officer or director of the issuer to assist the issuer in remedying its default. The individual might have no prior involvement with the defaulting reporting issuer. The fact that the principal regulator may subsequently name the individual in an MCTO does not mean the individual had any responsibility for the default, which occurred before the individual joined the issuer.

However, issuers are required to disclose MCTOs issued under this policy in accordance with the following disclosure requirements:

(a) Section 16.2 of Form 41-101F1 *Information Required in a Prospectus*;

(b) Item 16 of Form 44-101F1 *Short Form Prospectus*;

(c) Subsection 10.2(1) of Form 51-102F2 *Annual Information Form*;

(d) Item 7.2 of Form 51-102F5 *Information Circular*.

If an issuer is required to include disclosure of an MCTO in a public filing, the issuer may supplement the disclosure with additional information explaining the circumstances of the MCTO.

PART 5
EFFECTIVE DATE

20. National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* is withdrawn and replaced by this policy.

21. This policy comes into effect on June 23, 2016.

Appendix A — Sample Form of Consent

Consent

To: [*Name of Issuer's Principal Regulator*], as principal regulator (the Regulator),

And to: [*Name(s) of other Regulator(s) in whose jurisdiction(s) the Issuer is a reporting issuer* (collectively with the principal regulator, the Regulators)

Re: Consent to issuance of management cease trade order

I, [*name of individual providing the consent*] hereby confirm as follows:

1. I am the [*name of position with the Issuer, e.g., the chief executive officer or chief financial officer*] of [*name of Issuer*] (the Issuer).

2. The Issuer is a [*nature of entity, e.g., a corporation incorporated under the Canada Business Corporations Act*] with a head office located in [*province or territory*].

3. The Issuer is a reporting issuer in [*identify all jurisdictions in which the issuer is a reporting issuer*]. The Issuer's principal regulator, as determined in accordance with section 13 of National Policy 11-207 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* is [*name of principal regulator*].

4. The Issuer [is] [is not] [*delete as applicable*] a "venture issuer" as defined in National Instrument 51-102 *Continuous Disclosure Obligations*. The Issuer has a financial year ending [*state the issuer's year end, e.g., December 31*].

5. On or about [*identify the deadline for filing*] (the filing deadline), the Issuer will be required to file [*briefly describe the required filings, e.g.,*

    a. *audited annual financial statements for the year ended December 31, 2014, as required by Part 4 of* National Instrument 51-102 *Continuous Disclosure Obligations;*

    b. *management's discussion and analysis (MD&A) relating to the audited annual financial statements, as required by Part 5 of* National Instrument 51-102 *Continuous Disclosure Obligations; and*

    c. *CEO and CFO certificates relating to the audited annual financial statements, as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (collectively, the required filings)*].

6. The Issuer has determined that it may not be able to make the required filings by the filing deadline. The Issuer wishes to apply to the Regulator[s] for a management cease trade order (an MCTO) as an alternative to a general cease trade order in accordance with National Policy 12-203 *Management Cease Trade Orders.*

7. I am providing this consent in support of the Issuer's application for an MCTO in accordance with section 8 of National Policy 12-203 *Management Cease Trade Orders*.

8. I hereby consent to the issuance of an MCTO against me by the Issuer's principal regulator under the applicable statutory authority listed in Annex A to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

9. Specifically, I understand that the MCTO will prohibit me from trading in or acquiring securities of the Issuer, directly or indirectly, until two full business days following the receipt by the principal regulator of all filings the Issuer is required to make under the securities legislation of the principal regulator or until further Order of the principal regulator.

10. I hereby further consent to the issuance of any substantially similar MCTO that another regulator may consider necessary to issue by reason of the default described above.

DATED this _____ day of [DATE]

by: _____

Name:

Title:

Amended ● .

5.1.8 Amendments to NI 23-101 Trading Rules

AMENDMENTS TO
NATIONAL INSTRUMENT 23-101 *TRADING RULES*

1. National Instrument 23-101 Trading Rules is amended by this Instrument.

2. Section 1.1 is amended by

(a) replacing *"*automated functionality*"* ***with*** *"*automated trading functionality*"* ***in the definition of*** **"automated functionality"*,***

(b) replacing the definition of **"directed-action order"** ***with:***

"directed-action order" means an order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace, is to be immediately

(i) executed against a displayed order with any remainder to be booked or cancelled; or

(ii) placed in an order book;

(b) is marked as a directed-action order; and

(c) is entered on or routed to a marketplace

(i) to execute against a best-priced displayed order, or

(ii) at the same time that another order is entered on or routed to a marketplace to execute against any protected order with a better price than the entered or routed order;*,*

(c) deleting "and***" after "***quoted;***" in the definition of*** **"non-standard order"*,***

(d) replacing paragraph (a) in the definition of **"protected bid"** ***with:***

(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Québec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the bid is for a security listed by and traded on that recognized exchange; and**,** ***and***

(e) replacing paragraph (a) in the definition of "protected offer" with:

(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Québec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the offer is for a security listed by and traded on that recognized exchange; and**.**

3. Subsection 6.3(2) is amended by replacing "a marketplace that routes an order to another marketplace must immediately notify***" with "***the marketplace that is executing the transaction or routing the order for execution must immediately notify the following of the failure, malfunction or material delay:***".***

4. Subsection 6.3(3) is amended by adding "displaying a protected order***" after "***concludes that a marketplace***".***

5. Subparagraph 6.4(1)(a)(ii) is amended by adding ";***" after "***traded through***".***

6. Section 6.5 is replaced with:

6.5 Locked or Crossed Orders – A marketplace participant or a marketplace that routes or reprices orders must not intentionally enter a displayed order on a marketplace that is subject to section 7.1 of NI 21-101, at a price that,

(a) in the case of an order to purchase, is the same as or higher than the best protected offer; or

(b) in the case of an order to sell, is the same as or lower than the best protected bid.***.***

7. The following section is added after section 6.6

6.6.1 Trading Fees

(1) In this section, "exchange-traded fund" means a mutual fund,

(a) the units of which are listed securities or quoted securities, and

(b) that is in continuous distribution in accordance with applicable securities legislation.

(2) A marketplace that is subject to section 7.1 of NI 21-101 must not charge a fee for executing an order that was entered to execute against a displayed order on that marketplace greater than

(a) $0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to $1.00; or

(b) $0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than $1.00.***.***

8. Section 6.7 is amended by replacing "better-priced orders on a marketplace***" with "***better-priced protected orders***".***

Coming into force

9. (1) Subject to subsection (2), this Instrument comes into force on July 6, 2016.

(2) Paragraphs 2(d) and (e) of this Instrument come into force on October 1, 2016.

5.1.9 Changes to Companion Policy 23-101CP Trading Rules

CHANGES TO
COMPANION POLICY 23-101CP *TRADING RULES*

PART 1 INTRODUCTION

1.1 Introduction – The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to National Instrument 23-101 *Trading Rules* (the "Instrument"), including

(a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and

(b) the interpretation of various terms and provisions in the Instrument.

1.2 Just and Equitable Principles of Trade – While the Instrument deals with specific trading practices, as a general matter, the Canadian securities regulatory authorities expect marketplace participants to transact business openly and fairly, and in accordance with just and equitable principles of trade.

PART 1.1 DEFINITIONS

1.1.1 Definition of best execution – (1) In the Instrument, best execution is defined as the “most advantageous execution terms reasonably available under the circumstances”. In seeking best execution, a dealer or adviser may consider a number of elements, including:

a. price;

b. speed of execution;

c. certainty of execution; and

d. the overall cost of the transaction.

These four broad elements encompass more specific considerations, such as order size, reliability of quotes, liquidity, market impact (i.e. the price movement that occurs when executing an order) and opportunity cost (i.e. the missed opportunity to obtain a better price when an order is not completed at the most advantageous time). The overall cost of the transaction is meant to include, where appropriate, all costs associated with accessing an order and/or executing a trade that are passed on to a client, including fees arising from trading on a particular marketplace, jitney fees (i.e. any fees charged by one dealer to another for providing trading access) and settlement costs. The commission fees charged by a dealer would also be a cost of the transaction.

(2) The elements to be considered in determining “the most advantageous execution terms reasonably available” (i.e. best execution) and the weight given to each will vary depending on the instructions and needs of the client, the particular security, the prevailing market conditions and whether the dealer or adviser is responsible for best execution under the circumstances. Please see a detailed discussion below in Part 4.

1.1.2 Definition of automated trading functionality – Section 1.1 of the Instrument includes a definition of “automated trading functionality” which is the ability to:

(1) act on an incoming order;

(2) respond to the sender of an order; and

(3) update the order by disseminating information to an information processor or information vendor.

Automated trading functionality allows for an incoming order to execute immediately and automatically up to the displayed size and for any unexecuted portion of such incoming order to be cancelled immediately and automatically without being booked or routed elsewhere. Automated trading functionality involves no human discretion in determining the action taken with respect to an order after the time the order is received. A marketplace with this functionality should have appropriate systems and policies and procedures relating to the handling of immediate-or-cancel orders.

1.1.2.1 Application to marketplaces implementing intentional order processing delays

(1) Paragraph (b) of the definition of "automated trading functionality" refers to the ability of a marketplace to "immediately and automatically execute an order marked as immediate-or-cancel against the displayed volume".

