The Ontario Securities Commission

OSC Bulletin

May 18, 2017

Volume 40, Issue 20

(2017), 40 OSCB

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

The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Contact Centre – Inquiries, Complaints:

Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:

Fax: 416-593-2318

Published under the authority of the Commission by:
Thomson Reuters
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

The OSC Bulletin is published weekly by Thomson Reuters Canada, under the authority of the Ontario Securities Commission.

ISSN 0226-9325

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Support
1-416-609-3800 (Toronto & International)
1-800-387-5164 (Toll Free Canada & U.S.)
Fax 1-416-298-5082 (Toronto)
Fax 1-877-750-9041 (Toll Free Canada Only)
Email CustomerSupport.LegalTaxCanada@TR.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 CSA Staff Notice 31-350 Guidance on Small Firms Compliance and Regulatory Obligations

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 31-350
Guidance on Small Firms Compliance and Regulatory Obligations

May 18, 2017

Introduction

Canadian Securities Administrators staff (**CSA staff** or **we**) conducted compliance reviews of small firms registered with the CSA (**small firms**, or **reviewed firms**) in one or more of the following categories: investment fund manager (**IFM**), portfolio manager (**PM**) and exempt market dealer (**EMD**). The firms selected were primarily sole proprietorships or firms with one registered individual (*i.e.*, one individual who was registered in a category that authorizes the individual to act as a dealer or an adviser on behalf of the registered firm, or in the case of an IFM, one individual registered as the chief compliance officer (**CCO**)).

Substance and Purpose

A registered firm must establish, maintain and apply policies and procedures that establish a system of controls and supervision that provides reasonable assurance the firm and individuals acting for it prudently manage the risks associated with its business. The CSA identifies opportunities to reduce the regulatory burden associated with compliance whenever possible, while balancing the regulatory outcomes it requires. As a result of the compliance reviews, CSA staff have concluded that additional guidance will assist small firms in meeting their compliance and regulatory obligations. Although we intend this notice to provide guidance to small firms, it may be useful to other registrants too. We strongly encourage firms to use this notice as a self-assessment tool to strengthen their compliance with securities legislation. Going forward, CSA staff will continue to monitor firms' compliance in this area.

Scope and Methodology

From October 1, 2014 to June 30, 2016, we conducted compliance reviews of 65 small firms. We assessed the firms' compliance against the requirements in applicable securities legislation, including National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and its Companion Policy (**31-103CP**).

Summary of Results

The following table sets out common deficiencies identified across all three registration categories and the percentage of small firms with the noted deficiencies we observed during our compliance reviews.

1.	Significant business interruptions plan and succession planning – inadequate or missing (35%)
2.	Monitoring systems (*i.e.*, inadequate written policies and procedures (71%), incomplete books and records (25%), inadequate marketing materials (15%))
3.	CCO annual report – inadequate or missing (29%)
4.	Interim financial statements and accounting principles – incorrect accounting method and insufficient procedures (15%)

5.	Inadequate excess working capital (9%)
6.	Inadequate relationship disclosure information (63%)
7.	Inadequate collection/documentation of know-your-client information (54%)
8.	Non-delivery of or inadequate client statements (45%)
9.	Inadequate or outstanding filings to regulators (34%)

Specific Issues and Guidance

This notice provides details and guidance with respect to some of the deficiencies noted during our reviews. Specifically, we identified that small firms can be at risk of failing to meet requirements of applicable securities legislation if they do not have: (i) a comprehensive plan to address significant business interruptions and succession issues; (ii) monitoring systems that are reasonably likely to identify non-compliance at an early stage; and (iii) supervisory systems that allow the firm to correct non-compliant conduct in a timely manner. Additional findings noted during our reviews are presented below.

1. Significant Business Interruptions and Succession Planning

Small firms often have only one registered individual to operate the business and service clients. This raises concerns regarding the impact on the firm's clients in the event of the death, incapacitation or prolonged temporary absence of the sole registered individual. For example, if the sole advising representative at a PM is no longer capable of performing his or her registerable duties, client portfolios can no longer be managed by the firm unless the firm is able to register another advising representative. Alternatively, the client will have to engage another PM firm to manage his or her portfolio.

In most cases of business interruption, there is a period where the client's portfolio is not being managed, which could be a significant issue for clients who need to generate income to meet their cash flow needs (*e.g.*, by selling securities). Client portfolios are also at higher risk especially in periods of volatile markets. As a result, business continuity planning is particularly important for small firms that manage client portfolios. It is advisable that a small firm's plan specifically address issues of significant business interruptions, with an emphasis on the loss of key personnel and succession.

Including steps to deal with succession planning when developing a written business continuity plan (**BCP**) allows firms to mitigate, respond to and recover from significant business interruptions that could impact their ability to provide services to clients. Pursuant to section 11.1 of NI 31-103, firms are required to establish, maintain and apply policies and procedures that establish a system of controls and supervision to ensure compliance with securities legislation and manage the risks associated with their business in accordance with prudent business practices. Section 11.1 of 31-103CP states that an acceptable compliance system includes internal controls to manage business risks, including risks that may relate to business interruption.

In order to manage risks related to business interruption, small firms should consider: (i) developing a BCP that is appropriate for their size and business model, (ii) designating an individual to execute the BCP (**BCP executor**), and (iii) reviewing the BCP annually.

When developing a BCP, firms should consider, as applicable to their business models, the following:

- procedures to mitigate, respond to, and recover from business interruptions and other types of disturbances that may disrupt the firm's day-to-day operations;
- how the firm will communicate with clients, key personnel, third-party service providers, and regulators (*e.g.*, provide an alternate means of communication);
- procedures to protect, backup and recover the firm's books and records (*e.g.*, as a result of a cyber-security incident or natural disaster);
- details about the relocation of the firm's office in the event of a temporary or permanent loss of the firm's head office or principal place of business;
- the firm's business succession or wind-down procedures (*e.g.*, assignment of duties to key persons) in the event of death, incapacitation or prolonged temporary absence of the sole registered individual;
- who is responsible for notifying the regulators in the event of death, incapacitation or prolonged temporary absence of the sole registered individual;

- what information clients need to know about the BCP to ensure that it can be properly executed (*e.g.*, by providing clients with the name and contact details of the BCP executor, and explaining to clients how they can access their assets in the event of loss of the firm's key personnel, or by providing the client with the name and contact details of the relationship manager at the custodian where the clients' assets are held);

- training of firm employees, including training about their specific duties if the BCP needs to be implemented;

- how often the BCP needs to be updated and its effectiveness assessed; and

- how the firm will assess the adequacy of the BCPs of outside service providers.

Small firms with only one individual that have no other support or administrative staff may need to designate a BCP executor external to the firm, such as a spouse, relative, legal counsel, or another registrant. When selecting an external BCP executor, firms should consider the capability of the designated individual to carry out this responsibility in the potentially stressful circumstances that would trigger the BCP (*e.g.*, a spouse or relative may not be able to fulfill his or her non-registrable duties under the BCP). Small firms may also consider designating an additional alternate BCP executor, for example, in the event that the spouse of the sole registered individual has also passed away or is incapacitated where he/she was the designated BCP executor.

There are circumstances where exemptive relief may be granted to assist in implementing a BCP. For example, while there is a restriction on acting for another registered firm set out in section 4.1 of NI 31-103, we are prepared to consider on a case-by-case basis applications for exemptive relief from the section 4.1 restriction on an expedited basis. In light of the potentially immediate adverse impact to clients, a significant business interruption such as death, incapacitation or prolonged temporary absence of the sole registered individual would likely be a valid business reason for a BCP executor to be registered with more than one registered firm.

When working with an external BCP executor, it would be prudent, depending on a small firm's business model, to ensure that:

- a written agreement is in place so that the BCP executor understands his or her responsibilities;

- the BCP executor is familiar with the firm's BCP;

- the BCP executor is familiar with the firm's business to properly wind down or temporarily manage the small firm or facilitate the transfer of the firm's client accounts;

- a confidentiality agreement is in place if the BCP executor would have access to confidential client information; and that the firm has properly pre-arranged client authorization to share this confidential information (*e.g.*, in the relationship disclosure information documentation);

- if the BCP executor is another registrant, conflicts of interest between both firms have been considered (*e.g.*, an external BCP executor could be managing clients of two firms in a scenario of temporary absence); and

- the BCP executor understands securities legislation and is aware of costs (*e.g.*, costs related to filing an application for exemptive relief).

2. Monitoring systems

Small firms may have resource constraints that make segregation of duties difficult or impossible. These challenges make ensuring good documentation practices and controls especially important for small firms in order to demonstrate good compliance. All firms must maintain records to accurately record business activities, financial affairs, and client transactions, and demonstrate the extent of a firm's compliance with applicable requirements of securities legislation. In addition to maintaining books and records, firms must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to:

(i) provide reasonable assurance that the firm and each individual acting on its behalf comply with securities legislation; and

(ii) manage the risks associated with its business in accordance with prudent business practices.

Some reviewed firms that employ other non-registered staff (*e.g.*, research analysts, relationship managers, administrative or support staff) did not establish, maintain and apply policies and procedures to establish such a system of controls and supervision.

Small firms are encouraged to consider employing non-registered staff or using technology to perform additional verification procedures. For example, non-registered staff can proofread documents, double-check calculations, and verify that the registered advising or dealing representative has completed the know-your-client and other client forms. In some cases, firms may also find it helpful to use software or other tools to ensure the accuracy of their data (*e.g.*, when calculating net asset values, return of capital, etc.).

We remind small firms that as the size and scope of their business operations expand, they should be mindful of each individual's duties and responsibilities and apply to register those individuals that are required to be registered under securities legislation (*e.g.*, as an associate advising representative or dealing representative).

Books and Records

CSA staff found that the reviewed firms often did not maintain internal books and records to evidence the due diligence conducted to support their business activities. For example, they did not:

- record the investment decisions made;
- prepare and maintain trade orders and trade blotters;
- record the review and approval of marketing materials;
- retain signed agreements with service providers;
- retain signed subscription agreements between the firm's clients and issuers; or
- maintain records to evidence the reconciliation of client portfolio positions to custodian records.

The reviewed firms often did not maintain adequate books and records to evidence compliance with securities legislation and with the firm's own policies and procedures.

While firms may use the books and records of other parties (*e.g.*, custodian) to reconcile their books and records, the registrant is ultimately responsible for maintaining their own separate set of books and records.

Written Policies and Procedures

CSA staff found that the reviewed firms often did not have adequate policies and procedures. For example, firms that are registered in multiple registration categories should develop policies and procedures governing all of the key functions relating to each registration category and a firm that is registered as an IFM should have specific policies and procedures related to core IFM business operations (*i.e.*, fund accounting, transfer agent and trust accounting functions). If these functions are performed by third-party service providers, the firm should develop written oversight procedures and document how adequately the service providers are performing these outsourced functions.

CSA staff found that the reviewed firms often did not have policies and procedures with respect to personal trading. Specifically, there was no documentation or evidence of a review/process in place to ensure that clients were treated fairly. All registrants must have policies and procedures to respond to conflicts of interest, such as those arising from personal trading.

3. CCO Annual Report

The CCO must assess the overall compliance structure and internal controls at the firm at least annually. Questions about the adequacy of the firm's compliance system, and whether the CCO is adequately performing his or her responsibilities may arise when the CCO has not drafted an annual compliance report, or submits a perfunctory report that concludes that the firm has complied with securities legislation without support for how this assessment was made.

We would suggest that the CCO should describe in the report the steps that were taken to perform the assessment, the results of the assessment (including any significant instances of non-compliance such as those that create a risk of harm to a client or the capital markets), and what has been done or will be done to address the non-compliance. The CCO of a small firm can meet the annual report requirement by documenting this assessment in the firm's board of directors' minutes.

4. Interim Financial Statements and Accounting Principles

All firms, including small firms, may have deficiencies with respect to their financial statements, use of accounting principles, or excess working capital calculations. We believe that the guidance set out in below will assist all firms in strengthening their policies and procedures in this area and their overall compliance with securities legislation.

Firms should have detailed written financial policies and procedures clearly outlining who is expected to do what, when and how. For instance, firms that outsource to third parties or rely on staff to perform accounting functions should establish procedures that indicate who prepares and calculates the financial records, how they are calculated, who reviews and approves calculations and results, and when each of these activities occurs. Firms with only one individual should at a minimum develop procedures to state when and what financial records will be prepared.

CSA staff found that some reviewed firms applied the cash basis accounting method instead of the accrual basis accounting method. For instance, firms were not accruing revenues as they were earned; instead, they were waiting for when cash was received to recognize revenues. Similarly, expenses were not being accrued as they were incurred; instead, they were expensed when paid. For example, if you are aware of an expense incurred for legal costs, but have not received the invoice, the expected amount of the legal expense should be accrued during the month it was incurred and not when the invoice is received.

A firm's financial statements must comply with required accounting principles (as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*) in order to ensure that the firm's resulting working capital calculation accurately reflects the firm's actual capital position.

Firms should review the guidance provided in:

- sections 12.10 to 12.11 of 31-103CP, and
- section 2.7 of the Companion Policy to National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

5. Inadequate Excess Working Capital

Firms must properly complete Form 31-103F1 *Calculation of Excess Working Capital* (the **Form**) to ensure that all working capital calculations are accurate at all times. Some reviewed firms had inadequate excess working capital during the period covered by our compliance reviews. These firms often did not perform their working capital calculations with sufficient frequency and, accordingly, were not aware of their working capital position at all times. While these firms often maintained a nominal amount of excess working capital, as expenses were incurred it caused a working capital deficiency. In this scenario, a firm might need to calculate its excess working capital position on a more frequent basis, such as daily or weekly.

When some firms failed to maintain accounting records, this resulted in a failure to monitor the firm's working capital position except during the annual audit. Since there were no accounting records available for review, CSA staff were not able to determine if the firm applied proper accounting treatment.

CSA Staff also found that some firms did not follow the instructions set out in the Form. For example, a firm held investments but did not make the appropriate deduction for market risk under Line 9 of the Form. In other instances, firms did not deliver in a timely manner to the principal regulator the subordination agreements relating to related party debt that was excluded from the calculation of excess working capital. Guidance on how to properly complete the Form is provided in sections 12.1 and 12.2 of 31-103CP.

Lastly, firms should include procedures for when and if a working capital deficiency should occur, indicating who is responsible for rectifying the deficiency and how the deficiency would be reported to the applicable regulator as soon as possible.

Additional Guidance

This notice provides guidance with respect to deficiencies which in our view may present particular challenges for small firms. We also refer firms to the following guidance with respect to other common deficiencies identified in our compliance reviews:

- CSA Staff Notice 31-336 *Guidance for Portfolio Managers, Exempt Market Dealers and Other Registrants on the Know-Your-Client, Know-Your-Product and Suitability Obligations*;
- CSA Staff Notice 31-334 *CSA Review of Relationship Disclosure Practices*;
- section 14.14 of 31-103CP;
- CSA Staff Notice 31-347 *Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members*;
- National Instrument 33-109 *Registration Information*;

- section 11.9 or 11.10 of NI 31-103;
- section 13.4 of 31-103CP under the heading *Individuals who have outside business activities*; and
- CSA Staff Notice 31-325 *Marketing Practices of Portfolio Managers*.

Conclusion

All firms, including small firms, are encouraged to meet or exceed industry best practices in complying with regulatory requirements and to have policies, procedures and systems that are appropriate to their size and business model. The CSA will continue to review and evaluate firms' compliance with securities legislation. Firms can keep up-to-date on regulatory developments by actively reviewing staff notices and publications, participating in information outreach sessions organized by various CSA members, and signing up for mailings from the various CSA members.

Questions

Please refer your questions to any of the following:

Curtis Brezinski
Compliance Auditor, Capital Markets, Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5876
curtis.brezinski@gov.sk.ca

Angela Duong
Compliance Auditor
Manitoba Securities Commission
204-945-8973
angela.duong@gov.mb.ca

Reid Hoglund
Regulatory Analyst
Alberta Securities Commission
403-297-2991
reid.hoglund@asc.ca

To-Linh Huynh
Senior Analyst
Financial and Consumer Services Commission (New Brunswick)
506-643-7856
to-linh.huynh@fcnb.ca

Éric Jacob
Directeur principal de l'inspection
Autorité des marchés financiers
514-395-0337, extension 4741
eric.jacob@lautorite.qc.ca

Jonathan Lee
Senior Compliance Analyst
British Columbia Securities Commission
604-899-6670
Jcslee@bcsc.bc.ca

Janice Leung
Manager, Adviser/IFM Compliance
British Columbia Securities Commission
604-899-6752
jleung@bcsc.bc.ca

Susan Pawelek
Accountant
Compliance and Registrant Regulation
Ontario Securities Commission
416-593-3680
spawelek@osc.gov.on.ca

Chris Pottie
Manager, Compliance and SRO Oversight
Policy and Market Regulation Branch
Nova Scotia Securities Commission
902-424-5393
chris.pottie@novascotia.ca

Kat Szybiak
Senior Legal Counsel
Compliance and Registrant Regulation
Ontario Securities Commission
416-593-3686
kszybiak@osc.gov.on.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Office of the Superintendent of Securities
Newfoundland and Labrador
709-729-5661
cwhalen@gov.nl.ca

1.2 Notices of Hearing

1.2.1 Eda Marie Agueci et al. – s. 144

IN THE MATTER OF
EDA MARIE AGUECI, DENNIS WING,
SANTO IACONO, JOSEPHINE RAPONI,
KIMBERLEY STEPHANY, HENRY FIORILLO,
GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,
IAN TELFER, JACOB GORNITZKI and
POLLEN SERVICES LIMITED

NOTICE OF HEARING
(Section 144 of the Securities Act, RSO 1990, c S.5)

WHEREAS on June 24, 2015, the Ontario Securities Commission made an Order (the "**Order**") under sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "**Act**") relating to sanctions and costs against Eda Marie Agueci ("**Agueci**"), Dennis Wing, Kimberley Stephany, Henry Fiorillo ("**Fiorillo**") and Pollen Services Limited (collectively, the "**Respondents**");

AND WHEREAS on November 30, 2015, the Commission granted an application by Agueci to vary the Order pursuant to section 144 of the Act and the Commission amended the Order to allow Agueci to liquidate certain securities and to direct a payment to the Commission in compliance with the Order;

TAKE NOTICE that the Commission will hold a hearing pursuant to section 144 of the Act to consider whether, in the Commission's opinion, it would not be prejudicial to the public interest to make an order:

1. varying the Order, as amended, to:

    a. allow Fiorillo to trade and/or acquire mutual funds, exchange-traded funds, government bonds and/or guaranteed investment certificates for the account of his Individual Pension Plan, subject to the terms set out in paragraph 3(c)(iii) of the Order;

    b. specifically include "hedge fund manager(s)" as permitted to manage Fiorillo's securities holdings, subject to the terms set out in paragraph 3(d) of the Order; and

    c. allow Fiorillo to invest in non-securities related businesses operated either by Fiorillo or Fiorillo's family members, provided that advance notice of thirty days is given to the Commission prior to the investment; and

2. for such further and other relief as Fiorillo may request and the Commission may permit;

BY REASON OF the application record filed by Fiorillo on May 3, 2017 requesting a variation to the Order, as amended, including the Affidavit of Fiorillo sworn March 10, 2017 and the Consent executed on behalf of all parties except for Pollen Services Limited;

AND TAKE FURTHER NOTICE that Fiorillo requested that the application be heard in writing, pursuant to Rule 15.5 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 (the "**Rules**"), and that Staff of the Commission and the Respondents, except for Pollen Services Limited, have consented to the variation sought to the Order;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by a representative at the hearing;

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French on request of a party, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français sur demande d'une partie, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plut tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

DATED at Toronto this 12th day of May, 2017.

"Grace Knakowski"
Secretary to the Commission

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Jorge Neher – ss. 127, 127.1

IN THE MATTER OF
JORGE NEHER

NOTICE OF HEARING
(Sections 127 and 127.1 of the Securities Act, RSO 1990, c S.5)

TAKE NOTICE that the Ontario Securities Commission will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5, at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, commencing on May 16, 2017 at 3:30 p.m. or as soon thereafter as the hearing can be held;

AND TAKE FURTHER NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated May 12, 2017 between Staff of the Commission and Jorge Neher;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated May 12, 2017 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by a representative at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceedings.

DATED at Toronto, this 12th day of May, 2017.

"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
JORGE NEHER

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

A. Overview

1. This matter concerns the failure by Jorge Neher ("Neher") to comply with important policies in place at his firm aimed at maintaining the integrity of capital markets by ensuring confidential, material information is safeguarded and that trading is appropriately restricted in order to prevent impropriety or the appearance of impropriety.