With respect to the application of sections 6.1 and 6.4, Canadian securities regulatory authorities are of the view that where a marketplace has introduced functionality that imposes an intentional order processing delay that is not applied in the same way to all orders, that marketplace does not provide the ability for an immediate execution against the displayed volume and therefore, does not offer "automated trading functionality". As a result, an order on that marketplace would not be a "protected order" as defined in the Instrument.

Delays in the execution of an order on a particular marketplace might result from operational or technological decisions by a marketplace. The determination of whether the marketplace with a delay offers the ability to immediately execute an order would also be based on, among other factors, how the operational model of the marketplace itself is applied, and the impact of the model or delay as it relates to fair and orderly trading. Although these delays generally would be considered intentional, they could still result in "immediate" executions on that marketplace, despite the fact that executions could be achieved faster on marketplaces that make different decisions.

If a marketplace operates more than one market or facility and it implements an intentional delay in order processing on one or more of them, only the market or facility with an intentional processing delay is considered not to provide automated trading functionality.

(2) For greater certainty, an order processing delay that is imposed solely to comply with securities legislation is not considered an intentional delay.

1.1.3 Definition of protected order – (1) A "protected order" is defined to be a "protected bid or protected offer". A "protected bid" or "protected offer" is an order to buy or sell an exchange-traded security, other than an option, that is displayed on a marketplace that provides automated trading functionality and about which information is provided to an information processor or an information vendor, as applicable, pursuant to Part 7 of NI 21-101. In addition, a "protected bid" or "protected offer" is a bid or offer displayed on a marketplace that meets or exceeds the market share threshold as set by the regulator, or in Quebec, the securities regulatory authority, or on a recognized exchange that does not meet the market share threshold and the bid or offer displayed is for a security listed by and traded on the recognized exchange.

(2) The regulator, or in Quebec, the securities regulatory authority, will apply the threshold on an established periodic basis to assess which marketplaces, including which markets or facilities of a marketplace, meet or exceed the market share threshold for the purposes of the definitions of "protected bid" and "protected offer". The market share threshold will be applied at the market or facility level where the marketplace is comprised of more than one visible continuous auction order book, and will not be calculated in aggregate across those different markets or facilities. A list of those that meet or exceed the market share threshold will be published on the websites of the Canadian securities regulatory authorities and the regulation services provider, so that marketplace participants can easily identify the marketplaces on which displayed orders will be considered to be protected orders in accordance with subparagraph (a)(i) of the definitions of "protected bid" and "protected offer". An updated list will be published after each periodic assessment of which marketplaces meet or exceed the market share threshold, and participants will be given an appropriate amount of time before the effective date of the published list to make any changes to operational processes that might be needed.

(3) In accordance with subsection (a)(ii) of the definitions of "protected bid" and "protected offer", a protected order is also an order displayed on a marketplace that has not met the market share threshold where that marketplace is a recognized exchange, and the order being displayed is for a security listed by and traded on the exchange. The published list will also identify any such recognized exchanges.

(4) The market share threshold criteria, including the specifics regarding the time periods covered by the calculation and the effective date and duration of the published lists, will also be made public. The application of these criteria will be monitored and reviewed, and modifications will be made if and where appropriate or necessary. Advance public notice will be made regarding any changes to the market share threshold criteria.

~~(2)~~(5) The term "**displayed on a marketplace**" refers to the information about total disclosed volume on a marketplace. Volumes that are not disclosed or that are "reserve" or hidden volumes are not considered to be "displayed on a marketplace". The order must be provided in a way that enables other marketplaces and marketplace participants to readily access the information and integrate it into their systems or order routers.

~~(3)~~(6) Subsection 5.1(3) of 21-101CP does not consider orders that are not immediately executable or that have special terms as "orders" that are required to be provided to an information processor or information vendor under Part 7 of NI 21-101. As a result, these orders are not considered to be "protected orders" under the definition in the Instrument and do not receive

order protection. However, those executing against these types of orders are required to execute against all better-priced protected orders first. In addition, when entering a "special terms order" on a marketplace, if it can be executed against existing protected orders despite the special term, then the order protection obligation applies.

1.1.4 Definition of calculated-price order – The definition of "**calculated-price order**" refers to any order where the price is not known at the time of order entry and is not based, directly or indirectly, on the quoted price of an exchange-traded security at the time the commitment to executing the order was made. This includes the following orders:

(a) a call market order – where the price of a trade is calculated by the trading system of a marketplace at a time designated by the marketplace;

(b) an opening order – where each marketplace may establish its own formula for the determination of opening prices;

(c) a closing order – where execution occurs at the closing price on a particular marketplace, but at the time of order entry, the price is not known;

(d) a volume-weighted average price order – where the price of a trade is determined by a formula that measures average price on one or more marketplaces; and

(e) a basis order – where the price is based on prices achieved in one or more derivative transactions on a marketplace. To qualify as a basis order, this order must be approved by a regulation services provider or an exchange or quotation and trade reporting system that oversees the conduct of its members or users respectively.

1.1.5 Definition of directed-action order – (1) An order marked as a directed-action order informs the receiving marketplace that the marketplace can act immediately to carry out the action specified by either the marketplace or marketplace participant who has sent the order and that the order protection obligation is being met by the sender. Such an order may be marked "DAO" by a marketplace or a marketplace participant. Senders can specify actions by adding markers that instruct a marketplace to:

(a) execute the order and cancel the remainder using an immediate-or-cancel marker,

(b) execute the order and book the remainder,

(c) book the order as a passive order awaiting execution, and

(d) avoid interaction with hidden liquidity using a bypass marker, as defined in IIROC's Universal Market Integrity Rules.

The definition allows for the simultaneous routing of more than one directed-action order in order to execute against any better-priced protected orders. In addition, marketplaces or marketplace participants may send a single directed-action order to execute against the best protected bid or best protected offer. When it receives a directed-action order, a marketplace can carry out the sender's instructions without checking for better-priced protected orders displayed by ~~the~~ other marketplaces and implementing the marketplace's own policies and procedures to reasonably prevent trade-throughs.

(2) Regardless of whether the entry of a directed-action order is accompanied by the bypass marker, the sender must take out all better-priced visible protected orders before executing at an inferior price. For example, if a marketplace or marketplace participant combines a directed-action order with a bypass marker to avoid executing against hidden liquidity, the order has order protection obligations regarding the visible protected liquidity. If a directed-action order interacts with hidden liquidity, the requirement to take out all better-priced visible protected orders before executing at ~~an inferior price~~a price that is inferior to the best protected bid or best protected offer remains.

1.1.6 Definition of non-standard order – The definition of "**non-standard order**" refers to an order for the purchase or sale of a security that is subject to terms or conditions relating to settlement that have not been set by the marketplace on which the security is listed or quoted. A marketplace participant, however, may not add a special settlement term or condition to an order solely for the purpose that the order becomes a non-standard order under the definition.

1.1.7 Definition of trade-through -- The definition of 'trade-through' applies only to a trade executed at a price that is inferior to the best protected bid or best protected offer. It is a trade-through regardless of whether the trade occurs on a marketplace that displays protected orders, or one that does not display protected orders. For example, a trade-through would occur if executing against an order that is displayed on an ATS that does not meet the market share threshold and at a price that is inferior to the best-priced protected order. However, a trade-through would not occur if executing against a best-priced protected order despite there being a better-priced order displayed on an ATS that does not meet the market share threshold.

PART 2 APPLICATION OF THE INSTRUMENT

2.1 Application of the Instrument – Section 2.1 of the Instrument provides an exemption from subsection 3.1(1) and Parts 4 and 5 of the Instrument if a person or company complies with similar requirements established by a recognized exchange that monitors and enforces the requirements set under subsection 7.1(1) of the Instrument directly, a recognized quotation and trade reporting system that monitors and enforces requirements set under subsection 7.3(1) of the Instrument directly or a regulation services provider. The requirements are filed by the recognized exchange, recognized quotation and trade reporting system or regulation services provider and approved by a securities regulatory authority. If a person or company is not in compliance with the requirements of the recognized exchange, recognized quotation and trade reporting system or the regulation services provider, then the exemption does not apply and that person or company is subject to subsection 3.1(1) and Parts 4 and 5 of the Instrument. The exemption from subsection 3.1(1) does not apply in Alberta, British Columbia, Ontario, Québec and Saskatchewan and the relevant provisions of securities legislation apply.

PART 3 MANIPULATION AND FRAUD

3.1 Manipulation and Fraud

(1) Subsection 3.1(1) of the Instrument prohibits the practices of manipulation and deceptive trading, as these may create misleading price and trade activity, which are detrimental to investors and the integrity of the market.

(2) Subsection 3.1(2) of the Instrument provides that despite subsection 3.1(1) of the Instrument, the provisions of the *Securities* Act (Alberta), the *Securities Act* (British Columbia), the *Securities Act* (Ontario), the *Securities Act* (Québec) and *The Securities Act, 1988* (Saskatchewan), respectively, relating to manipulation and fraud apply in Alberta, British Columbia, Ontario, Québec and Saskatchewan. The jurisdictions listed have provisions in their legislation that deal with manipulation and fraud.

(3) For the purposes of subsection 3.1(1) of the Instrument, and without limiting the generality of those provisions, the Canadian securities regulatory authorities, depending on the circumstances, would normally consider the following to result in, contribute to or create a misleading appearance of trading activity in, or an artificial price for, a security:

(a) Executing transactions in a security if the transactions do not involve a change in beneficial or economic ownership. This includes activities such as wash-trading.

(b) Effecting transactions that have the effect of artificially raising, lowering or maintaining the price of the security. For example, making purchases of or offers to purchase securities at successively higher prices or making sales of or offers to sell a security at successively lower prices or entering an order or orders for the purchase or sale of a security to:

  (i) establish a predetermined price or quotation,

  (ii) effect a high or low closing price or closing quotation, or

  (iii) maintain the trading price, ask price or bid price within a predetermined range.

(c) Entering orders that could reasonably be expected to create an artificial appearance of investor participation in the market. For example, entering an order for the purchase or sale of a security with the knowledge that an order of substantially the same size, at substantially the same time, at substantially the same price for the sale or purchase, respectively, of that security has been or will be entered by or for the same or different persons.

(d) Executing prearranged transactions that have the effect of creating a misleading appearance of active public trading or that have the effect of improperly excluding other marketplace participants from the transaction.

(e) Effecting transactions if the purpose of the transactions is to defer payment for the securities traded.

(f) Entering orders to purchase or sell securities without the ability and the intention to

  (i) make the payment necessary to properly settle the transaction, in the case of a purchase; or

  (ii) deliver the securities necessary to properly settle the transaction, in the case of a sale.

  This includes activities known as free-riding, kiting or debit kiting, in which a person or company avoids having to make payment or deliver securities to settle a trade.

(g) Engaging in any transaction, practice or scheme that unduly interferes with the normal forces of demand for or supply of a security or that artificially restricts or reduces the public float of a security in a way that could reasonably be expected to result in an artificial price for the security.

(h) Engaging in manipulative trading activity designed to increase the value of a derivative position.

(i) Entering a series of orders for a security that are not intended to be executed.

(4) The Canadian securities regulatory authorities do not consider market stabilization activities carried out in connection with a distribution to be activities in breach of subsection 3.1(1) of the Instrument, if the market stabilization activities are carried out in compliance with the rules of the marketplace on which the securities trade or with provisions of securities legislation that permit market stabilization by a person or company in connection with a distribution.

(5) Section 3.1 of the Instrument applies to transactions both on and off a marketplace. In determining whether a transaction results in, contributes to or creates a misleading appearance of trading activity in, or an artificial price for a security, it may be relevant whether the transaction takes place on or off a marketplace. For example, a transfer of securities to a holding company for *bona fide* purposes that takes place off a marketplace would not normally violate section 3.1 even though it is a transfer with no change in beneficial ownership.

(6) The Canadian securities regulatory authorities are of the view that section 3.1 of the Instrument does not create a private right of action.

(7) In the view of the Canadian securities regulatory authorities, section 3.1 includes attempting to create a misleading appearance of trading activity in or an artificial price for, a security or attempting to perpetrate a fraud.

PART 4 BEST EXECUTION

4.1 Best Execution

(1) The best execution obligation in Part 4 of the Instrument does not apply to an ATS that is registered as a dealer provided that it is carrying on business as a marketplace and is not handling any client orders other than accepting them to allow them to execute on the system. However, the best execution obligation does otherwise apply to an ATS acting as an agent for a client.

(2) Section 4.2 of the Instrument requires a dealer or adviser to make reasonable efforts to achieve best execution (the most advantageous execution terms reasonably available under the circumstances) when acting for a client. The obligation applies to all securities.

(3) ~~Although w~~What constitutes "best execution" ~~varies~~ will vary depending on the particular circumstances, and is subject to a "reasonable efforts" test that does not require achieving best execution for each and every ~~to~~order. To meet the "reasonable efforts" test, a dealer or adviser should be able to demonstrate that it has, and has abided by, ~~its~~ policies and procedures that (i) require it to follow the client's instructions and the objectives set, and (ii) outline ~~a~~ the process it has designed toward the objective of achieving~~e~~ best execution. The policies and procedures should describe how the dealer or adviser evaluates whether best execution was obtained and should be regularly and rigorously reviewed. The policies outlining the obligations of the dealer or adviser will be dependent on the role it is playing in an execution. For example, in making reasonable efforts to achieve best execution, the dealer should consider the client's instructions and a number of factors, including the client's investment objectives and the dealer's knowledge of markets and trading patterns. An adviser should consider a number of factors, including assessing a particular client's requirements or portfolio objectives, selecting appropriate dealers and marketplaces and monitoring the results on a regular basis. In addition, if an adviser is directly accessing a marketplace, the factors to be considered by dealers may also be applicable.

(4) Where securities listed on a Canadian exchange or quoted on a Canadian quotation and trade reporting system are inter-listed either within Canada or on a foreign exchange or quotation and trade reporting system, in making reasonable efforts to achieve best execution, the dealer should assess whether it is appropriate to consider all marketplaces upon which the security is listed or quoted and where the security is traded, both within and outside of Canada.

(5) In order to meet best execution obligations where securities trade on multiple marketplaces in Canada, a dealer should consider information from all appropriate marketplaces, and ~~(~~not just marketplaces where the dealer is a participant~~)~~. This does not mean that a dealer must have access to real-time data feeds from each marketplace. However, its policies and procedures for seeking best execution should include the process for ~~taking into account order and/or trade information from all~~considering activity on appropriate marketplaces and an evaluation of whether steps should be taken to ~~the requirement to evaluate whether taking steps to~~ access orders ~~is appropriate under the circumstances~~on a marketplace to which it does not have access. The steps to access orders may include making arrangements with another dealer who is a participant of a particular marketplace. ~~or routing an order to a particular marketplace~~

(6) As part of an evaluation of whether steps should be taken to access orders on a marketplace to which it does not have access, a dealer should consider how the decision to access or not access orders on that marketplace will impact its ability to achieve best execution for its clients, taking into consideration those clients' objectives and needs. This applies in relation to decisions as to whether to access marketplaces that do not provide pre-trade transparency of orders, as well as those that do display orders that are not protected orders. We expect that documented best execution policies and procedures would include the rationale for accessing or not accessing orders on particular marketplaces, and that the rationale will be reviewed for continued reasonableness at least annually, and more frequently if needed because of changes to the trading environment and market structure. This review might require an analysis of historical data relating to the order and trade activity on marketplaces to which the dealer does not have access. We expect that the factors to be considered in such an analysis would generally include the frequency at which a better price is available, size and depth of quotes, traded volumes, potential market impact, and market share (considering the types and classes of securities traded by clients, generally).

(~~6~~7) For foreign exchange-traded securities, if they are traded on a marketplace in Canada, dealers should include in their best execution policies and procedures a regular assessment of whether it is appropriate to consider the marketplace as well as the foreign markets upon which the securities trade.

(~~7~~8) Section 4.2 of the Instrument applies to registered advisers as well as registered dealers that carry out advisory functions but are exempt from registration as advisers.

(~~8~~9) Section 4.3 of the Instrument requires that a dealer or adviser make reasonable efforts to use facilities providing information regarding orders and trades. These reasonable efforts refer to the use of the information displayed by the information processor or, if there is no information processor, an information vendor.

PART 5 REGULATORY HALTS

5.1 Regulatory Halts – Section 5.1 of the Instrument applies when a regulatory halt has been imposed by a regulation services provider, a recognized exchange, or a recognized quotation and trade reporting system. A regulatory halt, as referred to in section 5.1 of the Instrument, is one that is imposed to maintain a fair and orderly market, including halts related to a timely disclosure policy, or because there has been a violation of regulatory requirements. In the view of the Canadian securities regulatory authorities, an order may trade on a marketplace despite the fact that trading of the security has been suspended because the issuer of the security has ceased to meet minimum listing or quotation requirements, or has failed to pay to the recognized exchange, or the recognized quotation and trade reporting system any fees in respect of the listing or quotation of securities of the issuer. Similarly, an order may trade on a marketplace despite the fact that trading of the security has been delayed or halted because of technical problems affecting only the trading system of the recognized exchange, or recognized quotation and trade reporting system.

PART 6 ORDER PROTECTION

6.1 Marketplace Requirements for Order Protection

(1) Subsection 6.1(1) of the Instrument requires a marketplace to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs by orders entered on that marketplace, regardless of whether the marketplace on which that order is entered displays orders that are protected orders. A marketplace may implement this requirement in various ways. For example, the policies and procedures of a marketplace may reasonably prevent trade-throughs via the design of the marketplace's trade execution algorithms (by not allowing a trade-through to occur), or by voluntarily establishing direct linkages to other marketplaces. Marketplaces are not able to avoid their obligations by establishing policies and procedures that instead require marketplace participants to take steps to reasonably prevent trade-throughs.

(2) It is the responsibility of marketplaces to regularly review and monitor the effectiveness of their policies and procedures and take prompt steps to remedy any deficiencies in reasonably preventing trade-throughs and complying with subsection 6.1(2) of the Instrument. In general, it is expected that marketplaces maintain relevant information so that the effectiveness of its policies and procedures can be adequately evaluated by regulatory authorities. Relevant information would include information that describes:

(a) steps taken by the marketplace to evaluate its policies and procedures;

(b) any breaches or deficiencies found; and

(c) the steps taken to resolve the breaches or deficiencies.