B. The Respondent(s)

2. In the relevant period of 2014-2015, Neher was a partner in the Bogota, Colombia office of Norton Rose Fulbright ("NRF"), a major international law firm.

3. Neher was the lead partner for a firm client, which was an Ontario reporting issuer.

C. Background to Allegations

NRF Policies

4. On October 29, 2014, Neher was sent an email that also went to all members of NRF attaching a copy of the newly-adopted Norton Rose Fulbright Global Practices Standards policy by email. The policy applied worldwide to all members of the firm, including partners. The policy included policies on trading in publicly-listed securities (the "Trading Policy"). The Bogota office had not previously been subject to a similar policy regarding trading in publicly-listed securities.

5. The Trading Policy notes that a fundamental principle of securities legislation is that everyone investing in securities should have equal access to information that may affect their decision to trade in securities. The Trading Policy also notes:

> Firm members, whether lawyers, agents or staff member, will undoubtedly become aware of material undisclosed information in the conduct of the firm's business, either concerning a client or concerning a public company with which a client is dealing. It is critical that firm members preserve and maintain the confidentiality of this material undisclosed information and do not disclose this information to any third parties, except in accordance with applicable securities laws…This policy is designed to assist in preventing any impropriety or the appearance of any impropriety regarding a firm member trading in securities of a public company.

6. Further, the Trading Policy sets out, among other obligations:

   (a) Firm members are required to report when they possess material, undisclosed information with respect to publicly-listed entities so that those entities could be added to the Black Book, a list of issuers for which trading of securities is prohibited; and

   (b) Pre-clearance is required prior to any purchase or sale of securities of a public company or related derivative.

7. Despite being sent the October 29, 2014 email, Neher failed in his obligations to read, understand and comply with the Trading Policy as set out below.

Prohibited Trading by Neher

8. After the Trading Policy had been sent to him, Neher failed to seek pre-clearance of trades in shares of the client, which were conducted through a trading account located in Toronto, as required by the Trading Policy. This included purchases of the client's securities while those purchases were expressly prohibited due to the client having been placed on NRF's Black Book list. Neher had no personal knowledge that the client had been placed on this list, although he would have known this had he followed the Trading Policy. Neher's trades were part of an investment strategy in shares of the client that he had pursued since April 2014, before the Trading Policy was adopted and sent to him.

Importance of Trading Policies to the Public Interest

9. Policies like the Trading Policy are an important part of maintaining the integrity of capital markets by ensuring confidential, material information is safeguarded and that trading is appropriately restricted in order to prevent impropriety or the appearance of impropriety.

10. As a lawyer, Neher was in a position of trust and is subject to a high professional standard to avoid any appearance of conflicts of interest and any appearance of misuse of confidential information obtained in the course of the solicitor-client relationship. Neher should have taken reasonable steps to ensure that he was complying with NRF's policies before trading in publicly-listed securities of a client.

D. Conduct Contrary to the Public Interest

11. Neher's conduct was contrary to the public interest as he failed to adhere to the high standard of conduct expected of him in the circumstances.

12. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, this 12th day of May, 2017.

1.5 Notices from the Office of the Secretary

1.5.1 Benedict Cheng et al.

FOR IMMEDIATE RELEASE
May 11, 2017

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

AND

IN THE MATTER OF
BENEDICT CHENG,
FRANK SOAVE,
JOHN DAVID ROTHSTEIN and
ERIC TREMBLAY

TORONTO – The Commission issued its Reasons and Decision on Settlement following the Settlement Hearing held in the above named matter.

A copy of the Reasons and Decision on Settlement dated May 10, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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 MM Café Franchise Inc. et al.

FOR IMMEDIATE RELEASE
May 11, 2017

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LIMITED,
MARIANNE GODWIN,
DAVE GARNET CRAIG and
HAIYAN (HELEN) GAO JORDAN

TORONTO – The Commission issued its Oral Reasons for Approval of a Settlement following a Settlement Hearing held in the above-named matter.

A copy of the Oral Reasons for Approval of a Settlement dated April 24, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.3 Money Gate Mortgage Investment Corporation et al.

FOR IMMEDIATE RELEASE
May 11, 2017

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

AND

IN THE MATTER OF
MONEY GATE MORTGAGE
INVESTMENT CORPORATION,
MONEY GATE CORP.,
MORTEZA KATEBIAN and
PAYAM KATEBIAN

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

1. pursuant to subsection 127(8) of the Act, Staff's application to extend paragraph 1 of the Temporary Order to May 30, 2017, is granted;

2. the hearing of Staff's application to extend paragraph 2 of the Temporary Order shall continue on May 29, 2017 at 10:00a.m., and pursuant to subsection 127(7) of the Act, paragraph 2 of the Temporary Order is extended to the conclusion of that hearing; and

3. this proceeding is adjourned until May 29, 2017, at 10:00 a.m.

A copy of the Order dated May 11, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.4 Eda Marie Agueci et al.

FOR IMMEDIATE RELEASE
May 12, 2017

IN THE MATTER OF
EDA MARIE AGUECI, DENNIS WING,
SANTO IACONO, JOSEPHINE RAPONI,
KIMBERLEY STEPHANY, HENRY FIORILLO,
GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,
IAN TELFER, JACOB GORNITZKI and
POLLEN SERVICES LIMITED

TORONTO – The Commission issued a Notice of Hearing for a hearing to consider an application made pursuant to section 144 of the Act to vary an Order issued June 24, 2015 in the above matter.

A copy of the Notice of Hearing dated May 12, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.5 Jorge Neher

FOR IMMEDIATE RELEASE
May 12, 2017

IN THE MATTER OF
JORGE NEHER

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Jorge Neher.

The hearing will be held on May 16, 2017 at 3:30 p.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated May 12, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 12, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.6 Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa)

FOR IMMEDIATE RELEASE
May 15, 2017

IN THE MATTER OF
AYAZ DHANANI (also known as AZIM VIRANI, MICHAEL LEE, ALEX NEBRIS, PAUL DHANANI, SAMUEL RAMOS, and RAHIM JIWA)

TORONTO – The Commission issued its Decision and Reasons and an Order pursuant to Subsections 127(1) and 127(10) of the *Securities Act* in the above noted matter.

A copy of the Decision and Reasons and the Order dated May 15, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.7 Larry Keith Davis

FOR IMMEDIATE RELEASE
May 16, 2017

IN THE MATTER OF
LARRY KEITH DAVIS

TORONTO – The Commission issued its Reasons and an Order pursuant to Subsections 127(1) and 127(10) of the *Securities Act* in the above noted matter.

A copy of the Reasons and the Order dated May 15, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Genus Capital Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Plan Sponsors, CAP Members, and named service provider exempted from the dealer registration and prospectus requirements in the Legislation in respect of trades in securities of mutual funds to tax-assisted and non-tax assisted savings plans (which act as 'overflow' savings plans connected to tax-assisted capital accumulation plans serviced by the same service provider), subject to certain terms and conditions – contributions to the non-tax assisted savings plans limited by reference to specified limits in the Income Tax Act (Canada).

Applicable Legislative Provisions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(a), 53, 74(1).

Rules Cited

National Instrument 81-101 Mutual Fund Prospectus Disclosure.
National Instrument 81-102 Investment Funds.
National Instrument 45-106 Prospectus and Registration Exemptions.

Published Documents Cited

Amendments to NI 45-106 Registration and Prospectus Exemption for Certain Capital Accumulation Plans, October 21, 2005 (2005), 25 OSCB 8681.

April 21, 2017

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
GENUS CAPITAL MANAGEMENT INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision, on behalf of the Filer (including its respective directors, officers, representatives and employees acting on its behalf), any Plan Sponsor (as defined herein) and any Fund (as defined herein), under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a ruling that:

(a) the dealer registration requirements contained in the Legislation shall not apply to the Filer (including its respective directors, officers, representatives and employees acting on its behalf) or any Plan Sponsor of a CAP (as defined herein) or a Non-Tax Assisted CAP (as defined herein) that uses the services of the Filer in respect of its CAP or Non-Tax Assisted CAP in respect of trades in the securities of the Funds to a CAP or a Non-Tax Assisted CAP sponsored by the Plan Sponsor for which the Filer provides services, subject to certain terms and conditions (the **Dealer Registration Relief**); and

(b) the prospectus requirements contained in the Legislation shall not apply in respect of the distribution of securities of Funds to CAPs or Non-Tax Assisted CAPs sponsored by a Plan Sponsor for which the Filer provides services (the **Prospectus Relief**),

(the Dealer Registration Relief and the Prospectus Relief are collectively, the **Exemption Sought**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in the jurisdictions of (i) Québec, Newfoundland and Labrador, the Yukon Territory and Nunavut in respect of the Exemption Sought with respect to CAPs and (ii) Alberta, British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, the Yukon Territory and the Northwest Territories in respect of the Exemption Sought with respect to Non-Tax Assisted CAPs.

Interpretation

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

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

(a) **CAP** has the meaning given to the term “capital accumulation plan” as defined in section 1.1 of the CAP Guidelines (as defined herein), namely, a tax assisted investment or savings plan that permits the members of the CAP to make investment decisions among two or more options offered within the plan. CAPs include a defined contribution registered pension plan, a group registered retirement savings plan, a group registered education savings plan, a group tax-free savings plan or a deferred profit sharing plan, and in Québec and Manitoba, include a simplified pension plan.

(b) **CAP Guidelines** means the *Guidelines for Capital Accumulation Plans* published in May 2004 by the Joint Forum of Financial Market Regulators, as updated in 2009 and 2010.

(c) **Fund** means a mutual fund as defined in section 1 of the Legislation, whether offered by prospectus or pursuant to prospectus exemptions in the Legislation, and which in both cases, comply with Part 2 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) and are established and managed by the Filer, but does not include an exchange-traded fund.

(d) **Member** means a current or former employee, or a person who belongs, or did belong, to a trade union or association, or

(i) his or her spouse

(ii) a trustee, custodian or administrator who is acting on his or her behalf, or for his or her benefit, or on behalf of, or for the benefit of, his or her spouse or

(iii) his or her holding entity, or a holding entity of his or her spouse

that has assets in a CAP or a Non-Tax Assisted CAP and also includes any person who is eligible to participate in a CAP or Non-Tax Assisted CAP.

(e) **Non-Tax Assisted CAP** means an investment or savings plan that meets the definition of CAP in the CAP Guidelines and that is administered in accordance with the CAP Guidelines, but for the fact that it is an investment or savings plan that is non-tax assisted.

(f) **Plan** means, depending on the context in which it is used, a CAP or a Non-Tax Assisted CAP or both of them.

(g) **Plan Sponsor** means any employer, trustee, trade union or association or a combination of them that establishes a CAP or a Non-Tax Assisted CAP and uses the services of the Filer in respect of such CAP or Non-Tax Assisted CAP, and includes the Filer to the extent that the Plan Sponsor has delegated some or all of its responsibilities to the Filer.

Representations

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

1. The Filer is a corporation organized under the laws of British Columbia with its head office in Vancouver, British Columbia. The Filer is registered in British Columbia, Alberta, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island and the Yukon as a portfolio manager and an exempt market dealer, and in British Columbia, Ontario and Québec as an investment fund manager.

2. The Filer's principal business is to provide investment management services through pooled funds and specialty equity and fixed income investment portfolios, to individuals, families, foundations, endowments, not-for-profit organizations, institutions and multi-employer pension and benefit plans. The Filer serves as the manager and principal portfolio manager for each of its pooled funds, and for certain of its funds has retained arm's length sub-advisors for all or a portion of the assets of the funds. The Filer expects to establish additional pooled funds, as well as prospectus qualified mutual funds, in the future.

3. The Filer intends to assist Plan Sponsors in initial Plan design and set up and may provide non-discretionary advice to Plan Sponsors, including doing research and providing recommendations regarding investments Plan Sponsors might select as investment options within a Plan.

4. The investment options for the Members of Plans will include Funds and may also include other investment options, such as segregated funds managed by insurance companies. Where the investment options include Funds, the Funds will comply with Part 2 of NI 81-102 in respect of its investment restrictions and practices. None of the Funds will be exchange-traded funds.

5. The services that the Filer provides to Plan Sponsors may also include recordkeeping of Member data, transactions processing in respect of Member accounts, provision of Member statements as required under pension standards legislation and/or the applicable recordkeeping agreement, and processing changes to Member accounts such as termination, death, retirement or change in marital status.

6. The Filer will not engage in discretionary decision-making with respect to Plans or Member accounts, and will not select investments for the Plans or Member accounts or provide investment advice to Members. The Filer does not provide custodial services in respect of the Plans or the Funds.

7. The Filer intends to only service Plans which, to the extent that they offer investment funds as investment options within the Plans, will only offer the Filer's proprietary funds as investment options within the Plan. As such, the Plans could offer other investment options (e.g. segregated funds), but the only investment funds offered therein would be those established and managed by the Filer.

8. Members will make initial investment decisions to invest in Funds chosen by the Plan Sponsor, although the Plan Sponsor may establish a default option if the Member fails to make an investment choice, and subsequent changes to those investment decisions, with or without the assistance of an advisor selected by the Member (which will not be the Filer). Plan Sponsors may facilitate access to a registrant for advice to Members. The applicable investment instructions of Members will be transmitted to the Filer. The interest in the securities of Funds will be registered in the name of the applicable Plan Sponsor or the Filer for the account of the relevant Plan. The Filer will process the trades in the Funds as instructed and will establish and maintain the records reflecting the interest of each Member or Plan Sponsor, as the case may be, in each Fund and for each Plan.

9. The Filer will also allow Members to call the Filer for information about the Plan and will facilitate access to a variety of self-help tools that allow Members to make investment decisions regarding their investments held through the Plans.

10. The Filer, the Plan Sponsors and the Funds will trade within the Plans or to Members of the Plans in accordance with the conditions set out in proposed amendments to National Instrument 45-106 *Prospectus Exemptions* related to CAPs, which were published by the Canadian Securities Administrators (the **CSA**) on October 21, 2005 (the **Proposed CAP Exemption**) and adopted in the form of a blanket exemption in all jurisdictions, other than in Ontario, Québec, Newfoundland and Labrador, the Yukon Territory and Nunavut (the **CAP Blanket Exemption**). The Proposed CAP

Exemption and the CAP Blanket Exemption contemplate both dealer registration and prospectus exemptions, where required.

11. Although no equivalent to the CAP Blanket Exemption has been adopted in the jurisdictions of Ontario, Québec, Newfoundland and Labrador, the Yukon Territory and Nunavut, CSA Notice 81-405 *Request for Comment on Proposed Exemptions for Certain Capital Accumulation Plans* published (the **CAP Staff Notice**) states that, in Ontario, the conditions described in the Proposed CAP Exemption will form the basis of the circumstances in which staff of the Ontario Securities Commission expects that they could recommend that the Ontario Securities Commission grant discretionary relief to an applicant. The jurisdictions in which no equivalent to the CAP Blanket Exemption was adopted made it clear that they would be prepared to grant discretionary relief on terms similar to those contained in the Proposed CAP Exemption. The CAP Staff Notice stated that the purpose of the Proposed CAP Exemption was to remove existing barriers to trading mutual fund securities with members of CAPs where there is no valid regulatory reason for having such barriers.

12. As Plan Sponsors will typically approach consultants, such as the Filer, for assistance with respect to securities regulatory issues (when the investment choices are Funds), the Filer is seeking an exemption on behalf of the Filer, Plan Sponsors and Funds, as applicable, from the dealer registration and prospectus requirements, including the obligation to deliver a prospectus, where required, provided the conditions as described in this decision are adhered to.

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

14. The Filer may be requested by a Plan Sponsor to provide services to a Non-Tax Assisted CAP established by the Plan Sponsor for the benefit of individual Members. These Non-Tax Assisted CAPs would not constitute CAPs, as defined in the CAP Guidelines, the Proposed CAP Exemption or the CAP Blanket Exemption, since they are not "tax-assisted" under applicable legislation. Non-Tax Assisted CAPs are intended as non-registered employee savings plans to which excess contributions of Members that cannot be invested in a CAP because of legislative limits for such CAP investments will be invested on behalf of the Members.

15. Non-Tax Assisted CAPs are established in conjunction with CAPs because Canadian tax legislation imposes a limit on the amounts that may be contributed to a CAP. The benefit formula under a Plan Sponsor's benefit program sometimes results in contributions that exceed that tax limit. A Plan Sponsor may establish a Non-Tax Assisted CAP to allow for those excess contributions to be invested in the same manner as the tax assisted contributions. These excess contributions to Non-Tax Assisted CAPs are not expected to be significant and in any event will be limited by the calculation set out in the conditions to this decision and subject to the remaining conditions set out in this decision.

16. Non-Tax Assisted CAPs will operate in the same manner as CAPs in terms of the relationship between Members and Plan Sponsors, and the duties, rights and responsibilities of Members and Plan Sponsors and the services that the Filer will provide. The only significant difference between the two types of Plans is the tax assisted nature of one and not the other.

17. Each Member of a Non-Tax Assisted CAP of a Plan Sponsor that the Filer provides services to will also be a member of the Plan Sponsor's CAP.

18. The Filer will administer the Non-Tax Assisted CAPs in accordance with the CAP Guidelines and, in the case of the Non-Tax Assisted CAPs, in a similar fashion to the related CAPs for the applicable Members. The Filer will only administer Non-Tax Assisted CAPs which originate out of CAPs of a Plan Sponsor also serviced by the Filer.

Decision

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

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

1. <u>for the Dealer Registration Relief</u>

(a) the Plan Sponsor selects the Funds that Members will be able to invest in under the Plans;

(b) the Plan Sponsor establishes a policy, and provides Members with a copy of the policy and any amendments to it, describing what happens if a Member does not make an investment decision;

(c) in addition to any other information that the Plan Sponsor believes is reasonably necessary for a Member to make an investment decision within the Plan, and unless that information has previously been provided, the Plan Sponsor provides the Member with the following information about each Fund the Member may invest in:

(i) the name of the Fund;

(ii) the name of the manager of the Fund and its portfolio adviser;

(iii) the fundamental investment objective of the Fund;

(iv) the investment strategies of the Fund or the types of investments the Fund may hold;

(v) a description of the risks associated with investing in the Fund;

(vi) where a Member can obtain more information about each Fund's portfolio holdings; and

(vii) where a Member can obtain more information generally about each Fund, including any continuous disclosure;

(d) the Plan Sponsor provides Members with a description and amount of any fees, expenses and penalties relating to the Plan, as the case may be, that are borne by Members, including:

(i) any costs that must be paid when a Fund is bought or sold;

(ii) costs associated with accessing or using any of the investment information, decision-making tools or investment advice provided by the Plan Sponsor;

(iii) the management fees paid by the Funds;

(iv) the operating expenses paid by the Funds;

(v) record keeping fees;

(vi) any costs for transferring among investment options, including penalties, book and market value adjustments and tax consequences;

(vii) account fees; and

(viii) fees for services provided by the Filer,

provided that the Plan Sponsor may disclose the fees, penalties and expenses on an aggregate basis, if the Plan Sponsor discloses the nature of the fees, expenses and penalties, and the aggregated fees do not include fees that arise because of a choice that is specific to a particular Member;

(e) the Plan Sponsor has, within the past year, provided the Members with performance information about each Fund the Members may invest in, including:

(i) the name of the Fund for which the performance is being reported;

(ii) the performance of the Fund, including historical performance for one, three, five and ten years if available;

(iii) a performance calculation that is net of investment management fees and mutual fund expenses;

(iv) the method used to calculate the Fund's performance return calculation, and information about where a Member could obtain a more detailed explanation of that method;

(v) the name and description of a broad-based securities market index, selected in accordance with National Instrument 81-106 Investment Fund Continuous Disclosure, for the Fund, and corresponding performance information for that index; and

(vi) a statement that past performance of the Fund is not necessarily an indication of future performance;

(f) the Plan Sponsor has, within the past year, informed Members if there were any changes in the choice of Funds that Members could invest in and where there was a change, provided information about what Members needed to do to change their investment decision, or make a new investment;

(g) the Plan Sponsor provides Members with investment decision-making tools that the Plan Sponsor reasonably believes are sufficient to assist them in making an investment decision within the Plan;

(h) the Plan Sponsor must provide the information required by paragraphs (b), (c), (d) and (g) prior to the Member making an investment decision under the Plan;

(i) if the Plan Sponsor makes investment advice from a registrant available to Members, the Plan Sponsor must provide Members with information about how they can contact the registrant;

(j) the maximum amount that may be contributed in respect of a Member to a Non-Tax Assisted CAP in a given year is limited to any positive difference between:

(i) the maximum amount that the Member and the Plan Sponsor would have been able to contribute for that year to the applicable CAP under the terms of the applicable CAP if contributions to the applicable CAP were not restricted to the maximum dollar limit provided in the Income Tax Act (Canada) (the ITA); and

(ii) the maximum dollar limit provided in the ITA for the applicable CAP,

provided that this maximum amount that may be contributed in respect of a Member to the Non-Tax Assisted CAP in a given year shall not exceed an amount equal to the "money purchase limit", as defined in the ITA, for the year.