(3) As part of the policies and procedures required in subsection 6.1(1) of the Instrument, a marketplace is expected to include a discussion of their automated trading functionality and how they will handle potential delayed responses as a result of an equipment or systems failure or malfunction experienced by any other marketplace displaying protected orders. In addition, marketplaces should include a discussion of how they treat a directed-action order when received and how it will be used.

(4) Order protection applies whenever two or more marketplaces ~~with~~ that display orders subject to the pre-trade transparency requirements in Part 7 of NI 21-101 are open for trading, and the displayed orders of at least one of those marketplaces are protected orders ~~are open for trading~~. Some marketplaces provide a trading session at a price established by that marketplace during its regular trading hours for marketplace participants who are required to benchmark to a certain closing price. In these circumstances, under subparagraph 6.2(e)(iii) of the Instrument, a marketplace that provides such sessions would not be required to take steps to reasonably prevent trade-throughs of protected orders on another marketplace.

6.2 Marketplace Participant Requirements for Order Protection

(1) For a marketplace participant that wants to use a directed-action order, section 6.4 of the Instrument requires a marketplace participant to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs of protected orders, regardless of whether the marketplace on which it is entering the directed-action order displays orders that are protected orders. In general, it is expected that a marketplace participant that uses a directed-action order would maintain relevant information so that the effectiveness of its policies and procedures can be adequately evaluated by regulatory authorities. Relevant information would include information that describes:

(a) steps taken by the marketplace participant to evaluate its policies and procedures;

(b) any breaches or deficiencies found; and

(c) the steps taken to resolve the breaches or deficiencies.

The policies and procedures should also outline when it is appropriate to use a directed-action order and how it will be used as set out in paragraph 6.4(1)(a) of the Instrument.

(2) Order protection applies whenever two or more marketplaces ~~with~~ that display orders subject to the pre-trade transparency requirements in Part 7 of NI 21-101 are open for trading, and the displayed orders of at least one of those marketplaces are protected orders ~~are open for trading~~. Some marketplaces provide a trading session at a price established by that marketplace during its regular trading hours for marketplace participants who are required to benchmark to a certain closing price. In these circumstances, under paragraph 6.4(1)(a)(iv)(C) of the Instrument, a marketplace participant would not be required to take steps to reasonably prevent trade-throughs of protected orders on other marketplaces that result from an execution of the closing-price order~~between marketplaces~~.

6.3 List of Trade-throughs – Section 6.2 and paragraphs 6.4(1)(a)(i) to 6.4(1)(a)(v) of the Instrument set forth a list of "permitted" trade-throughs that are primarily designed to achieve workable order protection and to facilitate certain trading strategies and order types that are useful to investors.

(a) (i) Paragraphs 6.2(a) and 6.4(1)(a)(i) of the Instrument would apply where a marketplace or marketplace participant, as applicable, has reasonably concluded that ~~a~~ the marketplace displaying the protected order that has been traded through is experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data. A material delay occurs when a marketplace repeatedly fails to respond immediately after receipt of an order. This is intended to provide marketplaces and marketplace participants with flexibility when dealing with a marketplace that is experiencing systems problems (either of a temporary nature or a longer term systems issue).

(ii) Under subsection 6.3(1) of the Instrument, a marketplace that is experiencing systems issues is responsible for informing all other marketplaces, its marketplace participants, any information processor, or if there is no information processor, an information vendor disseminating its information under Part 7 of NI 21-101 and regulation services providers when a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data occurs. This applies both ~~the~~ to marketplaces that display orders that are protected orders and marketplaces that display orders that are not protected orders However, if a marketplace that displays orders that are protected orders fails repeatedly to provide an immediate response to orders received and no notification has been issued by that marketplace that it is experiencing systems issues, the routing marketplace or a marketplace participant may, pursuant to subsections 6.3(2) and 6.3(3) of the Instrument respectively, reasonably conclude that the marketplace is having systems issues and may therefore rely on paragraph 6.2(a) or 6.4(1)(a)(i) of the Instrument respectively. This reliance must be done in accordance with policies and procedures that outline processes for dealing with potential delays in responses by a marketplace and documenting the basis of its conclusion. If, in response to the notification by the routing

marketplace or a marketplace participant, the marketplace confirms that it is not actually experiencing systems issues, the routing marketplace or marketplace participant may no longer rely on paragraph 6.2(a) or paragraph 6.4(1)(a)(i) of the Instrument respectively.

(b) Paragraph 6.2(b) of the Instrument provides an exception from the obligation on marketplaces to use their policies and procedures to reasonably prevent trade-throughs when a directed-action order is received. Specifically, a marketplace that receives a directed-action order may immediately execute or book the order (or its remaining volume) and not implement the marketplace's policies and procedures to reasonably prevent trade-throughs. However, the marketplace will need to describe its treatment of a directed-action order in its policies and procedures. Paragraphs 6.2(c) and 6.4(1)(a)(ii) of the Instrument provide an exception where a marketplace or marketplace participant simultaneously routes directed-action orders to execute against the total displayed volume of any protected order traded through. This accounts for the possibility that orders that are routed simultaneously as directed-action orders are not executed simultaneously causing one or more trade-throughs to occur because an inferior-priced order is executed first.

(c) Paragraphs 6.2(d) and 6.4(1)(a)(ii) of the Instrument provide some relief due to moving or changing markets. Specifically, the exception allows for a trade-through to occur when immediately before executing the order that caused the trade-through, the marketplace on which the execution occurred had the best price but at the moment of execution, the market changes and another marketplace has the best priced protected order. The "changing markets" exception allows for the execution of an order on a marketplace, within the best bid or offer on that marketplace but outside the best protected bid or best protected offer displayed across all marketplaces that display protected orders, in certain circumstances. This could occur for example:

(i) where orders are entered on a marketplace but by the time they are executed, the best protected bid or best protected offer displayed across marketplaces changed; and

(ii) where a trade is agreed to off-marketplace and entered on a marketplace within the best protected bid and best protected offer across marketplaces, but by the time the order is executed on the marketplace (i.e. printed) the best protected bid or best protected offer as displayed across marketplaces may have changed, thus causing a trade-through.

(d) The basis for the inclusion of calculated-price orders, non-standard orders and closing-price orders in paragraphs 6.2(e) and 6.4(1)(a)(iv) of the Instrument is that these orders have certain unique characteristics that distinguish them from other orders. The characteristics of the orders relate to price (calculated-price orders and closing-price orders) and non-standard settlement terms (non-standard orders) that are not set by an exchange or a quotation and trade reporting system.

(e) Paragraphs 6.2(f) and 6.4(1)(a)(v) of the Instrument include a transaction that occurred when there is a crossed market between protected orders in the exchange-traded security. Without this allowance, no marketplace could execute transactions ~~in a crossed market~~where the best protected bid and best protected offer are crossed because it would constitute a trade-through. With order protection only applying to displayed protected orders or parts of protected orders, hidden or reserve orders may remain in the book after all displayed protected orders are executed. Consequently, crossed markets between protected orders may occur. Intentionally crossing the ~~market~~ best protected bid or best protected offer to take advantage of paragraphs 6.2(f) and 6.4(1)(a)(v) of the Instrument would be a violation of section 6.5 of the Instrument.

6.4 Locked and Crossed Markets

(1) Section 6.5 of the Instrument provides that a marketplace participant or a marketplace that routes or reprices orders must not intentionally lock or cross a ~~market~~ protected order by entering a ~~protected~~ displayed order on any marketplace to either buy a security at a price that is the same as or higher than the best protected offer or ~~entering a protected order to~~ sell a security at a price that is the same as or lower than the best protected bid. The intention of section 6.5 of the Instrument is to prevent intentional locks and crosses of protected orders. This applies regardless of whether the locking or crossing order is entered on a marketplace that displays orders that are protected orders. This provision is not intended to prohibit the use of marketable limit orders. Paragraphs 6.2(f) and 6.4(1)(a)(v) of the Instrument allow for the resolution of crossed markets that occur unintentionally.

The Canadian securities regulatory authorities consider an order that is routed or repriced to be "entered" on a marketplace. The Canadian securities regulatory authorities do not consider the triggering of a previously-entered on-stop order to be an "entry" or "repricing" of that order.

(2) Section 6.5 of the Instrument does not restrict the ability for a marketplace participant or a marketplace that routes or reprices orders from routing or entering a displayed order that will lock or cross with another displayed order that is not a protected order.

If the entry of a protected order locks or crosses with a displayed order on another marketplace that is not a protected order, section 6.5 of the Instrument would restrict the ability for additional orders to be entered that would lock or cross with the protected order. This should help to minimize the duration of a locked or crossed markets in these circumstances.

A displayed order that is not a protected order that becomes locked or crossed with a subsequently entered protected order does not need to be repriced or cancelled. If, however, the marketplace subsequently reprices the non-protected displayed order, as might occur with a pegged order, it will be considered to be "entered" upon repricing and subject to the restrictions against locking or crossing with a protected order.

If a marketplace participant deliberately attempts to circumvent section 6.5 of the Instrument by first entering a displayed order on a marketplace that is not a protected order, followed by the entry of a protected order on another marketplace that locks or crosses with the first displayed non-protected order it entered, the Canadian securities regulatory authorities would consider this to be a violation of section 6.5.

(23) ~~Section 6.5 of the Instrument prohibits a marketplace participant or a marketplace that routes or reprices orders from intentionally locking or crossing a market. This would occur, for example, when a marketplace participant enters a locking or crossing order on a particular marketplace or marketplaces to avoid fees charged by a marketplace or to take advantage of rebates offered by a particular marketplace. This~~An intentional locking or crossing of a protected order could ~~also~~ occur where a marketplace system is programmed to reprice orders without checking to see if the new price would lock ~~the market~~a protected order or where the marketplace routes orders to another marketplace that results in a lock~~ed market~~ with a protected order. It could also occur where the intention of the marketplace participant was to lock or cross a protected order to avoid fees charged by a marketplace or to take advantage of rebates.

There are situations where a lock~~ed~~ or cross~~ed~~ ~~market~~ of a protected order may occur unintentionally. For example:

(a) ~~when a marketplace participant routes multiple directed-action orders that are marked immediate-or-cancel to a variety of marketplaces and because of latency issues, a locked or crossed market results,~~

~~(b)~~ the locking or crossing order was displayed at a time when the marketplace displaying the locked or crossed protected order was experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data,

(~~c~~b) the locking or crossing order was displayed at a time when a protected bid was higher than a protected offer;

(~~d~~c) the locking or crossing order was posted after all displayed protected liquidity was executed and a reserve order generated a new visible protected bid above the displayed protected offer or new visible protected offer below the displayed protected bid;

(~~e~~d) the locking or crossing order was entered on a particular marketplace in order to comply with securities legislation requirements such as Rule 904 of Regulation S of the *Securities Act of 1933* that requires securities subject to resale restrictions in the United States to be sold in Canada on a “designated offshore securities market”;~~,~~

(~~f~~e) the locking or crossing order was displayed due to “race conditions” when competing orders, at least one of which is a protected order, are entered on marketplaces at essentially the same time with neither party having knowledge of the other order at the time of entry;

(~~g~~f) the locking or crossing order was a result of the differences in processing times and latencies between the systems of the marketplace participant, marketplaces, information processor and information vendors;

(~~h~~g) the locking or crossing order was a result of marketplaces having different mechanisms to “restart” trading following a halt in trading for either regulatory or business purposes; and

(h~~i~~) the locking or crossing order was a result of the execution of an order during the opening or closing allocation process of one market, while trading is simultaneously occurring on a continuous basis on another market displaying protected orders,

If a marketplace participant using a directed-action order chooses to book the order, or the remainder of the order not immediately executed, then it is responsible for ensuring that the booked portion of the directed-action order does not lock or cross ~~the market~~a protected order. The Canadian securities regulatory authorities would consider a directed-action order or remainder of directed-action order that is booked and that locks or crosses ~~the market~~a protected order to be an intentional locking or crossing of ~~the market~~a protected order and a violation of section 6.5 of the Instrument.

6.5 Anti-Avoidance Provision – Section 6.7 of the Instrument prohibits a person or company from sending an order to an exchange, quotation and trade reporting system or alternative trading system that does not carry on business in Canada in order to avoid executing against better-priced protected orders on a marketplace in Canada. The intention of this section is to prevent the routing of orders to foreign marketplaces only for the purpose of avoiding the order protection regime in Canada.

PART 7 MONITORING AND ENFORCEMENT

7.1 Monitoring and Enforcement of Requirements Set By a Recognized Exchange or Recognized Quotation and Trade Reporting System – Under section 7.1 of the Instrument, a recognized exchange will set its own requirements governing the conduct of its members. Under section 7.3 of the Instrument, a recognized quotation and trade reporting system will set its own requirements governing the conduct of its users. The recognized exchange or recognized quotation and trade reporting system can monitor and enforce these requirements either directly or indirectly through a regulation services provider. A regulation services provider is a person or company that provides regulation services and is either a recognized exchange, recognized quotation and trade reporting system or a recognized self-regulatory entity.

If a recognized exchange or recognized quotation and trade reporting system has entered into a written agreement with a regulation services provider, it is expected that the requirements adopted by the recognized exchange or recognized quotation and trade reporting system under Part 7 of the Instrument will consist of all of the rules of the regulation services provider that relate to trading. For example, if a recognized exchange or recognized quotation and trade reporting system has entered into a written agreement with IIROC, the rules adopted by the recognized exchange or recognized quotation and trade reporting system are all of IIROC's Universal Market Integrity Rules. Clock synchronization, trade markers and trading halt requirements would be examples of these adopted rules that relate to the regulation services provider's monitoring of trading on the recognized exchange or recognized quotation and trade reporting system and across marketplaces.

We are of the view that all of the rules of the regulation services provider related to trading must be adopted by a recognized exchange or recognized quotation and trade reporting system that has entered into a written agreement with the regulation services provider given the importance of these rules in the context of effectively monitoring trading on and across marketplaces. We note that the regulation services provider is required to monitor the compliance of, and enforce, the adopted rules as against the members of the recognized exchange or users of the recognized quotation and trade reporting system. The regulation services provider is also required to monitor the compliance of the recognized exchange or recognized quotation and trade reporting system with the adopted rules but it is the applicable securities regulatory authority that will enforce these rules against the recognized exchange or recognized quotation and trade reporting system.

Sections 7.2 and 7.4 of the Instrument require the recognized exchange or recognized quotation and trade reporting system that chooses to have the monitoring and enforcement performed by the regulation services provider to enter into an agreement with the regulation services provider in which the regulation services provider agrees to enforce the requirements of the recognized exchange or recognized quotation and trade reporting system adopted under subsection 7.1(1) and 7.3(1).

Specifically, sections 7.2 and 7.4 require the written agreement between a recognized exchange or recognized quotation and trade reporting system and its regulation services provider to provide that the regulation services provider will monitor and enforce the requirements set under subsection 7.1(1) or 7.3(1) and monitor the requirements adopted under subsection 7.1(3) or 7.3(3).

Paragraph 7.2.1(a)(i) mandates that a recognized exchange must transmit information reasonably required by the regulation services provider to effectively monitor the conduct of and trading by marketplace participants on and across marketplaces. The reference to monitoring trading "across marketplaces" refers to the instance where particular securities are traded on multiple marketplaces. Where particular securities are only traded on one marketplace, the reference to "across marketplaces" may not apply in all circumstances.

Paragraph 7.2.1(a)(ii) requires that a recognized exchange must transmit information reasonably required by the regulation services provider to effectively monitor the compliance of the recognized exchange with the requirements adopted under subsection 7.1(3). As well, subsection 7.2.1(b) requires a recognized exchange to comply with all orders or directions of its regulation services provider that are in connection with the conduct and trading by the recognized exchange's members on the recognized exchange and with the regulation services provider's oversight of the compliance of the recognized exchange with the requirements adopted under 7.1(3).

7.2 Monitoring and Enforcement Requirements for an ATS – Section 8.2 of the Instrument requires the regulation services provider to set requirements that govern an ATS and its subscribers. Before executing a trade for a subscriber, the ATS must enter into an agreement with a regulation services provider and an agreement with each subscriber. These agreements form the basis upon which a regulation services provider will monitor the trading activities of the ATS and its subscribers and enforce its requirements. The requirements set by a regulation services provider must include requirements that the ATS and its subscribers will conduct trading activities in compliance with the Instrument. The ATS and its subscribers are considered to be in compliance with the Instrument and are exempt from the application of most of its provisions if the ATS and the subscriber are in compliance with the requirements set by a regulation services provider.

7.3 Monitoring and Enforcement Requirements for an Inter-Dealer Bond Broker – Section 9.1 of the Instrument requires that a regulation services provider set requirements governing the conduct of an inter-dealer bond broker. Under section 9.2 of the Instrument, the inter-dealer bond broker must enter into an agreement with the regulation services provider providing that the regulation services provider monitor the activities of the inter-dealer bond broker and enforce the requirements set by the regulation services provider. However, section 9.3 of the Instrument provides inter-dealer bond brokers with an exemption from sections 9.1 and 9.2 of the Instrument if the inter-dealer bond broker complies with the requirements of IIROC Rule 2800 Code of Conduct for Corporation Dealer Member Firms Trading in Wholesale Domestic Debt Markets, as amended, as if that policy was drafted to apply to the inter-dealer bond broker.

7.4 Monitoring and Enforcement Requirements for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace – Section 10.1 of the Instrument requires that a regulation services provider set requirements governing the conduct of a dealer executing trades of unlisted debt securities outside of a marketplace. Under section 10.2 of the Instrument, the dealer must also enter into an agreement with the regulation services provider providing that the regulation services provider monitor the activities of the dealer and enforce the requirements set by the regulation services provider.