In this paragraph (j), the amount determined under (i) shall be no more than 18% of the Member's "earned income" as defined in the ITA and the "maximum dollar limit" means the "RRSP dollar limit" as defined in the ITA (in the case where the applicable CAP is an RRSP), the "money purchase limit" as defined in the ITA (in the case where the applicable CAP is a DCPP), one-half of the "money purchase limit" (in the case where the applicable CAP is a DPSP) or any applicable maximum fixed dollar contribution prescribed under the ITA (in the case of any other type of CAP).

2. <u>for the Prospectus Relief</u>

(a) the conditions set forth in paragraph 1 above are met;

(b) the Funds comply with Part 2 of NI 81-102; and

(c) where a Member chooses to invest in a publicly available Fund selected by the Plan Sponsor as an investment option for a Non-Tax Assisted Plan, the current prospectus of the Fund and/or Fund Facts as permitted by the Legislation, will be made available, upon demand, to the Member;

3. before the first time a Fund relies on this Decision, the Fund files a notice in the form found in Appendix C of the Proposed CAP Exemption in each jurisdiction in which the Fund expects to distribute its securities;

4. this Decision, as it relates to the jurisdiction of a Decision Maker with respect to the Dealer Registration Relief will terminate upon the coming into force in securities rules of a registration exemption for trades in a security of a mutual fund to a CAP or 90 days after the Decision Maker publishes in its Bulletin a notice or a statement to the effect that it does not propose to make such a rule;

5. this Decision, as it relates to the jurisdiction of a Decision Maker with respect to the Prospectus Relief will terminate upon the coming into force in securities rules of a prospectus exemption for the distribution of a security of a mutual fund to a CAP or 90 days after the Decision Maker publishes in its Bulletin a notice or a statement to the effect that it does not propose to make such a rule.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 INFOR Acquisition Corp.

Headnote

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

Applicable Legislative Provisions

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

May 11, 2017

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE "JURISDICTION")

AND

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

AND

IN THE MATTER OF
INFOR ACQUISITION CORP.
(THE "FILER")

ORDER

Background

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

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

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the Provinces and Territories of Canada, as applicable.

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Michael Balter"
Manager, Corporate Finance Branch
Ontario Securities Commisssion

2.2.2 Money Gate Mortgage Investment Corporation et al. – ss. 127(7), 127(8)

**IN THE MATTER OF
THE SECURITIES ACT,
RSO 1990, c S.5**

AND

**IN THE MATTER OF
MONEY GATE MORTGAGE
INVESTMENT CORPORATION,
MONEY GATE CORP.,
MORTEZA KATEBIAN and
PAYAM KATEBIAN**

**ORDER
(Subsections 127(7) and 127(8) of the
Securities Act, RSO 1990, c S.5)**

May 11, 2017

Timothy Moseley, Chair of the Panel
William J. Furlong, Commissioner
Mark J. Sandler, Commissioner

THIS APPLICATION, made by Staff of the Commission, for an extension of the temporary order issued on April 27, 2017 in this matter (the **Temporary Order**), pursuant to subsections 127(7) and 127(8) of the *Securities Act*, RSO 1990, c S.5 (the **Act**) was heard on May 11, 2017, at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario.

ON READING the written submissions filed by Staff of the Commission and on hearing the oral submissions of the representatives for Staff of the Commission and for Money Gate Mortgage Investment Corporation, Money Gate Corp., Morteza Katebian and Payam Katebian;

IT IS ORDERED THAT:

1. pursuant to subsection 127(8) of the Act, Staff's application to extend paragraph 1 of the Temporary Order to May 30, 2017, is granted;

2. the hearing of Staff's application to extend paragraph 2 of the Temporary Order shall continue on May 29, 2017 at 10:00a.m., and pursuant to subsection 127(7) of the Act, paragraph 2 of the Temporary Order is extended to the conclusion of that hearing; and

3. this proceeding is adjourned until May 29, 2017, at 10:00 a.m.

"Timothy Moseley"

"William J. Furlong"

"Mark J. Sandler"

2.2.3 Lexam VG Gold Inc.

Headnote

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

Applicable Legislative Provisions

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

May 12, 2017

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

AND

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

AND

**IN THE MATTER OF
LEXAM VG GOLD INC.
(the Filer)**

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

2. the outstanding securities of the Filer, including debt securities, are now 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, 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 a decision that it is not a reporting issuer in each of the jurisdictions of Canada in which it is currently 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 contained under 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.

"Winnie Sanjoto"
Manager, Corporate Finance

2.2.4 Dundee Acquisition Ltd. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
DUNDEE ACQUISITION LTD.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of Class A Restricted Voting Shares and Class B Shares.

2. The Applicant is a reporting issuer in all of the provinces and territories of Canada (collectively, the **Jurisdictions**).

3. The Applicant has its head office at 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9.

4. The Applicant is a special purpose acquisition corporation (a **SPAC**) formed for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination.

5. The Applicant was the first publicly-listed SPAC in Canada. The Applicant's initial public offering (**IPO**) of $100 million Class A Restricted Voting Units closed on April 21, 2015, which was followed by a closing of the underwriters' over-allotment option on May 20, 2015 for an additional $12.3 million Class A Restricted Voting Units.

Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share and one-half of a warrant. The gross proceeds from the distribution of the Class A Restricted Voting Units were deposited into an escrow account for the purpose of effecting the Applicant's "qualifying acquisition".

6. Under Toronto Stock Exchange Rules (**TSX Rules**) approved by the Commission, at least 90% of the proceeds from a SPAC's IPO must be set aside in an escrow account and invested in liquid and low risk securities. If a "qualifying acquisition" as contemplated by the TSX Rules is not completed within a permitted timeline, investors get their money back with interest. The founders of the SPAC – a sponsoring entity and (if applicable) certain directors and officers or other persons – provide seed financing to the SPAC. The seed financing covers underwriting fees and legal and other fees in connection with the IPO and qualifying acquisition. The founders are typically a small group of managers and financiers with the credibility and expertise necessary to raise the requisite funds and execute an appropriate qualifying acquisition. SPACs are designed to allow the public to co-invest with sophisticated managers and financiers, an opportunity that has traditionally been restricted to institutional investors and private equity investors.

7. Under the SPAC structure, prior to the meeting of shareholders held to approve the qualifying acquisition, holders of Class A Restricted Voting Shares can elect (subject to closing) to redeem all or a portion of their Class A Restricted Voting Shares in exchange for a cash payment equal to the redemption price for the Class A Restricted Voting Shares, irrespective of whether they vote for or against, or do not vote on, the resolution to approve the qualifying acquisition at the meeting. Holders of Class A Restricted Voting Shares have the right to keep their warrants whether or not they decide to redeem their Class A Restricted Voting Shares.

8. On August 25, 2016 the Applicant and CHC Student Housing Corp. announced that they had entered into an arrangement agreement (the **Arrangement**) to effect a business combination by way of a court approved plan of arrangement, which was to constitute the Applicant's qualifying acquisition.

9. On November 29, 2016, the Applicant filed a management information circular (the **Circular**) for its special meeting of shareholders (the **Meeting**) to be held on December 20, 2016, which appended a non-offering prospectus (the **Prospectus**) disclosing details about the proposed Arrangement as required by the TSX Rules.

10. On December 15, 2016, the Applicant announced that it was making certain modifications to the terms of the Arrangement, including raising of additional common equity concurrently with the closing of the Arrangement, and postponing the Meeting to January 27, 2017. The Applicant filed amendment no. 1 to the Circular on January 9, 2017 disclosing these changes and received a receipt for amendment no. 1 to the Prospectus on January 12, 2017.

11. On January 20, 2017, the Applicant announced that the founders of the Applicant agreed to reduce the value of their founders' shares by 75%, and on the same day filed amendment no. 2 to the Circular disclosing these changes.

12. The Arrangement was approved by the Applicant's shareholders at the Meeting on January 27, 2017. While the Arrangement was approved by the Applicant's shareholders, as a result of the Applicant's inability to meet the targeted minimum cash amount of $87.3 million in connection with the Arrangement due to higher than expected redemption deposits of Class A Restricted Voting Shares, upon completion of the voting in respect of resolutions to be considered at the Meeting, the Applicant adjourned the Meeting until further notice.

13. On March 31, 2017, the Applicant announced that the Arrangement relating to its proposed business combination with CHC Student Housing Corp. has been terminated.

14. Under the Applicant's articles of incorporation, as amended (the **Articles**), the Applicant had until April 21, 2017 to consummate a business combination, failing which all of the issued and outstanding Class A Restricted Voting Shares issued in its IPO would be automatically redeemed within 10 days following that date.

15. The Applicant was not in a position to complete a business combination by April 21, 2017.

16. On April 21, 2017, in accordance with its Articles, the Applicant automatically redeemed the Class A Restricted Voting Shares from the proceeds of the escrow account. The redemption amount per Class A Restricted Voting Share was, as provided under the Articles, approximately $10.04 per Class A Restricted Voting Share based on the value of the escrow account as of March 31, 2017. Payment of such amounts constituted the Applicant's final payment in respect of the liquidation of the escrow account that held the proceeds of the Applicant's IPO. The Applicant's warrants were also terminated in accordance with their terms on April 21, 2017.

17. Promptly following such redemption, all of the Applicant's Class A Restricted Voting Shares and warrants were delisted from the TSX.

18. As of the date hereof, all of 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.

19. 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.

20. On April 20, 2017, the Applicant made an application to the Ontario Securities Commission, as principal regulator on behalf of the securities regulatory authorities in the Jurisdictions, for a decision that the Applicant is not a reporting issuer in the Jurisdictions in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (the **Order**). The Order was granted on May 12, 2017.

21. The Applicant is not a reporting issuer in any jurisdiction of Canada.

22. The Applicant is not in default of securities legislation in the Jurisdictions.

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

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

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

DATED at Toronto on this 12th day of May, 2017.

"William J. Furlong"
Commissioner
Ontario Securities Commission

"Mark J. Sandler"
Commissioner
Ontario Securities Commission

2.2.5 Dundee Acquisition Ltd.

Headnote

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

Applicable Legislative Provisions

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

May 12, 2017

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

AND

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

AND

IN THE MATTER OF
DUNDEE ACQUISITION LTD.
(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 in Canada in which it is a reporting issuer (the **Order Sought**).

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.2.6 Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) – ss. 127(1), 127(10)

IN THE MATTER OF
AYAZ DHANANI (also known as AZIM VIRANI, MICHAEL LEE, ALEX NEBRIS, PAUL DHANANI, SAMUEL RAMOS, and RAHIM JIWA)

ORDER
(Subsection 127(1) and (10) of the Securities Act, RSO 1990, c S.5)

Philip Anisman, Chair of the Panel

May 12, 2017

WHEREAS the Ontario Securities Commission held a hearing in writing on the application of Staff of the Commission ("Staff") for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

ON READING the Findings of the British Columbia Securities Commission (the "BCSC") dated May 30, 2016 and the Decision of the BCSC dated December 16, 2016, in the matter of Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) ("Dhanani") and on reading the materials filed by Staff, Dhanani not having appeared and not having filed any materials, although properly served;

IT IS ORDERED THAT:

1. pursuant to paragraph 127(1)2 of the Act, trading in any securities or derivatives by Dhanani cease permanently;

2. pursuant to paragraph 127(1)2.1 of the Act, the acquisition of any securities by Dhanani is prohibited permanently;

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

4. pursuant to paragraphs 127(1)7, 8.1, and 8.3 of the Act, Dhanani resign any position that he holds as a director or officer of any issuer or registrant, including an investment fund manager;

5. pursuant to paragraphs 127(1)8, 8.2 and 8.4 of the Act, Dhanani is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager; and

6. pursuant to paragraph 127(1)8.5, Dhanani is prohibited permanently from becoming or acting as a registrant, including an investment fund manager, or a promoter.

"Philip Anisman"

2.2.7 Halogen Software Inc. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
HALOGEN SOFTWARE INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of common shares (the **Common Shares**), an unlimited number of preferred shares (the **Preferred Shares**) and an unlimited number of exchangeable shares (the **Exchangeable Shares**) of which 100 Common Shares, 65,934,140 Preferred Shares and 51,383,764 Exchangeable Shares are issued and outstanding as of the date hereof.

2. The Applicant has its head office at 495 March Road, Kanata, Ontario, K2K 3G1.

3. Effective May 1, 2017, in accordance with a plan of arrangement under section 182 of the OBCA (the **Arrangement**), Halogen Software Inc., a predecessor by amalgamation of the Applicant (**Old Halogen**), became a wholly-owned subsidiary of 2574387 Ontario Inc. (the **Purchaser**), a newly-formed subsidiary of Vector Talent Holdings, L.P. and its affiliates. Immediately following the Arrangement, Old Halogen amalgamated with the Purchaser, and the amalgamated company has the name "Halogen Software Inc."

4. The Arrangement was approved by shareholders of Old Halogen at a special meeting of shareholders of Old Halogen held on April 24, 2017.

5. The Arrangement was approved by the Ontario Superior Court of Justice (Commercial List) on April 26, 2017.

6. The common shares of Old Halogen, which traded under the symbol "HGN" on the Toronto Stock Exchange, were de-listed effective at the close of trading on May 3, 2017.

7. The Applicant has no outstanding securities, including debt securities, other than the Common Shares, Preferred Shares and Exchangeable Shares.

8. As of the date of this decision, all of the outstanding Common Shares are beneficially owned, directly or indirectly, by Vector Talent Holdings, L.P., all of the outstanding Preferred Shares are beneficially owned, directly or indirectly, by Vector Talent Holdings LLC and all of the outstanding Exchangeable Shares are beneficially owned, directly or indirectly, by Michael Slaunwhite and his personal holding company, 10206890 Canada Inc.

9. 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.

10. The Applicant is a reporting issuer, or the equivalent, in all of the provinces and territories of Canada (the **Jurisdictions**), and is not in default of any requirement of securities legislation in the Jurisdictions.

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

12. On May 4, 3017, the Applicant made an application to the Ontario Securities Commission, as principal regulator on behalf of the securities regulatory authorities in the Jurisdictions, for a decision that the Applicant is not a reporting issuer in the Jurisdictions (the **Reporting Issuer Relief**).

13. Upon the granting of the Reporting Issuer Relief, the Applicant will not be a reporting issuer or equivalent in any Jurisdiction.

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

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

DATED at Toronto on this 12th day of May, 2017.

"William J. Furlong"
Commissioner
Ontario Securities Commission

"Mark Sandler"
Commissioner
Ontario Securities Commission

2.2.8 Halogen Software Inc.

Headnote

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

Applicable Legislative Provisions

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

May 12, 2017

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

AND

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

AND

IN THE MATTER OF
HALOGEN SOFTWARE INC.
(the Filer)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.2.9 Lexam VG Gold Inc. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
LEXAM VG GOLD INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant is incorporated under the OBCA.

2. The Applicant is an "offering corporation" as defined in the OBCA.

3. The Applicant has an authorized capital consisting of an unlimited number of common shares (the **Common Shares**), of which 226,570,860 Common Shares are outstanding.

4. The head office of the Applicant is located at 150 King Street West, Suite 2800, Toronto, Ontario, M5H 1J9, Canada.

5. On February 13, 2017, the Applicant entered into an arrangement agreement with McEwen Mining Inc. (**McEwen**), pursuant to which McEwen agreed to acquire all of the issued and outstanding Common Shares by way of a court-approved plan of arrangement in accordance with Section 182 of the OBCA (the **Arrangement**).

6. The Arrangement was approved by the shareholders of the Applicant at a special meeting of shareholders of the Applicant held on April 12, 2017.

7. The Arrangement was approved by the Ontario Superior Court of Justice (Commercial List) on April 19, 2017.

8. The Arrangement was completed on April 26, 2017; and as a result of the Arrangement: (i) other than Mr. Robert R. McEwen, each holder of Common Shares immediately before the effective time of the arrangement received 0.056 of a share of common stock in the capital of McEwen (each such whole share being a **McEwen Share**) for each Common Share held; (ii) as a result of the policies of the New York Stock Exchange, Mr. Robert R. McEwen, an insider of McEwen, received 0.056 of a McEwen Share per Common Share in respect of 53,494,589 Common Shares held by him and 0.056 of a subscription receipt of McEwen (each a **Subscription Receipt**) per Common Share in respect of the remaining Common Shares held by him, resulting in him acquiring 2,995,697 McEwen Shares and 405,740 Subscription Receipts, each such Subscription Receipt convertible into one McEwen Share upon McEwen obtaining the requisite approval of its shareholders in accordance with the policies of the New York Stock Exchange; and (iii) holders of options to acquire Common Shares received, in exchange for such options, options to acquire McEwen Shares.

9. As of the date of this decision, all of the outstanding Common Shares are beneficially owned, directly or indirectly, by McEwen and no other securities of the Applicant are outstanding.

10. The Common Shares had been listed and posted for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "LEX". On May 1, 2017, the TSX delisted the Common Shares.

11. The Common Shares had been listed and posted for trading on the OTC Market's OTCQX (the **OTCQX**) under the symbol "LEXVF". On May 2, 2017, the OTCQX delisted the Common Shares.

12. The Common Shares had been listed and posted for trading on the Frankfurt Stock Exchange under the symbol "VN3A". On May 3, 2017, the Frankfurt Stock Exchange delisted the Common Shares.

13. As of the date of this decision, no securities of the Applicant, including debt securities, are listed, traded or quoted 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.

14. The Applicant was a reporting issuer, or the equivalent, in each of the provinces and territories of Canada (collectively, the **Jurisdictions**) and applied to the Commission, as principal regulator, for a decision that it is not a reporting issuer in the Jurisdictions in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (the **Reporting Issuer Relief**). The Reporting Issuer Relief was granted on May 12, 2017 and, as a result, the Applicant is not a reporting issuer or equivalent in any jurisdiction of Canada.

15. The Applicant is not in default of any requirement of the securities legislation in any of the Jurisdictions.

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

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

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

DATED at Toronto on this 12th day of May, 2017.

"William Furlong"
Commissioner
Ontario Securities Commission

"Mark Sandler"
Commissioner
Ontario Securities Commission

2.2.10 Larry Keith Davis – ss. 127(1), 127(10)

IN THE MATTER OF
LARRY KEITH DAVIS

ORDER
(Subsections 127(1) and (10) of the
Securities Act, RSO 1990, c S.5)

Philip Anisman, Chair of the Panel

May 15, 2017

WHEREAS on May 15, 2017, the Ontario Securities Commission held a hearing at the Commission's offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application by Staff of the Commission ("Staff") for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

ON READING the Affidavit of Lee Crann, sworn May 8, 2017 (the "Affidavit") and other materials filed by Staff concerning an appeal of the decisions of the British Columbia Securities Commission ("BCSC") on which this application is based and a stay of execution of the BCSC Order pending this appeal granted by the British Columbia Court of Appeal and on hearing the submissions of Staff, no one appearing for Larry Keith Davis (the "Respondent"), although properly served as appears from the Affidavit,

IT IS ORDERED that the hearing is adjourned to a date to be requested by Staff and determined by the Registrar.

DATED at Toronto this 15th day of May, 2017

"Philip Anisman"

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Benedict Cheng et al. – s. 127

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

AND

IN THE MATTER OF
BENEDICT CHENG, FRANK SOAVE,
JOHN DAVID ROTHSTEIN and ERIC TREMBLAY

REASONS AND DECISION ON SETTLEMENT
(Section 127 of the Securities Act, RSO 1990, c S.5)

Citation: Cheng, Benedict et al, 2017 ONSEC 14
Date: 2017-05-10

Hearing:	April 18, 2017		
Decision:	May 10, 2017		
Panel:	Janet Leiper	–	Commissioner and Chair of the Panel
	AnneMarie Ryan	–	Commissioner
Appearances:	Cullen Price	–	For Staff of the Commission
	Mark Polley Sarah Walker	–	For John David Rothstein

TABLE OF CONTENTS

REASONS AND DECISION

I. INTRODUCTION

[1] By Statement of Allegations dated April 12, 2017, Staff of the Ontario Securities Commission commenced proceedings against the Respondents, alleging tipping and insider trading. On April 18, 2017, the Commission held a hearing to consider whether it was in the public interest to approve a Settlement Agreement signed between Staff of the Commission and John David Rothstein (the "**Settling Respondent**").