7.5 Agreement between a Marketplace and a Regulation Services Provider

The purpose of subsections 7.2(c) and 7.4(c) of the Instrument is to facilitate the monitoring of trading by marketplace participants on and across multiple marketplaces by a regulation services provider. These sections of the Instrument also facilitate monitoring of the conduct of a recognized exchange and recognized quotation and trade reporting system for particular purposes. This may result in regulation services providers monitoring marketplaces that have retained them and reporting to a recognized exchange, recognized quotation and trade reporting system or securities regulatory authority if a marketplace is not meeting regulatory requirements or the terms of its own rules or policies and procedures. While the scope of this monitoring may change as the market evolves, we expect it to include, at a minimum, monitoring clock synchronization, the inclusion of specific designations, symbols and identifiers, order protection requirements and audit trail requirements.

7.6 Coordination of Monitoring and Enforcement

(1) Section 7.5 of the Instrument requires regulation services providers, recognized exchanges and recognized quotation and trade reporting systems to enter into a written agreement whereby they coordinate the enforcement of the requirements set under Parts 7 and 8. This coordination is required in order to achieve cross-marketplace monitoring.

(2) If a recognized exchange or recognized quotation and trade reporting system has not retained a regulation services provider, it is still required to coordinate with any regulation services provider and other exchanges or quotation and trade reporting systems that trade the same securities in order to ensure effective cross-marketplace monitoring.

(3) Currently, only IIROC is the regulation services provider for both exchange-traded securities, other than options and in Québec, other than standardized derivatives, and unlisted debt securities. If more than one regulation services provider regulates marketplaces trading a particular type of security, these regulation services providers must coordinate monitoring and enforcement of the requirements set.

PART 8 AUDIT TRAIL REQUIREMENTS

8.1 Audit Trail Requirements – Section 11.2 of the Instrument imposes obligations on dealers and inter-dealer bond brokers to record in electronic form and to report certain items of information with respect to orders and trades. Information to be recorded includes any markers required by a regulation services provider (such as a significant shareholder marker). The purpose of the obligations set out in Part 11 is to enable the entity performing the monitoring and surveillance functions to construct an audit trail of order, quotation and transaction data which will enhance its surveillance and examination capabilities.

8.2 Transmission of Information to a Regulation Services Provider – Section 11.3 of the Instrument requires that a dealer and an inter-dealer bond broker provide to the regulation services provider information required by the regulation services provider, within ten business days, in electronic form. This requirement is triggered only when the regulation services provider sets requirements to transmit information.

8.3 Electronic Form – Subsection 11.3 of the Instrument requires any information required to be transmitted to the regulation services provider and securities regulatory authority in electronic form. Dealers and inter-dealer bond brokers are required to provide information in a form that is accessible to the securities regulatory authorities and the regulation services provider (for example, in SELECTR format).

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.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).

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$30,002,700.00 – 6,594,000 Units
Price: $4.55 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
Laurentian Bank Securities Inc.
Raymond James Ltd.
Scotia Capital Inc.
Echelon Wealth Partners Inc.
GMP Securities L.P.
Dundee Securities Inc.
Industrial Alliance Securities Inc.
Promoter(s):
-
Project #2497991

Issuer Name:
CANADIAN ZINC CORPORATION
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$* – * Common Shares and * Flow-Through Shares
Price: $* per Common Share and $* per Flow-Through Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Promoter(s):
-
Project #2498248

Issuer Name:
CANADIAN ZINC CORPORATION
Principal Regulator – British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 16, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
$8,000,000.00 – 28,000,000 Common Shares and 4,000,000 Flow-Through Shares
Price: $0.25 per Common Share and $0.25 per Flow-Through Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Promoter(s):
-
Project #2498248

Issuer Name:
Endeavour Mining Corporation
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 17, 2016
NP 11-202 Receipt dated June 17, 2016
Offering Price and Description:
CDN$125,000,000.00 – 6,250,000 Ordinary Shares
PRICE: $20.00 per Ordinary Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Raymond James Ltd.
Clarus Securities Inc.
Haywood Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #2498084

Issuer Name:
Epoch Global Shareholder Yield Currency Neutral Fund
TD Canadian Large-Cap Equity Fund
TD Global Risk Managed Equity Fund
TD U.S. Low Volatility Currency Neutral Fund
TD U.S. Quantitative Equity Fund
TD U.S. Risk Managed Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 16, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Investor Series, Premium Series, Advisor Series, Premium F-Series, D-Series, F-Series, H-Series, O-Series, S-Series and T-Series Securities
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Waterhouse Canada Inc.
TD Waterhouse Canada Inc. (W-Series and WT-Series only)
TD Investment Services Inc. (for Investor Series)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #2498580

Issuer Name:
Firan Technology Group Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$6,900,000.00 – 3,450,000 Subscription Warrants Issuable on Exercise of 3,450,000 Outstanding Special Warrants
Price: $2.00 per Special Warrant
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Paradigm Capital Inc.
Clarus Securities Inc.
Promoter(s):
-
Project #2498035

Issuer Name:
First Asset Investment Grade Bond ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #2498271

Issuer Name:
Forstrong Global Strategist Balanced Fund
Forstrong Global Strategist Growth Fund
Forstrong Global Strategist Income Fund
Principal Regulator – Quebec
Type and Date:
Preliminary Simplified Prospectuses dated June 13, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Series A, E, E5, F, F5, FE, FE5, I, L, L5, O and T5 Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #2498249

Issuer Name:
Hardwoods Distribution Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 17, 2016
NP 11-202 Receipt dated June 17, 2016
Offering Price and Description:
$50,010,500.00 – 3,449,000 Subscription Receipts each representing the right to receive one Common Share
Price: $14.50 per Subscription Receipt
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Mackie Research Capital Corp.
Acumen Capital Finance Partners Limited
Promoter(s):
-
Project #2497549

Issuer Name:
PHX Energy Services Corp.
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 14, 2016
NP 11-202 Receipt dated June 14, 2016
Offering Price and Description:
$20,250,000.00 – 7,500,000 Common Shares
Price: $2.70 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
AltaCorp Capital Inc.
Promoter(s):
-
Project #2496392

Issuer Name:
Santacruz Silver Mining Ltd.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$10,600,000.00 – 26,500,000 Units
Price: $0.40 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
M Partners Inc.
Promoter(s):
-
Project #2498232

Issuer Name:
Sun Life MFS U.S. Growth Fund
Sun Life MFS U.S. Value Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 17, 2016
NP 11-202 Receipt dated June 20, 2016
Offering Price and Description:
Series FH, Series IH and Sieres OH Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sun Life Global Investments (Canada) Inc.
Project #2499012

Issuer Name:
Toro Oil & Gas Ltd. Principal Regulator – Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$11,301,878.00 – 49,138,600 Units
Price: $0.23 per Unit
Underwriter(s) or Distributor(s):
AltaCorp Capital Inc.
GMP Securities L.P.
MacQuarie Capital Markets Canada Ltd.
National Bank Financial Inc.
FirstEnergy Capital Corp.
PI Financial Corp.
Promoter(s):
-
Project #2497408

Issuer Name:
AlphaNorth Growth Fund
(Series A and F Shares)
AlphaNorth Resource Fund
(Series A, B, D and F Shares)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated June 14, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Series A, B, D and F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2483673

Issuer Name:
Ballard Power Systems Inc.
Principal Regulator – British Columbia
Type and Date:
Final Base Shelf Prospectus dated June 16, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
US$100,000,000
Common Shares
Preferred Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2494779

Issuer Name:
RBC International Dividend Growth Fund
(Series A, Advisor Series, Series T5, Series D, Series F, Series FT5 and Series O units)
RBC Global Dividend Growth Fund
(Series A, Advisor Series, Series T5, Series T8, Series H, Series D, Series F, Series FT5, Series I and Series O units)
Principal Regulator – Ontario
Type and Date:
Amendment #7 dated June 10, 2016 to the Simplified Prospectuses and Annual Information Form dated June 24, 2015
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Series A, Advisor Series, Series T5, Series T8, Series H, Series D, Series F, Series FT5, Series I and Series O units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
RBC Global Asset Management Inc.
RBC Dominion Securities Inc.
Royal Mutual Funds Inc.
Royal Mutual Funds Inc./RBD Direct Investing Inc.
The Royal Trust Company
Promoter(s):
RBC Global Asset Management Inc.
Project #2350116

Issuer Name:
BMO S&P 500 Hedged to CAD Index ETF
BMO Short Corporate Bond Index ETF
BMO Aggregate Bond Index ETF
BMO S&P 500 Index ETF
BMO Discount Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #3 dated June 15, 2016 to the Long Form Prospectus dated January 29, 2016
NP 11-202 Receipt dated June 17, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO Asset Management Inc.
Project #2432367

Issuer Name:
Dynamic Income Growth Opportunities Class
Principal Regulator – Ontario
Type and Date:
Amendment #6 dated June 9, 2016 to the Simplified Prospectus and Annual Information Form dated November 18, 2015
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Series A, E, F, I, O and T shares
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
GCIC Ltd.
1832 Asset Management L. P.
1832 AssetManagement L.P.
Promoter(s):
-
Project #2405037

Issuer Name:
Energy Fuels Inc.
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated June 14, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Common Shares, Preferred Shares, Warrants, Subscription Receipts, Debt Securities, Units US$100,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2486510

Issuer Name:
First Asset 1-5 Year Laddered Government Strip Bond Index ETF
First Asset Canadian Convertible Bond ETF
First Asset Provincial Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated June 10, 2016
NP 11-202 Receipt dated June 14, 2016
Offering Price and Description:
Common units and Advisor Class units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2481075

Issuer Name:
Goldcorp Inc.
Principal Regulator – British Columbia
Type and Date:
Final Base Shelf Prospectus dated June 16, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
US$3,000,000,000.00 – Common Shares, Debt Securities, Subscription Receipts, Units, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2495889

Issuer Name:
Harvest Banks & Buildings Income Fund
Harvest Canadian Income & Growth Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated June 16, 2016
NP 11-202 Receipt dated June 17, 2016
Offering Price and Description:
Series A, Series D, Series F and Series R Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2486415

Issuer Name:
Mackenzie Global Low Volatility Fund
Mackenzie Ivy International Equity Fund
Mackenzie High Diversification Emerging Markets Equity Fund
Mackenzie High Diversification European Equity Fund
Mackenzie High Diversification Global Equity Fund
Mackenzie High Diversification International Equity Fund
Mackenzie High Diversification US Equity Fund
Mackenzie High Diversification Canadian Equity Class*
(Series A, AR, D, F, F5, FB, FB5, O, PW, PWF, PWF5, PWT5, PWX, PWX5 and T5 securities)
(*a class of Mackenzie Financial Capital Corporation)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated June 13, 2016
NP 11-202 Receipt dated June 14, 2016
Offering Price and Description:
Series A, AR, D, F, F5, FB, FB5, O, PW, PWF, PWF5, PWT5, PWX, PWX5 and T5 securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #2468766

Issuer Name:
for Registered and Taxable Investors
units of the following series
Regular Front End Load, Regular F, High Net Worth Front End Load, High Net Worth F,
Ultra High Net Worth Front End Load and Institutional Front End Load, Deferred Load
and Low Load (collectively, the “Series”)
of the
NexGen Canadian Cash Fund
NexGen Canadian Bond Fund
NexGen Corporate Bond Fund
and
For Registered or Non-Taxable Investors
units of the Series of the
NexGen Canadian Diversified Income Registered Fund
NexGen Turtle Canadian Balanced Registered Fund
NexGen Intrinsic Balanced Registered Fund
NexGen Canadian Dividend Registered Fund
NexGen Intrinsic Growth Registered Fund
NexGen U.S. Dividend Plus Registered Fund
NexGen U.S. Growth Registered Fund
NexGen Global Equity Registered Fund
and
units of the following series
Regular Front End Load, Regular F and Institutional Front End Load and
Deferred Load and Low Load series (collectively, the “Preferred Series”) of
NexGen Canadian Preferred Share Registered Fund
and
for Non-Registered or Taxable Investors (and in the case of Regular F series shares, for Registered or Non-Taxable investors)
shares of the Series of
NexGen Canadian Cash Tax Managed Fund
and
shares of the Series of
Return of Capital 40 Class and Dividend Tax Credit 40 Class
of
NexGen Canadian Bond Tax Managed Fund
and
shares of the Series of
Capital Gains Class, Return of Capital Class,
Dividend Tax Credit Class and Compound Growth Class
of the
NexGen Canadian Bond Tax Managed Fund
NexGen Corporate Bond Tax Managed Fund
NexGen Canadian Diversified Income Tax Managed Fund
NexGen Turtle Canadian Balanced Tax Managed Fund
NexGen Intrinsic Balanced Tax Managed Fund
NexGen Canadian Dividend Tax Managed Fund
NexGen Intrinsic Growth Tax Managed Fund
NexGen U.S. Dividend Plus Tax Managed Fund
NexGen U.S. Growth Tax Managed Fund
NexGen Global Equity Tax Managed Fund
and
shares of the Preferred Series of
Capital Gains Class, Return of Capital Class,
Dividend Tax Credit Class and Compound Growth Class
of
NexGen Canadian Preferred Share Tax Managed Fund

of
NGAM Canada Investment Corporation
(formerly NexGen Investment Corporation
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated June 10, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
units of the following series: Regular Front End Load, Regular F, High Net Worth Front End Load, High Net Worth F, Ultra High Net Worth Front End Load and Institutional Front End Load, Deferred Load
and Low Load ; and shares of the Series and Preferred Series of Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class and Compound Growth Class
Underwriter(s) or Distributor(s):
NGAM CANADA LP
NGAM Canada LP
NGAM Canada LP
Promoter(s):
NGAM CANADA LP
Project #2480155

Issuer Name:
Primero Mining Corp.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated June 17, 2016
NP 11-202 Receipt dated June 20, 2016
Offering Price and Description:
CDN$45,002,500.00 – 19,150,000 Units
Price: $2.35 per Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #2497030

Issuer Name:
RBC Global Dividend Growth Currency Neutral Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated June 10, 2016 to the Simplified Prospectus and Annual Information Form dated May 6, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
Series A, Advisor Series, Series T5, Series D, Series F, Series FT5 and Series O units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2466093

Issuer Name:

Sentry All Cap Income Fund (formerly, Sentry Diversified Income Fund) (Series A, B, F, O and I)
Sentry Canadian Income Class* (Series A, B, F, O and I)
Sentry Canadian Income Fund (Series A, B, F, O and I)
Sentry Diversified Equity Class* (Series A, B, F, O and I)
Sentry Diversified Equity Fund (Series A, B, F, O and I)
Sentry Global Growth and Income Class* (Series A, B, F, O and I)
Sentry Global Growth and Income Fund (Series A, B, F, O and I)
Sentry Global Infrastructure Fund (formerly, Sentry Infrastructure Fund) (Series A, B, F, O and I)
Sentry Global Mid Cap Income Fund (Series A, B, F, O and I)
Sentry Growth and Income Fund (Series A, T8, B, B8, F, FT8, O, O8 and I)
Sentry Small/Mid Cap Income Class* (Series A, B, F, O and I)
Sentry Small/Mid Cap Income Fund (Series A, B, F, O and I)
Sentry U.S. Growth and Income Class* (Series A, B, F, O and I)
Sentry U.S. Growth and Income Currency Neutral Class* (Series A, B, F, O and I)
Sentry U.S. Growth and Income Fund (Series A, B, F, O and I)
Sentry Canadian Resource Class* (Series A, B, F, O and I)
Sentry Energy Fund (formerly, Sentry Energy Growth and Income Fund) (Series A, B, F, O and I)
Sentry Global REIT Class* (formerly, Sentry REIT Class) (Series A, T8, B, B8, F, FT8, O, O8 and I)
Sentry Global REIT Fund (formerly, Sentry REIT Fund) (Series A, T8, B, B8, F, FT8, O, O8 and I)
Sentry Precious Metals Class* (formerly, Sentry Precious Metals Growth Class) (Series A, B, F, O and I)
Sentry Precious Metals Fund (formerly, Sentry Precious Metals Growth Fund) (Series A, B, F, O and I)
Sentry Alternative Asset Income Fund (Series A, B, F, O and I)
Sentry Conservative Balanced Income Class* (Series A, B, F, O and I)
Sentry Conservative Balanced Income Fund (Series A, B, F, O and I)
Sentry Conservative Monthly Income Fund (formerly, Sentry Income Advantage Fund) (Series A, B, F, O and I)
Sentry Global Monthly Income Fund (formerly, Sentry Global Balanced Income Fund) (Series A, B, F, O and I)
Sentry U.S. Monthly Income Fund (formerly, Sentry U.S. Balanced Income Fund) (Series A, B, F, O and I)
Sentry Canadian Bond Fund (Series A, B, F, O and I)
Sentry Corporate Bond Class* (formerly, Sentry Enhanced Corporate Bond Class) (Series A, B, F, O and I)
Sentry Corporate Bond Fund (formerly, Sentry Enhanced Corporate Bond Fund) (Series A, B, F, O and I)
Sentry Global High Yield Bond Class* (formerly, Sentry Tactical Bond Class) (Series A, B, F, O and I)
Sentry Global High Yield Bond Fund (formerly, Sentry Tactical Bond Fund) (Series A, B, F, O and I)
Sentry Money Market Class* (Series A, B, F, O and I)
Sentry Money Market Fund (Series A, B, F, O and I)
Sentry Growth Portfolio* (Series A, T4, T6, B, B4, B6, F, FT4, FT6, O and I)
Sentry Growth and Income Portfolio* (Series A, T4, T6, B, B4, B6, F, FT4, FT6, O and I)
Sentry Balanced Income Portfolio* (formerly, Sentry Income Portfolio) (Series A, T5, T7, B, B5, B7, F, FT5, FT7, O and I)
Sentry Conservative Income Portfolio* (Series A, T5, T7, B, B5, B7, F, FT5, FT7, O and I)
Sentry Canadian Equity Income Private Pool Class* (Series A, F and O)
Sentry Canadian Equity Income Private Trust (Series Z)
Sentry Global Equity Income Private Pool Class* (Series A, F and O)
Sentry International Equity Income Private Pool Class* (Series A, F and O)
Sentry International Equity Income Private Trust (Series Z)
Sentry U.S. Equity Income Private Pool Class* (Series A, F and O)
Sentry U.S. Equity Income Currency Neutral Private Pool Class* (Series A, F and O)
Sentry U.S. Equity Income Private Trust (Series Z)
Sentry Energy Private Trust (Series Z)
Sentry Global Infrastructure Private Trust (Series Z)
Sentry Global Real Estate Private Trust (Series Z)
Sentry Precious Metals Private Trust (Series Z)
Sentry Balanced Yield Private Pool Class* (Series A, F and O)
Sentry Global Balanced Yield Private Pool Class* (Series A, F and O)
Sentry Canadian Fixed Income Private Pool (Series A, F and O)
Sentry Canadian Core Fixed Income Private Trust (Series Z)
Sentry Global Core Fixed Income Private Trust (Series Z)
Sentry Global High Yield Fixed Income Private Trust (Series Z)
Sentry Global Investment Grade Private Pool Class* (Series A, F and O)
Sentry Global Tactical Fixed Income Private Pool (Series A, F and O)
Sentry Real Growth Pool Class* (Series A, F and O)
Sentry Real Long Term Income Pool Class* (Series A, F and O)
Sentry Real Long Term Income Trust (Series Z)
Sentry Real Mid Term Income Pool Class* (Series A, F and O)
Sentry Real Mid Term Income Trust (Series Z)
Sentry Real Short Term Income Pool Class* (Series A, F and O)
Sentry Real Short Term Income Trust (Series Z)
Sentry Real Income 1941 -45 Class* (Series A, F and O)