[2] At the conclusion of the hearing, the Commission approved the Settlement Agreement and provided brief oral reasons, with written reasons to follow. These are our written reasons approving the settlement.

II. THE ALLEGATIONS AGAINST THE SETTLING RESPONDENT

[3] The Settlement Agreement includes a summary of facts with which the Settling Respondent agrees, but which facts remain unproven against the remaining respondents. The allegations against the non-settling respondents remain the subject of ongoing proceedings, requiring proof at a merits hearing.

[4] The Settling Respondent was a Senior Vice President and National Sales Manager at an investment fund manager, Aston Hill Asset Management Inc. ("**AHAM**") in Toronto. In that capacity, he reported to Benedict Cheng, the President of Aston Hill Financial Inc. ("**AHF**"), and Co-Chief Investment Officer of AHF and AHAM.

[5] A representative of AHAM learned of a proposed material transaction concerning Amaya Gaming Group Inc. ("**Amaya**") and an investment opportunity for AHAM if it were to participate in financing the transaction. Mr. Cheng had signed a non-disclosure agreement concerning the information and was aware of material terms relating to the acquisition in advance of any public announcement.

[6] On June 11, 2014, Mr. Cheng sent an email to the Settling Respondent inviting him to one of the AHAM boardrooms. Mr. Cheng provided the confidential information about the acquisition to the Settling Respondent and told him that he should inform others who had lost money on other investments promoted by AHF and AHAM. The Settling Respondent took this to mean that this would allow those others to make up for their losses. He agreed to follow Mr. Cheng's instructions.

[7] Approximately 2.5 hours after speaking with Mr. Cheng, the Settling Respondent entered an order to purchase 700 shares in an account in trust for his children for a total investment of $8,322. Following the announcement of the acquisition, the price for the shares had increased by approximately 60% relative to his purchase. The Settling Respondent sold his shares on June 13, 2014 for a total profit of $5,507, or a return of 66%. He had not traded in these shares before.

[8] Shortly after the discussion with Mr. Cheng, the Settling Respondent contacted Frank Soave, a First Vice President and Investment Advisor at CIBC Wood Gundy via text. He provided further confidential information to Mr. Soave the following day. Mr. Soave purchased shares based on this information in the amount of $60,755.

[9] Trading was halted in the acquisition less than two hours after Mr. Soave's purchase. The acquisition by Amaya was announced later that day at or about 9:00 p.m. EDT. The next morning, the price per share had increased by approximately 57% relative to Mr. Soave's purchase price the day before.

[10] On June 13, 2014, Mr. Soave sold his shares in the company for a profit of $38,166. Following the sale, he texted the Settling Respondent, "Thank you."

III. BREACHES OF THE ACT

[11] By engaging in the conduct described above, the Settling Respondent admitted that he breached Ontario securities law by contravening subsections 76(1) and 76(2) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"). These are serious breaches as the improper use of insider information leads to unfair advantage to those who do so and to lack of confidence and cynicism in the fairness of public markets.

IV. THE SETTLEMENT PROPOSED

[12] The parties submitted that a range of sanctions are appropriate in all of the circumstances, which include an undertaking received from the Settling Respondent to cooperate in the future with Staff of the Commission. Such cooperation may include, where necessary, cooperating with Staff of the Commission in any further investigation of these matters and if required, testifying as a witness relating to the matters described in the Settlement Agreement.

[13] On March 13, 2014, the Commission published Staff Notice 15-702 *Revised Credit for Cooperation Program*, which recognizes the role that cooperation by a respondent may play in reducing the sanctions recommended by Staff in connection with enforcement proceedings. The underlying policy is to encourage participants in the market to self-police, self-report and self-correct potential breaches of Ontario securities laws or misconduct that is otherwise contrary to the public interest.

[14] In this case, Staff and the Settling Respondent have agreed that the sanctions proposed are appropriate and have taken into account cooperation as a significant mitigating factor.

[15] Other mitigating factors described in the Settlement Agreement include:

a. Timing of the Cooperation: The Settling Respondent agreed to cooperate immediately after his interview with Staff on June 15, 2016.

b. Dependants/Career Consequences: The Settling Respondent is the sole financial support of three school-aged children. As a result of the investigation, he lost his job and is struggling to find other work.

c. No Prior Record: The Settling Respondent has no prior record of breaching Ontario securities law.

d. Tip Came from a Superior: Although not excusing the conduct, the Settling Respondent felt some pressure to please his superior and to carry out the instruction to pass the information to a firm client.

e. Small Profit: The Settling Respondent made approximately $5,500 in the shares that he purchased and sold in June of 2014.

f. Not Registered: The Settling Respondent worked in sales and was not a registrant.

V. ANALYSIS

[16] Insider trading and tipping is generally accompanied by market participation bans, disgorgement of profits, administrative penalties and orders to resign positions as director or officer. This array of sanctions is reflected in the Settlement Agreement in this case, however with significant credit for cooperation, particularly in the length of time for market participation bans.

[17] We have concluded that although there has been credit allowed for cooperation, it is consistent with the Staff Notice 15-702 and that the sanctions proposed are within the range for this type of conduct, particularly given the amounts involved and the consequences that the proceedings alone have imposed on the Settling Respondent. We find that the sanctions are appropriate and reasonable. Accordingly, on April 18, 2017, the Commission issued an Order approving the Settlement Agreement, along with the following provisions:

a. trading in any securities or derivatives by the Settling Respondent shall cease for a period of two years, pursuant to paragraph 2 of subsection 127(1) of the Act;

b. the acquisition of any securities by the Settling Respondent shall cease for a period of two years, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

c. the Settling Respondent was reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

d. the Settling Respondent shall resign any positions that he holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

e. the Settling Respondent shall be prohibited from becoming or acting as a director or officer of any issuer for a period of two years, pursuant to paragraph 8 of subsection 127(1) of the Act;

f. the Settling Respondent shall resign any positions that he holds as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

g. the Settling Respondent shall be prohibited from becoming or acting as a director or officer of a registrant for a period of two years, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

h. the Settling Respondent shall resign any positions that he holds as a director or officer of an investment fund manager, pursuant to paragraph 8.3 of subsection 127(1) of the Act;

i. the Settling Respondent shall be prohibited from becoming or acting as a director or officer of an investment fund manager for a period of two years, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

j. the Settling Respondent shall be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of two years commencing on the date of the Order, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

k. the Settling Respondent pay an administrative penalty in the amount of $5,500, pursuant to paragraph 9 of subsection 127(1) of the Act, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

l. the Settling Respondent disgorge to the Commission the amount of $5,500, pursuant to paragraph 10 of subsection 127(1) of the Act, which shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

m. After the payments of the administrative penalty and the disgorgement amount set out above are made in full, the Settling Respondent is permitted to trade in or acquire securities in his personal registered retirement savings plan accounts and/or his tax-free savings accounts and/or for any registered education savings plan accounts for which he is a beneficiary or a sponsor.

Dated at Toronto this 10th day of May, 2017.

“Janet Leiper”

“AnneMarie Ryan”

3.1.2 MM Café Franchise Inc. et al.

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LIMITED,
MARIANNE GODWIN,
DAVE GARNET CRAIG and
HAIYAN (HELEN) GAO JORDAN

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

Citation: MM Café Franchise Inc. et al, 2017 ONSEC 13
Date: 2017-04-24

Hearing:	April 24, 2017		
Decision:	April 24, 2017		
Panel:	Timothy Moseley	–	Commissioner and Chair of the Panel
	AnneMarie Ryan	–	Commissioner
Appearances:	Keir Wilmut Gavin Smyth	–	For Staff of the Commission
	Shawn Graham	–	For Marianne Godwin
	Dave Garnet Craig	–	On his own behalf and on behalf of MM Café Franchise Inc.

ORAL REASONS AND DECISION

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the reasons delivered orally in the hearing as edited and approved by the panel, to provide a public record.

[1] The respondents, Ms. Godwin and Mr. Craig, were respectively Chief Executive Officer and Chief Development Officer of the respondent MM Café Franchise Inc. ("**MM Café**") Both were also directors of that company.

[2] MM Café has admitted that it contravened subsection 53(1) of the *Securities Act*[1] (the "**Act**") by conducting an illegal distribution of its own securities. Ms. Godwin and Mr. Craig have admitted that as directors and officers, they contravened section 129.2 of the Act by authorizing, permitting, or acquiescing in MM Café's illegal distribution.

[3] While the parties have reached an agreement as to the sanctions that ought to be imposed, our obligation is to consider whether to approve the agreement, which is the product of negotiation between Staff and the respondents. We must still be satisfied that the agreed-upon sanctions are appropriate in the circumstances and that it would be in the public interest to approve the settlement and issue the order contemplated by the agreement.

[4] For the reasons that follow, we will approve the settlement and issue the requested order.

[5] The underlying conduct is serious. Investors put their money at risk without the benefit of protections that should have been in place. As directors and officers of MM Café, Ms. Godwin and Mr. Craig had an obligation to obtain proper advice and ensure that MM Café was aware of, and followed, applicable regulations.

[6] The sanctions agreed to by the parties are not severe. Each of Ms. Godwin and Mr. Craig is prohibited from being a director or officer for five years, or possibly as little as two years if they comply with the specified conditions. No administrative penalty is provided for and the agreed amount of costs is nominal.

[1] RSO 1990, c S.5.

[7] The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties. In addition, this Panel had the opportunity to meet with counsel for Staff and for the respondents in a confidential conference. We reviewed the settlement agreement and we heard submissions from counsel.

[8] There are a number of mitigating factors in this case. The respondents co-operated with Staff's investigation, none of them has previously been found to have breached the Act, none of them was previously registered with the Commission, and there is no evidence that they knowingly breached the Act.

[9] In addition, Ms. Godwin and Mr. Craig played a limited role. The agreed-upon contraventions relate only to Ms. Godwin's and Mr. Craig's role as directors and officers. This is not about what they did. It's about what they allowed to happen, but should have prevented. They relied on a third party advisor to manage investor relations and they retained an agent to solicit investors. As they now know, those steps were not enough.

[10] Those who accept the role of director or officer of a company that is going to raise funds in the capital markets take on an important responsibility. Ms. Godwin and Mr. Craig did not fulfill their obligations and it is appropriate that they be prohibited from taking on similar roles for some time.

[11] With respect to the agreed amount for costs, we note that both Ms. Godwin and Mr. Craig have limited financial resources. Had this matter proceeded to a contested hearing, the respondents might very well have been subject to greater sanctions and costs than those called for by this agreement. We acknowledge that this settlement resolves the proceeding with certainty, and in an efficient way, saving the costs that would be incurred in a contested hearing against the respondents.

[12] Staff and the respondents submit that this settlement is in the public interest, and we agree. For all of these reasons, we approve the settlement agreement as requested and we will issue an order substantially in the form of Schedule A to that agreement.

Dated at Toronto this 24th day of April, 2017.

“Timothy Moseley”

“AnneMarie Ryan”

3.1.3 Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) – ss. 127(1), 127(10)

IN THE MATTER OF
AYAZ DHANANI
(also known as AZIM VIRANI, MICHAEL LEE, ALEX NEBRIS,
PAUL DHANANI, SAMUEL RAMOS, and RAHIM JIWA)

DECISION AND REASONS
(Subsections 127(1) and (10) of the Securities Act, RSO 1990, c S.5)

Citation: Dhanani, 2017 ONSEC 15
Date: 2017-05-12

Hearing:	In Writing		
Decision:	May 12, 2017		
Panel:	Philip Anisman	–	Commissioner
Submissions by:	Malinda N. Alvaro Evan Rankin (Student-at-law)	–	For Staff of the Commission
	No submission was made by or on behalf of Ayaz Dhanani		

TABLE OF CONTENTS

DECISION AND REASONS

I. BACKGROUND

[1] In 2013 and 2014, Ayaz Dhanani ("Dhanani"), an unregistered resident of British Columbia, induced three individuals whom he had befriended to invest in unidentified natural resource companies which he said were about to go public and the shares of which would increase significantly in a short time. In one instance, he used an alias, "Azim Virani". He received from the three individuals a total of $188,800.00, but he did not invest their funds in a company. Although he subsequently informed two of these investors that their investment was doing well, their funds were used by him and his father for personal purposes. None of the investors received any funds back from him.[1]

[2] On May 30, 2016, after a hearing at which despite having received notice, Dhanani did not appear, the British Columbia Securities Commission (the "BCSC") found that his conduct was fraudulent and contravened section 57(b) of the British Columbia *Securities Act* (the "BC Act").[2] On December 16, 2016, following a sanctions hearing at which despite having again received notice, Dhanani did not appear, the BCSC made an order prohibiting Dhanani from participating in the securities market in British Columbia, requiring him to disgorge the $188,800.00 and imposing an administrative penalty of $225,000.00 (the "BCSC Order").[3]

[3] On March 1, 2017, on the basis of a Statement of Allegations of Staff of the Commission ("Staff") dated February 28, 2017 and the BCSC Order, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and (10) of the *Securities Act* (the "Act")[4] for a hearing to consider an order effectively prohibiting

1 *Re Dhanani*, 2016 BCSECCOM 179. An account with the funds of the third investor was frozen before the funds could be used.

2 *Ibid; Securities Act,* RSBC 1996, c 418.

3 *Re Dhanani*, 2016 BCSECCOM 413.

4 *Securities Act*, RSO 1990, c S.5, ss 127(1), (10).

Dhanani from engaging in securities-related activities in Ontario.[5] At the hearing on March 13, 2017, at which despite having been properly served,[6] Dhanani did not appear, I granted Staff's application to continue this proceeding as a written hearing and set a timetable for service and filing of Staff's materials and Dhanani's responding materials.[7] Although my Order and Staff's materials were served on Dhanani and filed, Dhanani did not file responding materials.[8]

II. DECISION

[4] On the basis of the BCSC Order and the findings in its decisions of May 30 and December 16, 2016, it is in the public interest to grant an order in the form in Schedule A, as requested by Staff, to prohibit Dhanani from participating in the securities market in Ontario.

III. REASONS

[5] In view of the fact that securities markets and trading transcend provincial and national borders, the Commission has long recognized that protection of Ontario investors may require it to address improper conduct that occurs outside of Ontario. In 1971, for example, it published a policy notifying registrants that a violation of the securities laws of any jurisdiction would be considered "in principle to be prejudicial to the public interest" and might affect their fitness for continued registration in Ontario.[9] The Commission subsequently declared that insider trading outside Ontario, and by implication other conduct that would contravene the Act if it occurred in Ontario, could provide a basis for an order prohibiting trading in Ontario,[10] and it has also exercised this protective authority with respect to individuals who have been convicted of securities-related criminal offences outside of Ontario.[11]

[6] In 2008, subsection 127(10) was added to the Act to provide express statutory authority for such orders "to facilitate interprovincial enforcement of securities laws".[12] Subsection 127(10) now authorizes the Commission to make an order under subsection 127(1) in respect of a person who is subject to an order of a securities, derivatives or financial regulatory authority in any jurisdiction that imposes sanctions, conditions, restrictions or other requirements on the person.[13]

[7] Although the Commission's authority and practice under this provision derive from regulatory considerations,[14] they have been analogized to principles of comity relating to the enforcement of judgments in civil proceedings.[15] This is not surprising in view of the fact that securities legislation in Canada is largely uniform or harmonized, as are the sanctioning principles applied by securities regulatory authorities.[16]

---

5 *Re Dhanani* (2017), 40 OSCB 2073 (Notice of Hearing); 40 OSCB 2075 (Statement of Allegations).

6 Affidavit of Service of Lee Crann, sworn March 9, 2017 (Exhibit 1).

7 *Re Dhanani* (2017), 40 OSCB 2594 (Order). See *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 5.1 ("SPPA"); *Ontario Securities Commission Rules of Procedure* (2014), 37 OSCB 4168, r 11.5 ("Rules of Procedure"). The Notice of Hearing contained notice of Staff's application for a written hearing and stated that if Dhanani did not attend, the hearing could proceed in his absence; see SPPA, s 7; Rules of Procedure, r 7.1.

8 Affidavit of Service of Lee Crann, sworn March 27, 2017 (Exhibit 2). Staff also filed a hearing brief that was marked as Exhibit 3.

9 National Policy No.17; see Notice: Canadian Provincial Securities Administration, [1971] OSCB 22(March); Notice: National Policy No.17 – Violations of Securities Laws of Other Jurisdictions – Conduct Affecting Fitness for Registration, [1978] OSCB 129 (June).

10 See *Re Kaiser Resources Limited* (1981), 1 OSCB 13C at 16C:

> "It is … our view that activity by a person of the type prohibited by section 75, wherever such activity takes place, may properly form the basis for a determination by the Commission … that it is in the public interest … to deny that person the benefit of the exemptions contained in … the Act. This is by no means to attempt to give an extraterritorial effect to the Act. Rather, it is an assertion by the Commission of its jurisdiction and responsibility to determine the sorts of activity which should disentitle persons from trading, or restrict their ability to trade, in securities in this Province. In so doing, the Commission is doing no more than to carry out its statutory obligation to supervise the capital markets of this Province."

11 See e.g. *Re Banks* (2003), 26 OSCB 3377; *Re Biller* (2005), 28 OSCB 10131. The BCSC has exercised similar authority; see e.g. *Re Holoboff,* [1993] 29 BCSC Weekly Summary 7; *Re Woods,* [1997] 8 BCSC Weekly Summary 22; *Re Seto*, 2006 BCSECCOM 569.

12 *Hansard*, October 27, 2008, http://hansardindex.ontla.on.ca/hansardeissue/l080.htm, Budget Measures and Interim Appropriation Act, 2008 (No. 2), at 1409-1410; see SO 2008, c 19, Sched R, s 1.

13 Act, s 127(10)4.

14 See notes 9 and 10, above; see also Act, ss 2.1(3), (5).

15 See e.g. *Re JV Raleigh Superior Holdings Inc.* (2013), 36 OSCB 4639 at paras 22-26; *Re New Futures Trading International Corp.* (2013), 36 OSCB 5713 at paras 23-27; see also *Re Black* (2015), 38 OSCB 2043 at paras 83-85.

16 See e.g. *Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at 1135-36; *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 at 7746-47; *Re Eron Mortgage Corporation*, [2000] 7 BCSC Weekly Summary 22 at 24; *Re Anderson*, 2004 BCSECCOM 699 at paras 30-32; *Re Dhanani,* note 3, above at para 10.

[8] The BCSC Order, therefore, provides a sufficient basis for the Commission to make a parallel order under subsection 127(1), even though the conduct in question has no connection with Ontario.[17] As subsection 127(10) does not limit "the generality of" subsection 127(1), the Commission retains its discretion to make an order that in its opinion is in the public interest and to determine the specifics of such an order; in exercising this discretion, however, the Commission will rely on the findings in the BCSC's decisions on liability and sanctions.[18]

[9] In a proceeding like this one, under paragraph 127(10)4, an order under subsection 127(1) will generally be found to be in the public interest, unless the respondent demonstrates otherwise.[19] The order and findings of the other regulatory authority have the effect of imposing a burden on the respondent to adduce evidence that they should not be accepted or that the sanction imposed by the other authority is not in the public interest in Ontario.[20] As other securities regulatory authorities in Canada follow adjudicative procedures and sanctioning practices much like the Commission's, it will be the rare case in which a respondent will be able to satisfy this evidentiary burden.[21] As a result, the Commission's order will generally mirror the order of the other authority, subject to differences in legislation.[22]

[10] In this case, the BCSC's findings and BCSC Order warrant an order in Ontario. Dhanani engaged in fraud in connection with the purported sale of securities. As the BCSC said, his fraud was "most egregious and cynical".[23] Such fraud would have contravened the Act, had it occurred in Ontario;[24] it represents a serious risk to our capital markets.[25] An order to protect investors in Ontario, in the form in Schedule A, is in the public interest.

[11] Such an order is necessary because of the limits on provincial jurisdiction. In an ideal world, the BCSC Order would apply throughout Canada when it is made, as has been recognized in four provinces that have amended their securities acts to make protective orders like those requested in this application automatically applicable in their province.[26] To facilitate enforcement of such provisions and to enable other securities regulatory authorities in Canada to seek a "reciprocal" order under their own legislation, should they determine to so do, it is desirable for Staff to notify all other provincial and territorial securities regulatory authorities of all orders under section 127 when they are made by this Commission.[27]

[12] It would also be desirable for an order under subsection 127(10) to be made as soon as practicable after an order of another securities regulatory authority. In an effort to make applications like this one more efficient, Staff generally request on the initial return date that the proceeding be conducted as a written hearing, as they did in this case. While this procedure is reasonable, a more expeditious process may be available. Staff might consider, in cases like this one, serving their factum and other materials when they serve the notice of hearing and informing the respondent of their

---

17 See e.g. note 9, above; *Re DeLaet* (2014), 37 OSCB 1615 at paras 51, 68; *Re Transcap Corporation* (2014), 37 OSCB 2119 at para 32; *Re Zeiben* (2016), 39 OSCB 1299 at para 24; *Re Sebastian* (2016), 39 OSCB 1305 at para 19.

18 See e.g. *Re Black* (2014), 37 OSCB 5847 at paras 9, 26; *cf. McLean v. British Columbia (Securities Commission)*, [2013] 3 SCR 895 at para 54 (Commission must make own determination, but provision obviates "need for inefficient parallel and duplicative proceedings").

19 This will not always be the case; an order based on a settlement agreement may not alone provide a factual basis that warrants a "reciprocal" order in the public interest; see e.g. *Re Moore*, 2014 ABASC 88. The settlement agreement, including any admissions, when combined with the order, however, will usually be sufficient; see *Re Moore*, 2014 ABASC 139.

Cf. Lines v. British Columbia (Securities Commission), 2012 BCCA 316 (imposition of more onerous sanctions than those consented to in no contest settlement unreasonable). The *Lines* decision does not affect an order that is not more onerous than the order agreed to without admissions. Nor does it limit the Commission's general exercise of discretion under s. 127(1) with respect to such an order; see ss 127(10)4 and 5. Staff may seek a more onerous sanction and may also adduce additional evidence; see e.g. *Re Pierce*, 2016 BCSECCOM 188 (more onerous sanction permissible); see also *Re Pierce*, 2016 BCSECCOM 264 (more onerous sanction imposed); and see e.g. *Re Euston Capital Corp.* (2009), 32 OSCB 6313 at paras 15-22 (Staff adduced additional evidence).

20 For this reason, a determination that a "reciprocal" order is in the public interest has been described as having a "low threshold"; see e.g. *Re JV Raleigh Superior Holdings Inc.*, note 15, above at para 26; *Re New Futures Trading International Corp.*, note 15, above at para 27; *Re Optam Holdings Inc.* (2017), 40 OSCB 2167 at para 16.

21 To meet the burden of showing that an order or findings should not be accepted as fact, Commission decisions require proof that the original decision was procured by fraud, involved a denial of natural justice or was made without jurisdiction; see e.g. *Re New Futures Trading International Corp.*, note 15, above at para 27; *Re Black*, note 18, above at paras 29-33.

22 See e.g. *Re Optam Holdings Inc.*, note 20, above at para 17; *McLean v. British Columbia (Securities Commission)*, note 18, above at para 15 ("twin orders"); *Re Zeiben*, note 17, above at para 33; *Re DeLaet*, note 17, above at para 79. This is not the case in a proceeding under paragraph 127(10)1 or 2, based on a criminal conviction, or in a proceeding under paragraph 127(10)3 based on a finding by a court, and may not be the case in a proceeding under paragraph 127(10)4 based on an order of a non-Canadian regulator.

23 *Re Dhanani*, note 3, above at paras 12, 18, 24.

24 See Act, s 126.1; see also note 9, above.

25 The BCSC found that Dhanani "represents the upper end of risk to our capital markets"; *Re Dhanani*, note 3, above at para 18.

26 See *Securities Act*, RSA 2000, c S-4, ss 198(3)-(10); *Securities Act*, SNB 2004, c S-5.5, s 184.1; *Securities Act*, RSNS 1989, c 418, s 134B; *Securities Act*, Stats Que 1982, c 48; Cons Stats c V-1.1, ss 308.2.1.2-308.2.1.6. See also *Re Narayan* (2016), 39 OSCB 10503 at para 6.

27 The potential for such pan-Canadian orders and the orders, themselves, enhance the specific and general deterrence of orders made by the Commission.

intention to request that the order they are seeking be made on the initial return date. If the respondent does not appear, this would expedite the process.[28] This process is available under both the Commission's current Rules of Procedure and its proposed Rules.[29]

IV. CONCLUSION

[13] I shall make the order requested by Staff. The order parallels the BCSC Order, but it is not identical because of differences between the Act and the BC Act.[30] Suffice it to say that this order will effectuate the prohibitions in the BCSC Order to the extent and in the manner authorized by the Act and will bar Dhanani permanently from participation in Ontario's capital market.

[14] The provision of the order relating to investment fund managers requires further explanation.[31] The definitions of "investment fund" and "investment fund manager" were added to the Act in 2002, but without imposing regulatory obligations on them.[32] In 2005, when investment fund managers were not required to be registered, subsection 127(1) of the Act was amended to authorize the Commission to prohibit a person from becoming or acting as a director or officer of an investment fund manager and to prohibit a person from becoming or acting as a registrant, investment fund manager or promoter.[33] In 2009, the Act was amended to require investment fund managers to be registered, but the authority in subsection 127(1) to make orders relating to investment fund managers was not altered.[34] As result, paragraph 127(1)8.5, for example, continues to authorize an order that prohibits a person from acting as a registrant and an investment fund manager, even though the former term, "registrant", now includes the latter.[35] Because this paragraph continues to refer to both categories, the order expressly includes an investment fund manager in order to avoid any ambiguity.

[15] I shall order that (a) trading in any securities or derivatives by Dhanani cease permanently, (b) the acquisition of any securities by Dhanani be prohibited permanently, (c) the exemptions contained in Ontario securities law not apply to Dhanani permanently, (d) Dhanani resign any positions he holds as a director or officer of any issuer or registrant, including an investment fund manager, (e) Dhanani be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager, and (f) Dhanani be prohibited permanently from becoming or acting as a registrant, including an investment fund manager, or promoter.

Dated at Toronto this 12th day of May, 2017.

"Philip Anisman"

---

[28] In this case by approximately two months. If the respondent objects to a written hearing or requires additional time, the matter can be addressed on the initial return date and the panel can set a schedule. If the respondent does not appear, as in this case, and as is frequently the case, the matter can be determined expeditiously.

[29] See Notice and Request for Comments Regarding the Rules of Procedure and Forms and Practice Guideline of the Ontario Securities Commission (2017), 40 OSCB 3743, r 11, 21(3).

[30] Staff is not seeking disgorgement and monetary sanctions like those imposed by the BCSC; see text above at note 3. Apart from other considerations, these sanctions are not necessary in this case to protect investors or the market in Ontario.

[31] Staff proposed that Dhanani be prohibited from becoming or acting as an investment fund manager pursuant to paragraph 127(1)8.5 to reflect the prohibition in the BCSC Order against his "acting in a management or consultative capacity in connection with activities in the securities market" under s. 161(1)(d)(iv) of the BC Act, as the Act does not authorize the Commission to make an order in these terms; see Written Submissions of Staff, March 20, 2017 at paras 43, 44.

[32] See SO 2002, c 22, s 177; Amendments to the Securities Act and Commodity Futures Act, (2003), 26 OSCB 2765.

[33] Act, ss 127(1)8.3-8.5; SO 2005, c 31, Sched 20, s 8.

[34] SO 2009, c 18, Sched 26, s 4, amending Act, s 25.

[35] This is also the case with respect to directors and officers of an investment fund manager; see Act, ss 127(1)8.1-8.4.

SCHEDULE A

IN THE MATTER OF
AYAZ DHANANI
(also known as AZIM VIRANI, MICHAEL LEE, ALEX NEBRIS,
PAUL DHANANI, SAMUEL RAMOS, and RAHIM JIWA)

ORDER
(Subsection 127(1) and (10) of the Securities Act, RSO 1990, c S.5)

Philip Anisman, Chair of the Panel

May 12, 2017

WHEREAS the Ontario Securities Commission held a hearing in writing on the application of Staff of the Commission ("Staff") for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

ON READING the Findings of the British Columbia Securities Commission (the "BCSC") dated May 30, 2016 and the Decision of the BCSC dated December 16, 2016, in the matter of Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) ("Dhanani") and on reading the materials filed by Staff, Dhanani not having appeared and not having filed any materials, although properly served;

IT IS ORDERED THAT:

1. pursuant to paragraph 127(1)2 of the Act, trading in any securities or derivatives by Dhanani cease permanently;

2. pursuant to paragraph 127(1)2.1 of the Act, the acquisition of any securities by Dhanani is prohibited permanently;

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

4. pursuant to paragraphs 127(1)7, 8.1, and 8.3 of the Act, Dhanani resign any position that he holds as a director or officer of any issuer or registrant, including an investment fund manager;

5. pursuant to paragraphs 127(1)8, 8.2 and 8.4 of the Act, Dhanani is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager; and

6. pursuant to paragraph 127(1)8.5, Dhanani is prohibited permanently from becoming or acting as a registrant, including an investment fund manager, or a promoter.

_____
Philip Anisman

3.1.4 Larry Keith Davis – ss. 127(1), 127(10)

IN THE MATTER OF
LARRY KEITH DAVIS

REASONS
(Subsections 127(1) and (10) of the Securities Act, RSO 1990, c S.5)

Citation: Davis, 2017 ONSEC 16
Date: 2017-05-15

Hearing:	May 15, 2017		
Decision:	May 15, 2017		
Panel:	Philip Anisman	–	Commissioner and Chair of the Panel
Appearances:	Malinda Alvaro Alvin Qian (Student-at-law)	–	For Staff of the Commission
	No one appearing for Larry Keith Davis		

REASONS

[1] On March 1, 2017, the Commission issued a Notice of Hearing on the basis of a Statement of Allegations filed by Staff of the Commission ("Staff") requesting an order against Larry Keith Davis (the "Respondent") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act") and on the basis of an order of the British Columbia Securities Commission (the "BCSC") dated November 7, 2016 (the "BCSC Order"); see Notice of Hearing (2017), 40 OSCB 2068.

[2] At the initial hearing on March 13, 2017, Staff filed the Affidavit of Service of Lee Crann, sworn March 9, 2017 (Exhibit 1), which stated that the Respondent had been properly served and that Staff had communicated with his counsel in the BCSC proceedings ("Respondent's Counsel"). Neither the Respondent nor his counsel appeared at this hearing. Staff requested an adjournment pending resolution of the Respondent's application for leave to appeal the BCSC decisions (*Re Davis*, 2016 BCSECCOM 214 (Findings); 2016 BCSECCOM 375 (Decision)) on which this proceeding is based to the British Columbia Court of Appeal ("BCCA"), and I adjourned the hearing to today; see Order (2017), 40 OSCB 2594.

[3] At the hearing today, Staff filed an Affidavit of Service of Lee Crann, sworn May 8, 2017 (Exhibit 2) stating that she had served the Respondent with a copy of my Order of March 13, 2017 and provided a copy to Respondent's Counsel. This Affidavit contains an email from Respondent's Counsel stating that leave to appeal the BCSC decisions and a stay of execution of the sanctions imposed by the BCSC pending determination of the appeal were granted by the Honourable Madam Justice Fenlon on March 22, 2017. Neither the Respondent nor his counsel appeared at the hearing.

[4] Staff also filed a copy of an order signed by Respondent's Counsel and counsel for the BCSC (the "Appeal Order"), with an email from Respondent's Counsel indicating that the order has been submitted to, but not yet signed by Fenlon, JA and agreeing to provide a copy of the signed order when it is received (Exhibit 3). On the basis of the Appeal Order, Staff requested that the hearing be adjourned pending the outcome of the Respondent's appeal.

[5] The Commission has a discretion whether to grant such an adjournment despite the stay of execution, as the Respondent remains subject to the BCSC Order; see Act, s 127(10)4; see also e.g. *Re Savage*, 2009 ABASC 94 and *Re Pierce*, 2016 BCSECCOM 44, denying stays where proceedings challenging the original order were outstanding. In this case, as a result of the stay of execution granted by Fenlon, JA, the BCSC Order is not operative. An order pursuant to subsection 127(10) would therefore impose restrictions on the Respondent to which he is not currently subject in British Columbia, the province in which the original order was made.

[6] In these circumstances, an adjournment *sine die* is appropriate, with the understanding that if the appeal is denied, Staff will bring this matter back before the Commission as soon as practicable after the appeal decision is rendered, or at an earlier date if Staff considers it advisable. For these reasons, I am making an order granting the adjournment requested by Staff.

Dated at Toronto this 15th day of May, 2017.

"Philip Anisman"

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

THERE IS NOTHING TO REPORT THIS WEEK.

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
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order
CHC Student Housing Corp.	05 May 2017
Ellipsiz Communications Ltd.	05 May 2017
Stompy Bot Corporation	04 May 2017

This page intentionally left blank

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

INVESTMENT FUNDS

Issuer Name:
Global REIT Leaders Income ETF
Tech Achievers Growth & Income ETF
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated May 11, 2017
NP 11-202 Preliminary Receipt dated May 12, 2017
Offering Price and Description:
Class A and Class U Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Harvest Portfolios Group Inc.
Project #2625876

Issuer Name:
First Trust AlphaDEX U.S. Consumer Discretionary Sector Index ETF. First Trust AlphaDEX U.S. Consumer Staples Sector Index ETF
First Trust AlphaDEX U.S. Energy Sector Index ETF
First Trust AlphaDEX U.S. Financial Sector Index ETF
First Trust AlphaDEX U.S. Health Care Sector Index ETF
First Trust AlphaDEX U.S. Industrials Sector Index ETF
First Trust AlphaDEX U.S. Materials Sector Index ETF
First Trust AlphaDEX U.S. Technology Sector Index ETF
First Trust AlphaDEX U.S. Utilities Sector Index ETF
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated May 8, 2017
NP 11-202 Preliminary Receipt dated May 9, 2017
Offering Price and Description:
Hedged Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
FT Portfolios Canada CO.
Project #2623461

Issuer Name:
Gateway Low Volatility U.S. Equity Fund
Loomis Sayles Strategic Monthly Income Fund
Oakmark International Natixis Registered Fund
Oakmark International Natixis Tax Managed Fund
Oakmark Natixis Registered Fund
Oakmark Natixis Tax Managed Fund
Loomis Sayles Global Diversified Corporate Bond Fund
Loomis Sayles Global Diversified Corporate Bond Tax Managed Fund
Natixis Strategic Balanced Registered Fund
Natixis Strategic Balanced Tax Managed Fund
NexGen Canadian Bond Fund
NexGen Canadian Bond Tax Managed Fund
NexGen Canadian Cash Fund
NexGen Canadian Dividend Registered Fund
NexGen Canadian Dividend Tax Managed Fund
NexGen Canadian Preferred Share Registered Fund
NexGen Canadian Preferred Share Tax Managed Fund
NexGen Global Equity Registered Fund
NexGen Global Equity Tax Managed Fund
NexGen Intrinsic Balanced Registered Fund
NexGen Intrinsic Balanced Tax Managed Fund
NexGen Intrinsic Growth Registered Fund
NexGen Intrinsic Growth Tax Managed Fund
NexGen U.S. Dividend Plus Registered Fund
NexGen U.S. Dividend Plus Tax Managed Fund
NexGen U.S. Growth Registered Fund
NexGen U.S. Growth Tax Managed Fund
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 9, 2017
NP 11-202 Preliminary Receipt dated May 15, 2017
Offering Price and Description:
Series A Securities
Underwriter(s) or Distributor(s):
NGAM Canada LP
Promoter(s):
NGAM Canada LP
Project #2625118

Issuer Name:
INVESCO CANADIAN BALANCED FUND
INVESCO CANADIAN BOND CLASS
INVESCO CANADIAN BOND FUND
INVESCO CANADIAN PREMIER GROWTH CLASS
INVESCO CANADIAN PREMIER GROWTH FUND
INVESCO CORE CANADIAN BALANCED CLASS
INVESCO EMERGING MARKETS DEBT FUND
INVESCO EUROPEAN GROWTH CLASS
INVESCO FLOATING RATE INCOME FUND
INVESCO GLOBAL BOND FUND
INVESCO GLOBAL GROWTH CLASS
INVESCO GLOBAL HIGH YIELD BOND FUND
INVESCO GLOBAL REAL ESTATE FUND
INVESCO INDO-PACIFIC FUND
INVESCO INTACTIVE 2023 PORTFOLIO
INVESCO INTACTIVE 2028 PORTFOLIO
INVESCO INTACTIVE 2033 PORTFOLIO
INVESCO INTACTIVE 2038 PORTFOLIO
INVESCO INTACTIVE BALANCED GROWTH PORTFOLIO
INVESCO INTACTIVE BALANCED GROWTH PORTFOLIO CLASS
INVESCO INTACTIVE BALANCED INCOME PORTFOLIO
INVESCO INTACTIVE BALANCED INCOME PORTFOLIO CLASS
INVESCO INTACTIVE DIVERSIFIED INCOME PORTFOLIO
INVESCO INTACTIVE DIVERSIFIED INCOME PORTFOLIO CLASS
INVESCO INTACTIVE GROWTH PORTFOLIO
INVESCO INTACTIVE GROWTH PORTFOLIO CLASS
INVESCO INTACTIVE MAXIMUM GROWTH PORTFOLIO
INVESCO INTACTIVE MAXIMUM GROWTH PORTFOLIO CLASS
INVESCO INTACTIVE STRATEGIC YIELD PORTFOLIO
INVESCO INTERNATIONAL GROWTH CLASS
INVESCO INTERNATIONAL GROWTH FUND
INVESCO SELECT CANADIAN EQUITY FUND
INVESCO SHORT-TERM BOND FUND
INVESCO SHORT-TERM INCOME CLASS
TRIMARK CANADIAN CLASS
TRIMARK CANADIAN ENDEAVOUR FUND
TRIMARK CANADIAN FUND
TRIMARK CANADIAN OPPORTUNITY CLASS
TRIMARK CANADIAN OPPORTUNITY FUND
TRIMARK CANADIAN PLUS DIVIDEND CLASS
TRIMARK CANADIAN SMALL COMPANIES FUND (
TRIMARK DIVERSIFIED YIELD CLASS
TRIMARK EMERGING MARKETS CLASS
TRIMARK ENERGY CLASS
TRIMARK EUROPLUS FUND
TRIMARK FUND
TRIMARK GLOBAL BALANCED CLASS
TRIMARK GLOBAL BALANCED FUND
TRIMARK GLOBAL DIVERSIFIED INCOME FUND
TRIMARK GLOBAL DIVIDEND CLASS
TRIMARK GLOBAL ENDEAVOUR CLASS
TRIMARK GLOBAL ENDEAVOUR FUND
TRIMARK GLOBAL FUNDAMENTAL EQUITY CLASS
TRIMARK GLOBAL FUNDAMENTAL EQUITY FUND
TRIMARK GLOBAL SMALL COMPANIES CLASS
TRIMARK INCOME GROWTH FUND
TRIMARK INTERNATIONAL COMPANIES CLASS
TRIMARK INTERNATIONAL COMPANIES FUND
TRIMARK RESOURCES FUND
TRIMARK SELECT BALANCED FUND
TRIMARK U.S. COMPANIES CLASS
TRIMARK U.S. COMPANIES FUND
TRIMARK U.S. SMALL COMPANIES CLASS
INVESCO ADVANTAGE BOND FUND
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated May 9, 2017
Receipt dated on May 12, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
-
Project #2494482

Issuer Name:
Timbercreek Global Real Estate Income Fund
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 9, 2017
NP 11-202 Preliminary Receipt dated May 10, 2017
Offering Price and Description:
Series AX, Series FX, Series I, Series AY, Series FY, Series A and Series F
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2623910

Issuer Name:
BMO Private Canadian Core Equity Portfolio (formerly, BMO Private Canadian Conservative Equity Portfolio)
BMO Private Canadian Corporate Bond Portfolio
BMO Private Canadian Income Equity Portfolio
BMO Private Canadian Mid-Term Bond Portfolio
BMO Private Canadian Money Market Portfolio
BMO Private Canadian Short-Term Bond Portfolio
BMO Private Canadian Special Equity Portfolio
BMO Private Diversified Yield Portfolio
BMO Private Emerging Markets Equity Portfolio
BMO Private International Equity Portfolio
BMO Private U.S. Equity Portfolio
BMO Private U.S. Growth Equity Portfolio
BMO Private U.S. Special Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 5, 2017
NP 11-202 Receipt dated May 11, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
BMO Private Investment Counsel Inc.
Promoter(s):
BMO PRIVATE INVESTMENT COUNSEL INC.
Project #2608471