Sentry Real Income 1946-50 Class* (Series A, F and O)
Sentry Real Income 1951 -55 Class* (Series A, F and O)
*A class of shares of Sentry Corporate Class Ltd.
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated June 14, 2016
NP 11-202 Receipt dated June 16, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Promoter(s):
Sentry Investments Inc.
Project #2475733

Issuer Name:
Slate Office REIT
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated June 17, 2016
NP 11-202 Receipt dated June 17, 2016
Offering Price and Description:
$35,569,425.00 – Treasury Offering – 4,531,137 Units
$14,435,075.00 – Secondary Offering – 1,838,863 Units
Price:$7.85 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
GMP Securities L.P.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #2495741

Issuer Name:
Sun Life Granite Balanced Portfolio (Series A, D, T5, F, I, O securities)
Sun Life MFS Balanced Growth Fund (Series A, D, F, I and O securities)
Sun Life MFS Balanced Value Fund (Series A, D, F, I and O securities)
Sun Life Franklin Bissett Canadian Equity Class* (Series A, AT5, F, I and O securities)
Sun Life Trimark Canadian Class* (Series A, AT5, F, I and O securities)
Sun Life Sionna Canadian Small Cap Equity Class* (Series A, AT5, F, I and O securities)
*each a class of shares of Sun Life Global Investments Corporate Class Inc.
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 dated June 17, 2016 to the Simplified Prospectuses of the above Issuers dated February 5, 2016 and Amendment No. 2 dated June 17, 2016 to the Annual Information Form dated February 5, 2016 (amendment no. 2).NP 11-202 Receipt dated June 20, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sun Life Global Investment (Canada) Inc.
Project #2421596

Issuer Name:
Suncor Energy Inc.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$2,502,500,000.00 – 71,500,000 Common Shares
Price: $35.00 per Offered Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
J.P. Morgan Securities Canada Inc.
BMO Nesbitt Burns Inc.
Citigroup Global Markets Canada Inc.
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Morgan Stanley Canada Limited
Altacorp Capital Inc.
BNP Paribas (Canada) Securities Inc.
Promoter(s):
-
Project #2495966

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated June 13, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$2,000,000,000.00 Senior Medium Term Notes
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
-
Project #2495189

Issuer Name:
Trican Well Service Ltd.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated June 15, 2016
NP 11-202 Receipt dated June 15, 2016
Offering Price and Description:
$60,000,000 – 37,500,000 Common Shares
Price: $1.60 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
Firstenergy Capital Corp.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Altacorp Capital Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Peters & Co. Limited
Wells Fargo Securities Canada Ltd.
Promoter(s):
-
Project #2494595

Issuer Name:
Mackenzie Emerging Markets Opportunities Fund
Principal Jurisdiction – Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 11, 2016
Withdrawn on June 14, 2016
Offering Price and Description:
Series A, AR, D, F, F5, FB, FB5, O, PW, PWF, PWF5, PWT5, PWX, PWX5 and T5 securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #2468766

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	WHV Investments, Inc.	Portfolio Manager	June 13, 2016
Name Change	From: C.A. Delaney Capital Management Ltd. To: Delaney Capital Management Ltd.	Investment Fund Manager, Exempt Market Dealer and Portfolio Manager	June 6, 2016
Consent to Suspension (Pending Surrender)	Howell Investment Management Inc.	Portfolio Manager	June 17, 2016
Voluntary Surrender	NBC Alternative Investments Inc./BNC Gestion Alternative Inc.	Investment Fund Manager, Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager	June 20, 2016
New Registration	Perron Asset Management Inc.	Portfolio Manager	June 20, 2016

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Proposed Material Amendments to the Notes and Instructions to Schedule 12 of Form 1 – Margin on Futures Concentrations and Deposits – Notice of Request for Comments

NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED MATERIAL AMENDMENTS TO THE NOTES AND INSTRUCTIONS TO SCHEDULE 12 OF FORM 1

IIROC is republishing for public comment proposed material amendments to the Notes and Instructions to Schedule 12 of Form 1 – Margin on Futures Concentrations and Deposits (the Schedule) (the Material Amendments). The primary objective of the proposed Material Amendments is to reflect the change in the futures markets over the past several years to more timely publication of futures contract margin requirements. The Material Amendments propose to exclude the 15% margin provision in situations where a futures exchange calculates and publishes maintenance margin rates on a daily basis. A copy of the IIROC Notice including the amended documents was also published on our website at http://www.osc.gov.on.ca. The comment period ends on August 22, 2016.

13.1.2 IIROC – Proposed Non-Material Amendments to Schedule 12 of Form 1 – Margin on Futures Concentrations and Deposits and its Notes and Instructions – Notice of Request for Comments

NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED NON-MATERIAL AMENDMENTS SCHEDULE 12 OF FORM 1 AND ITS NOTES AND INSTRUCTIONS

IIROC is republishing for public comment proposed non-material amendments to Schedule 12 of Form 1 – Margin on Futures Concentrations and Deposits (the Schedule) and its Notes and Instructions (collectively, the proposed Non-Material Amendments). The primary objective of the proposed Non-Material Amendments is to re-organize and re-write the Schedule and its Notes and Instructions into a simpler and more logical format, making it easier to read and interpret. A copy of the IIROC Notice including the amended documents was also published on our website at http://www.osc.gov.on.ca. The comment period ends on July 25, 2016.

13.2 Marketplaces

13.2.1 360 Trading Networks Inc. et al. – Notice of Commission Order – Applications for Exemptive Relief

IN THE MATTER OF
360 TRADING NETWORKS INC.
BGC DERIVATIVES MARKETS, L.P.
BLOOMBERG SEF LLC
DW SEF LLC
GFI SWAPS EXCHANGE LLC
ICAP GLOBAL DERIVATIVES LIMITED
ICAP SEF (US) LLC
ICE SWAP TRADE LLC
JAVELIN SEF, LLC
MARKETAXESS SEF CORPORATION
SWAPEX, LLC
THOMSON REUTERS (SEF) LLC
TPSEF INC.
TRADITION SEF INC.
TRUEEX LLC
TW SEF LLC
(each an "Applicant," and collectively, "Applicants")

APPLICATIONS FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On June 13, 2016, the Commission issued an order (Order) to each Applicant pursuant to section 147 of the *Securities Act* (Ontario) exempting each Applicant from the requirement to be recognized as an exchange under section 21 of the OSA.

A copy of each Order is published in Chapter 2 of this Bulletin.

The Commission published each Applicant's application and draft exemption order for comment on April 7, 2016 on the OSC website at www.osc.gov.on.ca and provided notice of the applications and orders in the OSC Bulletin.[1] No comments were received and no changes were made to the draft exemption orders.

[1] (2016), 39 OSCB 3259.

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 Sprott Gold Bullion Class and Sprott Silver Bullion Class – Part 6 of NI 81-101 Mutual Fund Prospectus Disclosure

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the prescribed risk disclosure in requirements in Part I, Item 4(1) and (2)(b) of Form 81-101F3 Contents of a Fund Facts Document, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1.
Form 81-101F3 Contents of a Fund Facts Document, Part I, Item 4(1), (2)(b).

June 3, 2016

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W
Toronto, ON
M5H 3Y4

Attention: Whitney Bell

Dear Ms. Bell:

Re: Sprott Gold Bullion Class and Sprott Silver Bullion Class (the "Funds")

Exemptive Relief Application under Part 6 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101)

Application No. 2016/0285; SEDAR Project No. 2474653

By letter dated May 30, 2016 (the Application), Sprott Asset Management LP, on behalf of the Funds, applied to the Director of the Ontario Securities Commission (the Director) under Part 6 of NI 81-101 for relief from Item 4 of Form 81-101F3 *Contents of Fund Facts*, in order to vary the prescribed disclosure under the heading "How risky is it?" and the sub-heading "Risk rating" in the fund facts document.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Fund's prospectus.

Yours very truly,

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

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