Issuer Name:
Brandes Canadian Equity Fund
Brandes Canadian Money Market Fund
Brandes Corporate Focus Bond Fund
Brandes Emerging Markets Value Fund (formerly Brandes Emerging Markets Equity Fund)
Brandes Global Balanced Fund
Brandes Global Equity Fund
Brandes Global Opportunities Fund
Brandes Global Small Cap Equity Fund
Brandes International Equity Fund
Brandes U.S. Equity Fund
Brandes U.S. Small Cap Equity Fund
Greystone Canadian Bond Fund
Greystone Canadian Equity Income & Growth Fund
Greystone Global Equity Fund
Lazard Emerging Markets Multi Asset Fund
Lazard Global Balanced Income Fund
Lazard Global Equity Income Fund
Lazard Global Low Volatility Fund
Morningstar Aggressive Portfolio
Morningstar Balanced Portfolio
Morningstar Conservative Portfolio
Morningstar Growth Portfolio
Morningstar Moderate Portfolio
Morningstar Strategic Canadian Equity Fund
Sionna Canadian Balanced Fund (formerly Brandes Sionna Canadian Balanced Fund)
Sionna Canadian Equity Fund (formerly Brandes Sionna Canadian Equity Fund)
Sionna Canadian Small Cap Equity Fund (formerly Brandes Sionna Canadian Small Cap Equity Fund)
Sionna Diversified Income Fund (formerly Brandes Sionna Diversified Income Fund)
Sionna Monthly Income Fund (formerly Brandes Sionna Monthly Income Fund)
Sionna Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 2, 2017
NP 11-202 Receipt dated May 12, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brandes Investment Partners & Co.
Project #2596252

Issuer Name:
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Individual Savings Plan
Canadian Scholarship Trust Group Savings Plan 2001
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 9, 2017
NP 11-202 Receipt dated May 11, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
C.S.T. CONSULTANTS INC.
Promoter(s):
-
Project #2596415

Issuer Name:
Canadian Scholarship Trust Group Savings Plan 2001
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Individual Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 9, 2017
NP 11-202 Receipt dated May 11, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
C.S.T. CONSULTANTS INC.
Promoter(s):
-
Project #2596418

Issuer Name:
Canadian Scholarship Trust Individual Savings Plan
Canadian Scholarship Trust Group Savings Plan 2001
Canadian Scholarship Trust Family Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 9, 2017
NP 11-202 Receipt dated May 11, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
C.S.T. CONSULTANTS INC.
Promoter(s):
-
Project #2596417

Issuer Name:
Educators Balanced Fund
Educators Bond Fund
Educators Dividend Fund
Educators Growth Fund
Educators Money Market Fund
Educators Monthly Income Fund
Educators Mortgage & Income Fund
Educators North American Diversified Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 12, 2017
NP 11-202 Receipt dated May 15, 2017
Offering Price and Description:
Class A units
Underwriter(s) or Distributor(s):
Educators Financial Group Inc.
Promoter(s):
-
Project #2609937

Issuer Name:
Excel India Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 17, 2017 to Final Simplified Prospectus
NP 11-202 Receipt dated May 8, 2017
Offering Price and Description:
Series A, Series F, Series N and Series X Units
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
Excel Funds Management Inc.
Project #2530422

Issuer Name:
Excel Emerging Markets Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated April 28, 2017 to Final Simplified Prospectus
NP 11-202 Receipt dated May 9, 2017
Offering Price and Description:
Series A, Series F, Series D, Series N and Institutional Series Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
Excel Funds Management Inc.
Project #2530422

Issuer Name:
First Asset Long Duration Fixed Income ETF
First Asset Preferred Share ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 10, 2017
NP 11-202 Receipt dated May 11, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIRST ASSET INVESTMENT MANAGEMENT INC.
Project #2608447
to Final Simplified Prospectus

Issuer Name:
Oakmark International Natixis Registered Fund
Oakmark International Natixis Tax Managed Fund
Principal Regulator - Ontario
Type and Date:
Amendment #4 to Final Simplified Prospectus dated April 24, 2017
NP 11-202 Receipt dated May 15, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
NGAM Canada LP
Promoter(s):
-
Project #2516019

Issuer Name:
GOODWOOD CAPITAL FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 12, 2017
NP 11-202 Receipt dated May 15, 2017
Offering Price and Description:
Class A and F units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2601833

Issuer Name:
MM Fund
Type and Date:
Final Simplified Prospectus dated May 12, 2017
Receipted on May 15, 2017
Offering Price and Description:
Series A, Series D and Series F Units
Underwriter(s) or Distributor(s):
Spartan Fund Management Inc.
Promoter(s):
-
Project #2609016

NON-INVESTMENT FUNDS

Issuer Name:
Enbridge Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated May 12, 2017
NP 11-202 Preliminary Receipt dated May 12, 2017
Offering Price and Description:
$3,000,000,000.00 - MEDIUM TERM NOTES (UNSECURED)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2626637

Issuer Name:
Firm Capital American Realty Partners Corp. (formerly Delavaco Residential Properties Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 10, 2017
NP 11-202 Preliminary Receipt dated May 10, 2017
Offering Price and Description:
Price: U.S.$7.50 per Unit
C$10.24 per Unit
Offering Price:
U.S. $7.50 per Offered Unit
C$10.24 per Offered Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #2624585

Issuer Name:
Glacier Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 12, 2017
NP 11-202 Preliminary Receipt dated May 15, 2017
Offering Price and Description:
Up to $2,000,000,000.00 Credit Card Asset-Backed Notes
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
DESJARDINS SECURITIES INC.
HSBC SECURITIES (CANADA) INC.
MUFG SECURITIES (CANADA), LTD.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC..
TD SECURITIES INC.
Promoter(s):
Canadian Tire Bank
Project #2626460

Issuer Name:
goeasy Ltd. (formerly, easyhome Ltd.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 12, 2017
NP 11-202 Preliminary Receipt dated May 12, 2017
Offering Price and Description:
$200,000,000.00 - Debt Securities, Preference Shares, Common Shares, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2626254

Issuer Name:
Industrial Alliance Insurance and Financial Services inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Shelf Prospectus dated May 11, 2017
NP 11-202 Preliminary Receipt dated May 11, 2017
Offering Price and Description:
$2,000,000,000.00 - , Debt Securities, Class A Preferred Shares, Common Shares, Subscription Receipts, Warrants, Share Purchase Contracts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2625564

Issuer Name:
Kinder Morgan Canada Limited
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated May 10, 2017
NP 11-202 Preliminary Receipt dated May 10, 2017
Offering Price and Description:
$1,750,000,000.00 - * Restricted Voting Shares
Price: $* per Restricted Voting Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
BARCLAYS CAPITAL CANADA INC.
CREDIT SUISSE SECURITIES (CANADA) INC.
J.P. MORGAN SECURITIES CANADA INC.
MERRILL LYNCH CANADA INC.
MUFG SECURITIES (CANADA), LTD.
SOCIETE GENERALE CAPITAL CANADA INC.
Promoter(s):
Kinder Morgan, Inc.
Project #2614242

Issuer Name:
Marathon Gold Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 9, 2017
NP 11-202 Preliminary Receipt dated May 9, 2017
Offering Price and Description:
$16,180,000.00 - 6,000,000 Common Shares; Price $1.03 per Offered Share
8,000,000 Flow-Through Common Shares; Price $1.25 per FT Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
HAYWOOD SECURITIES INC.
BEACON SECURITIES LIMITED
CANACCORD GENUITY CORP.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2621650

Issuer Name:
Value Capital Trust
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated May 12, 2017
NP 11-202 Preliminary Receipt dated May 15, 2017
Offering Price and Description:
$500,000.00 - 5,000,000 Trust Units
Price: $0.10 per Trust Unit
Underwriter(s) or Distributor(s):
Echelon Wealth Partners Inc.
Promoter(s):
Nathan Smith
Project #2626737

Issuer Name:
Gibraltar Growth Corporation
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 12, 2017
NP 11-202 Receipt dated May 12, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Gibraltar Opportunity, Inc.
Fred Mannella
Kei Izawa
Project #2612002

Issuer Name:
iLOOKABOUT Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 10, 2017
NP 11-202 Receipt dated May 11, 2017
Offering Price and Description:
$5,000,000.00 - 20,000,000 Common Shares, Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Beacon Securities Limited
Desjardins Securities Inc.
Promoter(s):
-
Project #2621212

Issuer Name:
Nevada Zinc Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 15, 2017
NP 11-202 Receipt dated May 15, 2017
Offering Price and Description:
CDN $2,000,000.00 - 5,714,286 Units, CDN $0.35 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #2610039

Issuer Name:
TransCanada Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 12, 2017
NP 11-202 Receipt dated May 15, 2017
Offering Price and Description:
$1,250,000,000.00 - Trust Notes —Series 2017-B Due ●, 2077
(Trust Notes — Series 2017-B)
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #2623252

Issuer Name:
Treasury Metals Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 10, 2017
NP 11-202 Receipt dated May 10, 2017
Offering Price and Description:
Offering: $8,060,000.00 or 12,400,000 Units, Price: $0.65 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #2613300

Issuer Name:
Trisura Group Ltd.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 12, 2017
NP 11-202 Receipt dated May 15, 2017
Offering Price and Description:
5,800,000 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2583257

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Front Street Capital 2004 To: LOGiQ Capital 2016	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	December 19, 2016
Name Change	From: Federal Way Asset Management LP To: Aptitude Investment Management LP	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	April 7, 2017

This page intentionally left blank

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Amendments to Dealer Member Rules and Form 1 Relating to the Futures Market Segregation and Portability Customer-Protection Regime – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS TO DEALER MEMBER RULES AND FORM 1 RELATING TO THE FUTURES MARKET SEGREGATION AND PORTABILITY CUSTOMER-PROTECTION REGIME

IIROC is publishing for public comment amendments to its Dealer Member Rules (**DMR**) and Form 1 relating to futures markets' segregation and portability customer-protection regimes (the **Proposed Amendments**). The Proposed Amendments are intended to facilitate the adoption of a gross customer margin (**GCM**) segregation and portability regime by central clearing counterparties (**CCPs**) that serve the domestic futures markets. The primary objective of the Proposed Amendments is to codify DMR requirements that restrict linkages between a Dealer Member's futures business and its other business lines that are not subject to the futures markets' GCM segregation and portability regimes.

A copy of the IIROC Notice and Request for Comment (**IIROC Notice**), which includes the text of the Proposed Amendments, was also published on our website at http://www.osc.gov.on.ca. Among other things, the IIROC Notice provides background to the futures markets' GCM segregation and portability regimes and the policy rationale for the Proposed Amendments. It also describes possible subsequent DMR amendments for future rule-making phases in response to ongoing development and implementation of GCM segregation and portability regimes by the CCPs serving the domestic futures markets and related policy issues. The IIROC comment period ends on August 16, 2017.

For additional context, please also see CSA Staff Notice 24-315 *Update on Enhanced Segregation and Portability Initiatives for Clearing Agencies Serving the Domestic Futures Markets* dated February 9, 2017 available on our website at https://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20170209_24-315_enhanced-segregation.htm.

13.2 Marketplaces

13.2.1 NEX SEF Limited – Application for Exemption from Recognition as an Exchange – Notice and Request for Comment

NOTICE AND REQUEST FOR COMMENT

APPLICATION BY NEX SEF LIMITED FOR EXEMPTION FROM RECOGNITION AS AN EXCHANGE

A. Background

NEX SEF Limited (**NEX SEF**) has applied to the Commission for an exemption from the requirement to be recognized as an exchange pursuant to section 21 of the *Securities Act* (Ontario) (**OSA**).

NEX SEF operates a marketplace for trading swaps that is regulated by the Financial Conduct Authority of the United Kingdom (**FCA**) and the United States Commodity Futures Trading Commission (**CFTC**). NEX SEF offers trading of foreign exchange (**FX**) non-deliverable forwards which are regulated as swaps by the CFTC.

NEX SEF will enable clients to access its trading platform directly to either enter transactions on their behalf or on behalf of a participant as an introducing broker. In addition, NEX SEF intends to provide direct access to trading on its marketplace to participants located in Ontario, and therefore are considered to be carrying on business in Ontario (**Ontario Participants**).

As NEX SEF will be carrying on business in Ontario, it is required to be recognized as an exchange under the OSA or apply for an exemption from this requirement. NEX SEF has applied for an exemption from the recognition requirements on the basis that it is already subject to regulatory oversight by the CFTC.

B. Application and Draft Exemption Order

In the application, NEX SEF has outlined how it meets the criteria for exemption from recognition. The specific criteria can be found in Appendix 1 of the draft exemption order. Subject to comments received, staff intend to recommend that the Commission grant an exemption order with terms and conditions based on the draft exemption order. The application and draft exemption order are available on our website at www.osc.gov.on.ca.

D. Comment Process

The Commission is publishing for public comment the NEX SEF application and the draft exemption order. We are seeking comment on all aspects of the application and draft exemption order.

Please provide your comments in writing, via e-mail, on or before June 19, 2016, to the attention of:

Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

The confidentiality of submissions cannot be maintained as the comment letters and a summary of written comments received during the comment period will be published.

Questions on may be referred to:

Louis-Philippe Pellegrini
Legal Counsel, Market Regulation
Email: lpellegrini@osc.gov.on.ca

Timothy Baikie
Senior Legal Counsel, Market Regulation
Email: tbaikie@osc.gov.on.ca

Jalil El Moussadek
Risk Specialist, Market Regulation
Email: jelmoussadek@osc.gov.on.ca

ANNEX I

NEX SEF LIMITED

APPLICATION FOR EXEMPTION FROM RECOGNITION AS AN EXCHANGE

May 1, 2017

Ontario Securities Commission
20 Queen Street West, 19th Floor
Toronto, Ontario M5H 3S8

Attention: Secretary

Re: NEX SEF Limited – Application for Exemption from Recognition as an Exchange

Dear Sirs and Mesdames

Pursuant to section 147 of the *Securities Act* (Ontario) (the "**Act**"), NEX SEF Limited (the "**Applicant**") is requesting a decision exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (the "**Exchange Relief**") in relation to its operations in the province.

This application is divided into the following Parts I to V, Part III of which describes how the Applicant satisfies criteria for exemption of a foreign exchange that allows customers to trade OTC derivatives from recognition as an exchange set by staff of the Ontario Securities Commission (the "**Commission**").

PART I INTRODUCTION

1. Description of the Applicant's Services

1.1 The Applicant operates a marketplace (the "**Facility**") for trading swaps that is regulated by the Financial Conduct Authority of the United Kingdom (the "**FCA**") and the Commodity Futures Trading Commission ("**CFTC**"). The Applicant's Facility offers trading of foreign exchange ("**FX**") non-deliverable forwards which are regulated as swaps by the CFTC. Additional products may be added in the future, subject to obtaining any required regulatory approvals. The Applicant's Facility enables participants to engage in transactions using the trading methodologies described in Chapter 3 of the Applicant's rulebook (the "**Rulebook**"), available online at www.nexsef.com. Transactions can occur using the Applicant's order book, which functions as an electronic central limit order book and provides the highest priority to bids/offers. Additional trading functionality may be added in the future, subject to obtaining any required regulatory approvals.

1.2 The Applicant will offer direct access to trading on its Facility to participants that are located in Ontario ("**Ontario Participants**") and that satisfy criteria for an "eligible contract participants" ("**ECP**") as defined in section 1a(18) of the *U.S. Commodity Exchange Act* (the "**CEA**") and qualify as an "eligible counterparty" ("**EC**") or "professional customer" ("**PC**") as defined in sections 3.5 and 3.6, respectively, of the FCA Conduct of Business Sourcebook and as further described in Part III below. Ontario Participants may include Canadian financial institutions, registered dealers and advisers, government entities, pension funds and other well capitalized non-regulated entities.

1.3 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described herein.

PART II BACKGROUND TO THE APPLICANT

1. Ownership of the Applicant

1.1 The Applicant is a limited company organized under the laws of England and Wales. The ultimate parent company of the Applicant is NEX Group plc, a company listed on the London Stock Exchange ("**LSE**").

1.2 NEX Group plc is a leading provider of electronic markets and post-trade risk mitigation businesses. NEX Group plc is the result of a merger transaction between ICAP plc and Tullett Prebon plc announced on November 11, 2015 and completed on December 30, 2016. In the transaction, ICAP plc transferred its global broking business to Tullet Prebon, while the remaining ICAP entities, including the Applicant, re-branded as NEX Group.

2. Products Traded on the Applicant's Facility

2.1 The Applicant will provide its customers with trading and execution services for non-deliverable forwards. A full list of the products traded on the Applicant's Facility can be found on the Applicant's website, at www.nexsef.com.

3. Participants

3.1 The Applicant's Facility will enable clients to access the Facility directly either to enter transactions on their own behalf or on behalf of other participants as an introducing broker. Clients seeking direct access to the Facility as a participant , including those who want to trade on behalf of their Customers, must apply to become a "**Trading Privilege Holder**" on the Facility and enter into a Trading Privilege Holder Agreement with the Applicant. For the purposes of this application, Trading Privilege Holders will be referred to as "**participants**".

3.2 Participants include a wide range of sophisticated customers, including commercial and investment banks, corporations, proprietary trading firms, hedge funds and other institutional customers. Each customer of the Applicant that wishes to trade directly on the Applicant's Facility must qualify as an ECP and qualify as an EC or PC.

3.3 Facility participant criteria is described more fully in Part III, Section 4.1 below.

PART III APPLICATION OF EXEMPTION CRITERIA TO THE APPLICANT

The following is a discussion of how the Applicant meets the criteria of the Commission for exemption of a foreign exchange that allows participants to trade OTC derivatives from recognition as an exchange.

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).**

1.1.1 The Applicant is regulated by the FCA and is authorised, among other things, to carry on activities of a derivatives exchange, including: (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 a 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**").

1.1.2 The Applicant is registered with the CFTC to operate a SEF in the U.S. pursuant to the CEA effective April 20, 2017. The Applicant is subject to regulatory supervision by the CFTC. The Applicant is obligated to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. The CFTC reviews, assesses and enforces the Applicant's adherence to the CEA and the regulations thereunder on an ongoing basis, including the core principle requirements for SEFs ("**SEF Core Principles**") required by Section 5h of the CEA. The SEF Core Principles relate to the operation and oversight of the Facility, including financial resources, systems and controls, maintenance of an orderly market, execution and settlement of transactions, rule-making and investor protection.

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.**

1.2.1 The Applicant is subject to regulatory supervision by the FCA in conducting its activities for which it is permissioned as set out in paragraph 1.1.1 above. In undertaking those activities, the Applicant is required to comply with the FCA's Handbook which include, amongst other things, rules on (i) the Conduct of Business (including rules regarding client categorisation, communication with clients and other investor protections, firm remuneration and client agreements) (ii) Market Conduct (including rules applicable to firms operating an MTF) and (iii) Systems and Controls (including rules on outsourcing, governance, record-keeping and conflicts of interest, appointing a Head of Compliance and Oversight).

1.2.2 The CFTC carries out the regulation of U.S. SEFs in accordance with certain provisions of the CEA. To implement SEF regulation, the CFTC has promulgated regulations and guidelines ("**CFTC Regulations**") that further interpret the SEF Core Principles and govern the conduct of SEFs. The CFTC also undertakes periodic in-depth audits or rule reviews of a SEF's compliance with certain of the SEF Core Principles.

1.2.3 The Applicant is required to demonstrate its compliance with the SEF Core Principles applicable to all U.S. SEFs. Among other things, the SEF Core Principles and CFTC Regulations require SEFs to have a rulebook and a compliance program, including a Chief Compliance Officer and a compliance manual. A SEF's participant access criteria must be impartial and transparent and must be applied in a fair and non-discriminatory manner. The CFTC requires each SEF to have certain required trading protocols. A SEF must publish on its website certain daily trading data for each swap contract listed on the SEF and must report all transactions executed on the SEF to a swap data repository. The CFTC reviews, assesses and enforces a SEF's adherence to CFTC regulations on an ongoing basis.

1.2.4 A SEF is a self-regulatory organization under CFTC rules. A SEF 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. The Applicant is contracting with the U.S. National Futures Association (the "**NFA**") as its regulatory service provider ("**Regulatory Services Provider**") to conduct market surveillance of trades on its Facility for potential violations of the Facility's rules. The Applicant is retaining ultimate decision-making authority with respect to any regulatory services to be provided by NFA.

2. Governance

2.1 Governance – The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the Exchange,

2.1.1 The board of directors of the Applicant (the "**Board**"), has the power to manage, operate and set policies for the Applicant. The Board has the power to appoint such officers of the Applicant as it may deem necessary or appropriate from time to time.

2.1.2 The Board has the power by itself or through agents, and is authorized and empowered on behalf and in the name of the Applicant, to perform all acts and enter into other undertakings that it may in its discretion deem necessary or

advisable in order to promote the sound and efficient operation of the Facility (except such as otherwise required by applicable law), including, but not limited to, the following:

(a) ensuring that the Facility complies with all statutory, regulatory and self-regulatory responsibilities under the CEA;

(b) reviewing, approving and monitoring major strategic, financial and business activities, the Applicant's budget and financial performance;

(c) evaluating risks and opportunities facing the Applicant and proposing options for addressing such issues;

(d) overseeing and reviewing recommendations from the Applicant's committees and the Chief Compliance Officer; and

(e) having the sole power to set the payment dates and amounts of any dues, assessments or fees to be levied on Trading Privilege Holders.

2.1.3 Each director is expected to comply with all applicable law and Applicant policies, and promote compliance by the Applicant and all of its employees. The Board discharges its responsibilities and exercise its authority in a manner, consistent with applicable legal and regulatory requirements that promotes the sound and efficient operation of the Applicant and its swap execution activities. The Board must, to the extent consistent with such responsibilities and as long as the Applicant remains an indirect subsidiary of NEX Group plc, operate within the restraints and delegated authorities set by NEX Group plc.

2.1.4 The Board provides effective oversight of the Facility as described in greater detail below.

Fitness Standards

2.1.5 The Applicant has established fitness standards for the Board as part of its Corporate Governance Principles (the "**Governance Principles**"). The Governance Principles have been adopted by the Board to assist the Board in the exercise of its responsibilities. The Governance Principles are not intended to supersede or interpret any applicable law, and operate in conjunction with the Applicant's articles of association. The standards set for the Board reflect the Applicant's commitment to its shareholders and to the institutions and individuals who rely on it to provide swap execution services, and to comply with its role as a swap execution facility ("**SEF**") subject to oversight by the FCA and CFTC. The Applicant's Senior Management are also "Approved Persons" under the FCA's Approved Persons regime, occupying regulated functions within the business and are subject to certain requirements including Fitness and Propriety as well as the "Code of Practice for Approved Persons", ensuring the Applicant, its personnel and activities are conducted with due skill, care and diligence, and has adequate resources.

2.1.6 The Board is committed to conducting itself in a legal and ethical manner in fulfilling its responsibilities. Each director is expected to comply with all applicable laws, rules and regulations, and Applicant policies, and promote compliance by the Applicant and all of its employees. The Board discharges its responsibilities and exercise its authority in a manner, consistent with applicable legal and regulatory requirements, that promotes the sound and efficient operation of the Applicant and its swap execution activities.

Composition

2.1.7 The Board may consist of no less than two, and up to twelve, directors from time to time designated by the Board or the Applicant's shareholder. The identities of all directors are published on the Applicant's website and are available to the public.

2.1.8 The Board currently consists of five directors, one of which is a Public Director. At such time as determined in the discretion of the Board (or at such time as may otherwise be required by applicable law), at least thirty-five percent (35%), but no less than two, of the directors must be Public Directors, as such term is defined from time to time in the rules, regulations, orders, directives or any interpretation thereof promulgated by the FCA or CFTC.

2.1.9 Each director serves a one year term, and may be reappointed to one or more successive one-year terms. Directors must be approved by the Applicant's shareholders in order to assume office. Any vacancies caused by death, resignation or any other reason may be immediately filled by the Applicant's shareholders without a proposal from the Nomination Committee with any qualified person, who shall hold office for the unexpired term and until his or her successor shall be duly chosen. Any director may be removed either for or without cause at any time by the affirmative vote of a majority of the directors or by the affirmative vote of a majority interest of the shareholders entitled to vote, at

the annual meeting or at a special meeting called for that purpose. Director appointments may be terminated as soon as:

(a) That person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

(b) a bankruptcy order is made against that person;

(c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) a registered medical practitioner who is treating that person gives a written opinion to the Applicant stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

(f) notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;

(g) the shareholder removes the director in accordance with the Applicant's articles of association.

Qualifications

2.1.10 In order to fulfill their responsibilities, directors (including Public Directors) are selected based on their experience, qualifications, attributes and skills and the understanding that their leadership will play an integral role in fulfilling the Applicant's business objectives and legal obligations. In particular, directors should:

(a) Demonstrate sufficient experience in the Applicant's scope or intended scope of financial services (including ancillary services valuable for the Applicant to fulfill its business purposes); and

(b) All directors shall be of sufficiently good repute, including the absence of (i) disciplinary offenses that would be disqualifying under Section 1.63(c) of the CFTC's regulations, and (ii) any felony conviction in the last 10 years, and (iii) any grounds for refusal to register under Section 8a(2) of the CEA. At least twenty percent of the directors must meet the criteria of Section 1.64(b)(1) of the CFTC's regulations, which generally requires that the person have knowledge of financial regulation or the capability of contributing to governing board deliberations, not be a member of or employed by the Applicant and, together with the other directors, represent a diversity of membership interests.

Verification of Qualifications

2.1.11 In order to verify that each director is qualified to serve, the Applicant requires:

(a) a written statement from each prospective director containing biographical information and related background information; and

(b) Each director must inform the Applicant's Chief Compliance Officer in writing if any of the information in the statement materially changes thereafter.

Upon receipt of the written statement, the Applicant's Chief Compliance Officer will conduct a search on NFA BASIC to determine whether there is anything contradictory to the prospective director's statement, and will attempt to resolve any inconsistencies. The Chief Compliance Officer will report the results of this review to the shareholders and the Board prior to the election of the prospective director. See also paragraph 2.2.1 below for a discussion of fitness requirements.

Conflicts of interest

2.1.12 Each director is required to act in the best interests of the Applicant and to refrain from any conduct that would be, or gives the appearance of being, a conflict of interest. Generally, a "conflict of interest" exists when a director's private interest, including those of his or her immediate family, is inconsistent with or opposed to, or appears to be inconsistent with or opposed to, the Applicant's interests. This includes a personal interest in an Applicant member (as defined in Section 1a(34) of the CEA), vendor or other person that could be significantly and disproportionately impacted by a decision of the Board.

2.1.13 No director, member of any committee or oversight panel, or officer or other person authorized to exercise authority on behalf of the Applicant, including the Compliance Function (as defined below), will knowingly participate in such body's deliberations or voting, including in any inquiry, investigation or any disciplinary proceeding, suspension, emergency or other executive action (each, an "**Executive Proceeding**") if such person has a conflict of interest between such person's position acting on behalf of the Applicant and such person's personal interests (each, an "**Interested Person**"), unless deliberations are permitted as set forth below . Material conflicts of interest include, but are not limited to, instances where an Interested Person

(a) is a named party in interest in an Executive Proceeding,

(b) is an employer, employee or fellow employee of a named party in interest or potential named party in interest in an Executive Proceeding,

(c) has any other significant, ongoing business relationship with a named party in interest or potential named party in interest in an Executive Proceeding, excluding relationships limited to executing transactions opposite each other or to clearing transactions through the same clearing members,

(d) has a family relationship with a named party in interest or potential named party in interest in an Executive Proceeding (each of (a) through (d) being a "**Relationship Conflict of Interest**") or

(e) has a direct and substantial financial interest in the result of the deliberations or vote of any Executive Proceeding based upon either Applicant or non-Applicant positions (a "**Financial Conflict of Interest**").

A "family relationship" exists between a named party in interest or potential named party in interest in an Executive Proceeding and a potential Interested Person if one person is the other's spouse (including a domestic partner or partner in a civil union), co-habitator, former spouse, parent, stepparent, child or other legal dependent, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

2.1.14 Prior to the consideration of any matter or significant action that will be considered by the Board or a committee of the Board in an Executive Proceeding, each potential Interested Person must disclose the existence of any potential conflict of interest, including any potential Relationship Conflict of Interest and/or Financial Conflict of Interest, to the Chairman of the Board or the chairman of the relevant committee and may choose to abstain and recuse himself or herself from the deliberations and voting. The potential Interested Person is encouraged to consult with the Applicant's Secretary and any necessary internal or external advisors in advance of the topic being discussed or voted upon. If a potential Interested Person fails to disclose the existence of any potential conflict of interest that he or she knows of, or reasonably should know of, such potential Interested Person will be deemed an Interested Person prohibited from participation in an Executive Proceeding by the Board or committee of the Board, as applicable. If the Board or committee of the Board, as applicable, discovers that such a potential Interested Person participated in an Executive Proceeding without having made the disclosure of a potential conflict of interest, the determination of such Executive Proceeding shall be null and void, unless, in the case of an Emergency action, the potential Interested Person makes the disclosures described in the following paragraph 2.1.15 and the Board or committee thereof determines that such potential Interested Person would have been permitted to participate in the Executive Proceeding pursuant to the procedures described in paragraphs 2.1.16 and 2.1.17 below.

2.1.15 If disclosure of a potential conflict of interest is required, a potential Interested Person must disclose all information required under applicable law in relation to any conflict of interest, including:

(a) In the case of any potential Relationship Conflict of Interest, such disclosure must include the specific type of Relationship Conflict of Interest based on the categories (a) through (d) above; and/or

(b) In the case of any potential Financial Conflict of Interest, such disclosure must include the financial interest and related position information (including information regarding positions held by such person, positions held by individuals of such person's family and positions held by a firm with which such person is affiliated) that is known to such person with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, including but not limited to:

(A) gross positions held in such person's personal accounts or "controlled accounts," as defined in CFTC Regulation § 1.3(j);

(B) gross positions held in proprietary accounts, as defined in CFTC Regulation § 1.17(b)(3), at such person's affiliated firm;

(C) gross positions held in accounts in which such person is a principal, as defined in CFTC Regulation § 3.1(a);

(D) net positions held in customer accounts, as defined in CFTC § 1.17(b)(2), at such person's affiliated firm; and

(E) any other types of positions, held in such person's personal accounts or the proprietary accounts of such person's affiliated firm, that the Applicant reasonably expects could be affected by the significant action.

(c) Notwithstanding (b) above, in the case of a potential Financial Conflict of Interest, no such disclosure is required by a potential Interested Person if such person chooses to abstain from deliberations and voting on the relevant Executive Proceeding.

2.1.16 If a potential Interested Person who discloses a potential material conflict of interest does not choose to abstain and recuse himself or herself from deliberations and voting in any Executive Proceeding, the directors, or committee or oversight panel, as applicable, will determine whether such person is an Interested Person prohibited from participation in the Executive Proceeding. Such determination will be made by a majority vote in accordance with the procedures in the Articles of Association governing decision-making by directors and will be based upon a review of:

(a) the information provided by such potential Interested Person;

(b) any other source of information that is held by or reasonably available to the Applicant;

(c) in the case of a Financial Conflict of Interest, the most recent large trader reports and clearing records available to the Applicant; and

(d) any applicable law.

2.1.17 With respect to Financial Conflicts of Interest only, and save for where applicable law prohibits it, any person determined to be an Interested Person who would otherwise be required to abstain from deliberations and voting pursuant to this policy, may participate in deliberations, but not in voting, if the Board, or committee or oversight panel, as applicable, determines by a majority vote (excluding all relevant Interested Persons) that such participation would be consistent with the public interest after considering the following factors :

(a) whether such Interested Person's participation in the deliberations is necessary to achieve a quorum;

(b) whether the Interested Person has unique or special expertise, knowledge or experience in the matter being considered; and

(c) the position information which is the basis for the Interested Person's Financial Conflict of Interest.

2.1.18 In addition to the general restrictions against conflicts of interest, all Public Directors are prohibited from having "material relationships" (as defined from time to time in the rules, regulations, orders, directives or any interpretation thereof promulgated by the CFTC) with the Applicant which reasonably could affect the independent judgment or decision-making of such director. "Material relationships" are defined to include the following:

(a) The director, or an immediate family member of the director, may not be an officer or employee of the Applicant or its affiliate.

(b) The director, or an immediate family member of the director, may not be a member of the Applicant, or a director, officer or employee of an Applicant member (as defined in Section 1a(34) of the CEA and any regulation promulgated thereunder).

(c) The director, or an immediate family member of the director, may not be an officer of another entity, which entity has a compensation committee (or similar body) on which any officer of the Applicant serves.

(d) The director, or an immediate family member of the director, or an entity with which the director or such immediate family member is a partner, an officer, an employee or a director, may not receive more than $100,000 in combined annual payments for legal, accounting, or consulting services from the Applicant, any affiliate thereof, any member of the Applicant or any affiliate of such member.

2.1.19 Notwithstanding the foregoing, (a) compensation for services as a director of the Applicant or as a director of an affiliate of the Applicant shall not count toward the $100,000 threshold specified in clause (d) of the above definition, nor shall compensation for services rendered by such individual prior to becoming a director of the Applicant, so long as such compensation is or was in no way contingent, conditioned or revocable; and (b) a Public Director may also serve as a director of an affiliate of the Applicant if he or she otherwise meets the requirements set forth in clauses (a) through (d) of the above definition.

2.1.20 Each of the preceding disqualifying circumstances is subject to a one-year look back. Public Directors have an affirmative duty to investigate from time to time, and promptly disclose, the existence and nature of any such material relationships to the Board. The Board must make such findings of any material relationship upon the nomination or appointment of the proposed Public Director and as often as necessary in light of all circumstances relevant to such director, but in no case less than annually.

Compensation

2.1.21 Compensation awarded to Public Directors and other nonexecutive directors is not linked to the Applicant's business performance.

Certification and Compliance

2.1.22 Each director must become familiar with, and abide by, the Governance Principles. Each prospective director and director must, before taking office, acknowledge his or her receipt and understanding of the Governance Principles, as well as upon any publication of a revised set of Governance Principles or amendment thereto. In addition, (i) upon request from the Applicant, the director shall certify that the qualification information he/she provided to the Applicant before being elected as a director has not changed materially, and (ii) from time to time the director shall provide an updated statement of qualification information that reflects any material changes.

2.1.23 Directors are required to report suspected violations of the Governance Principles or of any applicable law, rule or regulation by any director to the Board, the Regulatory Oversight Committee or the Chief Compliance Officer (who will subsequently relay any such suspected violations to the Board or the Regulatory Oversight Committee, unless such reported violation is proven incorrect after a prompt initial review of its merits). The Board or the Regulatory Oversight Committee, as applicable, shall determine whether to conduct an investigation and what appropriate action should be taken. Directors may consult with the Applicant's General Counsel if there is any doubt as to whether a particular transaction or course of conduct complies with or is subject to the Governance Principles.

Self-Review

2.1.24 The Board reviews its performance and that of its individual directors on an annual basis, before the expiration of each one year term of office for the directors. The Board, or a committee delegated such responsibility, shall establish criteria for the Board's evaluation, shall conduct the evaluation in accordance with such criteria, and shall make recommendations to improve deficiencies.

Removal for Cause

2.1.25 Any director failing to comply with, or certify compliance with, the Governance Principles, or whose conduct otherwise is likely to be prejudicial to the sound and prudent management of the Applicant, may be removed for cause at any time by the affirmative vote of a majority of the directors, other than the director whose conduct is at issue, or by the affirmative vote of a majority interest of the shareholders, at the annual meeting or at a special meeting called for that purpose.

Board Committees

2.1.26 The Applicant's Governance Policy contemplates three committees of the Board: a Nomination Committee, a Participation Committee and a Regulatory Oversight Committee. Currently, only the Regulatory Oversight Committee is a standing committee of the Board. The Board may from time to time constitute and appoint additional standing committees as it may deem necessary or advisable. The Applicant may also from time to time establish one or more special committees as it may deem necessary or advisable.

2.1.27 The Regulatory Oversight Committee consists of those directors designated by the Board from time to time; provided, however, that at such time as is determined in the discretion of the Board (or at and for such other time as may otherwise be required by the CFTC Regulations), the Regulatory Oversight Committee shall consist only of Public Directors. Each member of the Regulatory Oversight Committee shall serve until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory

Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms. The Regulatory Oversight Committee has responsibility to:

(i) Monitor the Facility's self-regulatory program for sufficiency, effectiveness, and independence;

(ii) Oversee all facets of the Facility's self-regulatory program, including trade practice, market surveillance, audits, examinations and other regulatory responsibilities with respect to participants, and the conduct of investigations;

(iii) Review the size and allocation of the Facility's regulatory budget and resources; and the number, hiring and termination, and compensation of regulatory personnel;

(iv) Review the performance of the Compliance Function, and make recommendations with respect to such performance to the Board;

(v) Review all regulatory proposals prior to implementation and advise the Board as to whether and how such changes may impact regulation;

(vi) Regularly monitor for conflicts of interest in accordance with the procedures described above under "Conflicts of interest;"

(vii) Recommend changes to the Facility's self-regulatory program that would ensure fair, vigorous, and effective regulation;

(viii) Prepare an annual report to the Board and the CFTC assessing the self-regulatory program of the Facility and including a description of the program, the expenses of the program, the staffing and structure of the program, a catalog of investigations and disciplinary actions taken during the year, and a review of the performance of the Review Panel, Hearing Panel, and Chief Compliance Officer; and

(ix) Perform such other duties as the Board may delegate to it from time to time.

In addition, the Regulatory Oversight Committee may impose controls on the Facility to reduce the potential risk of market disruption, including but not limited to market restrictions that pause or halt trading in specified market conditions.

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

2.1.28 The Applicant is committed to ensuring the integrity of its Facility and the stability of the financial system, in which market infrastructure plays an important role. The Applicant must ensure the integrity of a transaction that occurs on the Facility and the protection of customer funds under Core Principle 7 – *Financial Integrity of Transactions* ("**Core Principle 7**"). The Applicant fulfills this requirement in part through compliance with other SEF Core Principles, such as Core Principle 3 – *Swaps Not Readily Subject to Manipulation* ("**Core Principle 3**"). Stability of the market infrastructure is enhanced through compliance with Core Principle 13 – *Financial Resources* ("**Core Principle 13**"). Core Principle 13 requires the Facility to maintain adequate financial resources to discharge its responsibilities and ensure orderly operation of the market. The rules, policies and activities of the Applicant are designed and focused on ensuring that they maintain best practices and fulfil this public interest mandate. The Applicant operates on a basis consistent with applicable laws and regulations, and best practices of other SEFs and derivatives trading facilities.

(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,

2.1.29 At such time as determined in the discretion of the Board (or at and for such other time as may otherwise be required by the CFTC Regulations), the Board shall be composed of at least 35%, but no less than two, Public Directors, or such other percentage of Public Directors as may be required to comply with the CEA and CFTC Regulations. The Board has one (1) Public Director. Also, at such time as is determined in the discretion of the Board (or at and for such other time as may otherwise be required by the CFTC Regulations), the Regulatory Oversight Committee shall consist only of Public Directors. Paragraph 2.1.18 above contains a discussion of the criteria for Public Director independence. Paragraph 2.1.10 above contains a discussion of director qualification, including compliance with Section 1.64(b)(3) of

the CFTC's regulations, which requires that a minimum number of board members represent a diversity of membership interests.

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

2.1.30 The Applicant, through its conflicts of interest rules, policies and procedures, as well as its compliance with Core Principle 12 – *Conflicts of Interest* ("**Core Principle 12**"), has established a robust set of safeguards designed to ensure that the Facility operates free from conflicts of interest or inappropriate influence as described above. The FCA and CFTC also conduct their own surveillance of the markets and market participants and actively enforce compliance with applicable regulations. In addition to this regulatory oversight, the Applicant separately establishes and enforces rules governing the activity of all market participants in its market. The Applicant's conflict of interest policies are described in greater detail in paragraphs 2.1.12 through 2.1.20 above.

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

2.1.31 See paragraph 2.1.10 above for information on the director qualifications. Members of the Applicant's Management Team are recruited for their particular position based upon their skills and expertise. Their individual goals and performance are regularly assessed by their direct manager as part of the Applicant's performance management process.

2.1.32 Pursuant to the Applicant's Rulebook, the liability of each employee of the Applicant to third parties for obligations of the Applicant is limited to the fullest extent provided in the CEA and other applicable law. The Applicant's articles of association provide for the indemnification by the Applicant against losses or damages sustained by a person with respect to third-party actions or proceedings due to the fact that such person is a Director or other officer of the Applicant.

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.**

2.2.1 See paragraphs 2.1.5 and 2.1.6 above for a description of the Applicant's fitness standards for the Board as a whole. See paragraph 2.1.11 above for a description of the Applicant's policies and procedures for ensuring that each director is a fit and proper person.

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.**

3.1.1 The CFTC core principles relevant to products traded on the Facility include: Core Principle 2 – *Compliance with Rules* ("**Core Principle 2**"), Core Principle 3, Core Principle 4 – *Monitoring of Trading and Trade Processing* ("**Core Principle 4**"), Core Principle 6 – *Positions Limits or Accountability*, Core Principle 7 and Core Principle 9 – *Timely Publication of Trading Information* ("**Core Principle 9**"). In addition to compliance with these SEF Core Principles, the CFTC requires SEFs to demonstrate that new products are not susceptible to manipulation (see Core Principle 3).

3.1.2 Specifications for swaps that trade on the Applicant's Facility are set forth in Chapter 8 of the Applicant's Rulebook. When the Applicant wishes to add or change a product, the Applicant files changes to its Rulebook with the CFTC. In order to submit a swap to the CFTC as self-certified, the Facility must (i) meet the submission criteria contained in CFTC Rule 40.2, (i) determine that the swap is not readily susceptible to manipulation in accordance with Core Principle 3 and CFTC Rules 37.300 and 37.301; and (iii) include in the self-certified submission the information required by Appendix C to Part 38 of the CFTC Regulations. The Applicant would request prior CFTC approval of a swap pursuant to CFTC Rule 40.3 where the swap was a new or novel product or where it was unclear whether the CFTC or the U.S. Securities and Exchange Commission (the "SEC") would have jurisdiction over the swap, including situations where the CFTC and SEC may have joint jurisdiction over the swap.

3.1.3 It is the Applicant's policy not to make a product "available to trade" under Section 5c(c) of the CEA and CFTC Regulation 37.10.

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.**

3.2.1 Among other things, the requirement that new swaps comply with FCA requirements and the SEF Core Principles means that they contain an analysis of the underlying cash market and the deliverable supply of the underlying product. In response to the Applicant's process for introducing a new product or changing an existing product, as described above, the FCA and CFTC have the right to follow up with questions requesting additional information on the underlying market including, but not limited to: supply and demand characteristics, participant composition, market concentration, deliverable supply estimates, the relation of the swap size to the underlying market, the quality of the product across various delivery facilities and the delivery facilities used for the product. If the Applicant is unable to provide satisfactory answers to the FCA's CFTC's questions, they may require the Facility to withdraw the proposed product addition or change. It is the Applicant's experience that the terms and conditions of swaps that trade on the Facility are standardized, generally accepted and understood by participants.

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.**

3.3.1 Section 9.3 of this application covers the way that the Applicant measures, manages and mitigates the trading risk associated with products traded on the Facility.

3.3.2 The Applicant's compliance function is responsible for ensuring that surveillance systems monitor trading by Participants to prevent manipulation, price distortion and other violations of Facility rules and applicable law. Pursuant to a Regulatory Services Agreement ("**RSA**"), the Applicant has contracted with the NFA as a Regulatory Services Provider for the purposes of monitoring the Facility's markets. As part of the market surveillance provided, the NFA uses an automated system to detect, among other things, (a) disruptions of the deliverable supplies underlying a swap, (b) market manipulation of the references price and (c) also monitors the orderly liquidation of physically deliverable expiring swaps. Consistent with other SEFs, the Applicant has determined that it is not necessary and appropriate to set position limits or position accountability levels for swaps at this time.

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.

4.1.1 Consistent with applicable law, including FCA requirements and SEF Core Principles, the Facility provides access to participants on a fair, non-discriminatory and open basis. Participant status, and access to, and usage of, the Facility in such capacity is available to all market participants that meet the criteria set forth by the Applicant and engage in transactions on the Facility in accordance with the Facility's rules. Chapter 2 of the Rulebook set out the admission and

eligibility criteria that participants must meet. Among other requirements, Rulebook standards require that participants must:

- be of good financial standing and meet the financial and related reporting requirements set forth in Chapter 2 of the Rulebook.
- upon initial application for trading privileges, represent to the Applicant that it is an ECP and EC or PC. In addition, at least annually, the participant must represent that it has been and continues to be as of such date, an ECP and EC or PC;
- notify the Applicant's Chief Compliance Officer immediately upon becoming aware that it fails to meet its minimum financial requirements; and
- demonstrate a capacity to adhere to all applicable rules of the Facility, rules of any clearing agency to which the participant submits swaps for clearing, FCA regulations, CFTC regulations and SRO regulations, including those concerning record-keeping, reporting, financial requirements and trading procedures.

4.1.2 Ontario participants must be registered under Ontario securities laws, exempt from the registration requirements or not subject to the registration requirements.

4.1.3 Core Principle 11 requires that, unless necessary or appropriate to achieve the purposes of applicable law, a SEF should avoid (a) adopting any rules or taking any actions that result in any unreasonable restraints of trade; or (B) imposing any material anticompetitive burden on trading. As such, the Applicant does not implement rules that would impose any burden on competition that is not reasonably necessary and appropriate because such rules would not meet SEF Core Principle requirements.

4.1.4 The Applicant may deny the grant of trading privileges, prevent a person from becoming or remaining a participant if it would cause the Applicant to be in violation of any applicable law. The Applicant keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

4.1.5 Pursuant to the procedures set forth in Rule 205(e) of the Rulebook, any applicant who is denied trading privileges or any participant who has privileges removed may request, in writing within 7 days of receiving written notice of the Applicant's decision, reasons for the Applicant's decision. The Applicant must provide such reasons in writing within 14 days of receiving the request. Within 14 days of receiving the Applicant's written response, the applicant or participant, as the case may be, may request, in writing, that the Board (or the Participation Committee, if established) reconsider the Applicant's initial decision and may provide any written representations or other information that the applicant or participant, as the case may be, believes is relevant to the reconsideration. The Board (or Participation Committee) must then, within 28 days of receiving the applicant or participant's appeal request, confirm, reverse or modify the initial decision and will promptly notify the applicant or participant as the case may be, accordingly. The Board (or Participation Committee) may in its discretion schedule a hearing or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration. Any decision by the Board (or Participation Committee) then made constitutes the final action of the Facility with respect to the matter in question. In the event that the Board (or Participation Committee) upholds the decision to deny access, the applicant may then appeal to the CFTC in the manner provided in CFTC Rule 9.20.

4.1.6 No determination to discontinue a person's trading privileges take effect until the review procedures hereunder have been exhausted or the time for review has expired.

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.**

5.1.1 A SEF is a self-regulatory organization under CFTC rules. A SEF 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. Participants are required to comply with a significant number of rules governing trading on the Facility pursuant to the Rulebook. The applicable rules are primarily located in Chapter 3 (Trading Procedures) and Chapter 4 (Trading Standards) of the Rulebook.

5.1.2 The Applicant is contracting with the NFA for the NFA to conduct market surveillance of its Facility trades. The NFA staff are responsible for conducting trade practice surveillance and market surveillance for the Applicant. This includes

reviewing messages and deals on an ongoing basis to determine if there are any potential violations of the Applicant's Rulebook and monitoring compliance with market manipulation rules and the orderly liquidation of physically delivered expiring swaps. NFA has developed an automated surveillance system known as Sophisticated Warning Analysis Profiling System, or "SWAPS". The NFA staff uses SWAPS to effectively and efficiently profile markets and Participants, query the Applicant's audit trail, generate automated trade exception reports and conduct daily monitoring of prices, volume and market news. In addition to the information collected automatically by SWAPS, information is gathered by NFA staff from a variety of other sources to perform surveillance. NFA investigators are grouped into Investigation Teams organized by the Applicant and by asset class to ensure that the NFA provides adequate staff with sufficient expertise to oversee the Applicant's market.

5.1.3 The Applicant expends considerable human, technological and financial resources that are focused on the maintenance of fair, efficient, competitive and transparent markets, and the protection of all Facility participants from fraud, manipulation and other abusive trading practices. The Applicant's market surveillance activities include a broad range of interconnected efforts that include trade practice reviews, data quality assurance audits and enforcement activities. To fulfill its mandate to effectively monitor and enforce the Facility's rules, the Applicant has established an automated trade surveillance system capable of detecting potential trade practice and violations of the Applicant's Rulebook. Participants are required to comply with a significant number of rules governing trading on the Facility pursuant to the Facility's rules. The applicable rules are primarily located in Chapter 4 (Trading Standards) of the Rulebook.

5.1.4 Investigating and enforcing rule violations are necessary components of regulatory safeguards. The Facility's disciplinary rules, including the establishment of panels, conducting of investigations, prosecution of violations and imposition of sanctions are described in Chapter 5 (Rule Enforcement) of the Rulebook and are described in Part 7 below.

5.1.5 The Applicant is dedicated to safeguarding the integrity of its Facility, and ensuring that it is free from manipulation and other abusive practices. These efforts are a necessary component of efficiently working markets, and so it is committed to ensuring that participants are able to use the Facility with the knowledge that it remains open and transparent.

5.1.6 Specifically with reference to regulatory technology, the Applicant has made significant investments in this area, including staff dedicated solely to the support and continuous development of its regulatory technology infrastructure, ensuring that the Applicant's regulatory and market protection capabilities anticipate and evolve with the changing dynamics of the marketplace. The Applicant has developed an audit trail of market activity and powerful and flexible data query and analytical tools that allow its regulatory staff to examine real-time and historical order, transaction data, maintain profiles of markets and participants, and to detect trading patterns potentially indicative of market abuses.

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.

6.1.1 Pursuant to its obligations under the regulatory oversight of the FCA, under the CEA and under CFTC Regulations, the Applicant has implemented rules, policies and other similar instruments that govern the operations and activities of its participants. The Applicant's rules are covered in Chapters 1 through 8 of its Rulebook, which include: Chapter 1 (Market Governance), Chapter 2 (Trading Privileges), Chapter 3 (Trading Procedures), Chapter 4 (Trading Standards), Chapter 5 (Rule Enforcement), Chapter 6 (Contracts to be Traded), Chapter 8 (Contract Specifications) and Confidential Chapter 9 (Trading Protocols). The Applicant believes that its rules and policies that govern the activities of Participants are consistent with the rules and policies of other derivatives marketplaces and therefore do not 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.

6.1.2 The Applicant's Rulebook is subject to the standards and requirements outlined by FCA regulations and the SEF Core Principles. At a high level, the Applicant's Rulebook seeks to ensure fair and orderly markets accessible to all eligible participants. This aim is accomplished by establishing rules that reflect the FCA regulations and SEF Core Principle criteria, that are not contrary to the public interest, and are designed to:

(i) **ensure compliance with applicable legislation.** The Applicant is obligated to comply with FCA regulations. Also, the Applicant is obligated to comply with the CEA, the SEF Core Principles and the CFTC Regulations (collectively, the "**U.S. SEF Regulations**"). As a result, the Applicant must implement rules that require compliance with FCA regulations and the U.S. SEF Regulations by its participants. SEF Core Principle 1 – *Compliance with Core Principles* requires a swaps trading facility to comply with all applicable CFTC requirements and CEA core principles to be designated a SEF and maintain such designation. The Applicant proactively ensures compliance with all applicable laws and regulations, evidenced in part by its regular dialogue with the CFTC, including public commenting on proposed regulations. Core Principle 2 requires SEFs to ensure participants consent to SEF rules and jurisdiction prior to accessing its markets. Chapter 2 of the Applicant's Rulebook governs membership requirements and establishes compliance with the rules that brings market participants within the jurisdiction of the CFTC and the scope of the SEF Core Principles.

(ii) **prevent fraudulent and manipulative acts and practices.** Core Principle 2 requires a SEF to collect information, examine members' records, direct supervision of the market, maintain sufficient compliance staff, establish procedures for and conduct audit trail reviews, perform real-time market monitoring and market surveillance and establish an automated trade surveillance system. The Applicant has instituted all these controls. Core Principle 3 requires a SEF to ensure the swaps it trades are not readily susceptible to manipulation. The Applicant complies with this Core Principle by including narrative descriptions of the product terms and conditions of every swap and by certifying in its CFTC Rule 40.2 submission that each swap is not readily susceptible to manipulation in accordance with Core Principle 3 and the criteria set forth in Appendix C to Part 38 of the CFTC regulations. Also, Chapters 3 and 4 of the Applicant's Rulebook prescribes trading practices and trading conduct requirements, including prohibited trading activities and prohibitions on fictitious trades, fraudulent activity and manipulation.

(iii) **promote just and equitable principles of trade.** Core Principle 9 requires a SEF to promote transparency by making timely public disclosures of trading information. The Applicants conforms to this Core Principle by publishing daily information on settlement prices, volume, open interests, and opening and closing ranges for actively traded swaps. Core Principle 7 requires a SEF to ensure the financial integrity of transactions entered into on its markets. The Applicant's data and order entry feed systems offer simultaneous and equivalent access to all market participants. Core Principle 11 prohibits the imposition of unreasonable restraints or uncompetitive burdens on trade. Throughout its rulebook, the Applicant has established transparent and objective standards to prevent unreasonable restraints on trade and foster competitive and open market participation. Additionally, section 25 of the Applicant's compliance manual requires that compliance personnel ensure the Applicant does not adopt any rule or take any action that would result in any unreasonable restraint of trade or impose any material anticompetitive burden on trading or clearing. The Applicant believes that compliance with these Core Principles, which require transparency, financial integrity, fair access and fair competition among participants, promotes 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.** Rule 206 of the Rulebook authorizes the Applicant to enter into information-sharing arrangements as it determines necessary or advisable to obtain any necessary information, to perform any monitoring of trading or trade processing, to provide information to the CFTC upon request and to carry out such international information-sharing agreements as the CFTC may require. Furthermore, the Applicant may enter into any arrangement with any other person (including any governmental authority (such as the Ontario Securities Commission), trading facility or clearing organization) where the Applicant determines such person exercises a legal or regulatory function under any applicable law or considers the arrangement to be in furtherance of the operation or duties of the Applicant under applicable law.

(v) **promote a framework for disciplinary and enforcement actions.** Core Principle 2 requires a SEF to adopt a rule enforcement program, disciplinary procedures and sanctions. In response to this requirement, Chapter 5 of the Applicant's Rulebook sets describes the Facility's rules for rule enforcement and Chapter 7 prescribes the Applicant's procedures for dispute resolution.

(vi) **ensure a fair and orderly market.** Core Principle 2 requires a SEF to establish rules governing the operation of the SEF, including orderly trading procedures and rule enforcement programs. Core Principle 3 requires a SEF to ensure that swaps traded on the facility are not readily subject to manipulation. Core Principle 4 requires a SEF to establish procedures for monitoring of trading and trade process. The Applicant complies with these Core Principles by prescribing trading rules, collecting and evaluating market activity data, by maintaining and auditing its real-time monitoring program, and by auditing historical data to detect trading abuses. Core Principle 9 requires timely public disclosure of trade information, all of which is published daily. SEF Core Principle 14 – *System Safeguards* requires a SEF to establish and maintain risk analysis, emergency procedure, and periodic systems testing programs. The Applicant periodically reviews its programs and procedures, including risk analysis, emergency planning, and systems testing. The Applicant regularly audits systems and technology tests both for technical and regulatory compliance. The Applicant believes that compliance with these Core Principles, which require effective trading rules, real-time and post-trade monitoring, public data dissemination and risk management procedures and testing, ensure a fair and orderly market.

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.

7.1.1 SEF Core Principle 2 require the Applicant to adopt a rule enforcement program, disciplinary procedures and sanctions. In response to this requirement, Chapter 5 of the Applicant's Rulebook sets out the Applicant's rules for rule enforcement and Chapter 7 prescribes the Applicant's dispute resolution procedures.

7.1.2 The Applicant has the authority to initiate and conduct investigations, and enforce remedial action for breaches, and to impose sanctions for such violations. It is the duty of the Applicant's Chief Compliance Officer to enforce the rules, but the Chief Compliance Officer may also delegate such authority to market regulation staff, which consists of employees of the Applicant and the NFA ("**Market Regulation Staff**").

7.1.3 The Market Regulation Staff have the authority to conduct investigations of possible violations of the Rulebook, prepare written reports respecting such investigations, furnish such reports to the Applicant's review panel (the "**Review Panel**")[1] and conduct the prosecution of such violations. An investigation must be commenced upon receipt of a request from CFTC staff or receipt of information by the Facility that, in the judgment of the Market Regulation Staff, indicates a reasonable basis for finding that a violation has occurred or will occur. The Applicant maintains records of all investigations conducted by the Applicant in accordance with its recordkeeping policy.

7.1.4 If it is concluded that a violation may have occurred, the participant may be issued a warning letter or an investigation report concerning the matter may be filed with the Review Panel. No more than one warning letter may be issued to the same person found to have committed the same violation more than once in a rolling 12-month period. The investigation report must include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; Market Regulation Staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the participant's disciplinary history at the Facility, including copies of any warning letters.

7.1.5 The Review Panel has the power to direct that an investigation of any suspected violation be conducted by the Market Regulation Staff, and shall hear any matter referred to it by the Market Regulation Staff regarding a suspected violation. Upon receipt of an investigation report, the Review Panel shall promptly review the report and, within thirty (30) days of receipt, take one of the following actions:

[1] The Review Panel is appointed by the Board, and must be comprised of five persons, including at least two participants and at least two non-participants. The Board must appoint as chairman (the "**Review Panel Chairman**") of the Review Panel a person who qualifies as a "Public Director" (i.e. an independent person).

(a) If the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Market Regulation Staff to conduct further investigation;

(b) If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; or

(c) If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the participant alleged to have committed the violation be served with a notice of charges (as set forth in Rule 504 of the Rulebook).

7.1.6 If the Review Panel determines that there may have been a violation but that no adjudication is warranted, the Review Panel may issue a warning letter to the participant informing it that there may have been a violation and that such continued activity may result in disciplinary sanctions. Where a violation is determined to have occurred, no more than one warning letter for the same potential violation may be issued to the same person during a rolling 12 month period.

7.1.7 If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, the Chief Compliance Officer shall serve a notice of charges (a "**Notice**") on the participant alleged to have been responsible for the violation (such participant, the "**Respondent**").

7.1.8 The Respondent shall serve on the Chief Compliance Officer a written answer (an "**Answer**") to the Notice and a written request for a hearing on the charges within thirty (30) days of the date of service of the Notice. The Answer must include a statement that the Respondent admits, denies, or does not have and is unable to obtain sufficient information to deny each allegation.

7.1.9 Formal hearings on any Notice shall be conducted by the "**Hearing Panel**" selected by the Board. The Hearing Panel may not include any members of the Market Regulation Staff, or any person involved in adjudicating any other stage of the same proceeding. The Hearing Panel must meet the composition detailed in CFTC Regulation 1.64(c), which requires that whenever the Hearing Panel is acting with respect to a disciplinary action in which the Respondent is a member of the Board, the Review Panel or the Hearing Panel or when the suspected violation involves manipulation (or attempted manipulation) of the price of a Contract or conduct which directly results in financial harm to a non-member of the Applicant that: (a) at least one member of the Hearing Panel is not a member of the Facility; ; and (b) the Hearing Panel include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person in the conduct of the Hearing Panel's responsibilities.

7.1.10 Prior to the commencement of the hearing, the Hearing Panel may accept a written offer of settlement from the Respondent, whereby the Respondent, without either admitting or denying any violations, may agree to: (1) a cease and desist order; (2) a fine for each violation plus the monetary value of any benefit received as a result of the violation (provided that in no case shall any fine exceed $100,000 per violation); (3) restitution of any counterparty harm; and/or (4) revocation or suspension of trading privileges.

7.1.11 Rule 510 sets out the Applicant's procedures for holding a hearing. After the hearing is complete, the Hearing Panel must render a written decision based upon the weight of evidence and must provide a copy to the Respondent. There is no right of a Respondent to appeal a decision by the Hearing Panel to the Facility. However, a disciplinary action may be appealed to the CFTC pursuant to Part 9 of the CFTC Regulations.

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.**

8.1.1 A SEF must submit all trades that are required to be cleared to a clearing house for clearing. In the future, upon additional products being added to the Applicant's SEF, the exact date of which is not yet known, the Applicant will provide direct connectivity for clearing to LCH.Clearnet Limited, which operates under a recognition order in Ontario and is registered as a derivatives clearing organization ("**DCO**") with the CFTC. The Applicant does not currently require that Ontario-based participants become clearing members of a clearing house or rely on another clearing member for clearing because the products traded on the Applicant's SEF are not currently subject to a mandatory clearing requirement.

8.1.2 Any cleared swap that is rejected for clearing by a clearing house for any reason is treated as void *ab initio* and is canceled by the Facility. Participants may attempt to re-execute such transactions on the Facility after the cleared swap is canceled. Component legs of package transactions that are rejected for clearing are also treated as void *ab initio* and are canceled by the Facility. However, such rejected legs of a Package Transaction may be resubmitted for clearing

without re-execution on the Facility pursuant to the "new trade/old terms" procedures set forth in Rule 204 of the Rulebook.

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.**

8.2.1 The Applicant has assured itself that LCH.Clearnet Limited has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls. As noted above, the clearing house is registered as a DCO with the CFTC and regulated in Ontario. As a DCO, the clearing house must comply with the DCO Core Principles, including CFTC Regulation 39.13 – *Risk management* ("**CFTC Regulation 39.13**"), CFTC Regulation 39.10 – *Compliance with rules* ("**CFTC Regulation 39.10**"), and CFTC Regulation 39.18 – *System safeguards* ("**CFTC Regulation 39.18**").

8.2.2 CFTC Regulation 39.13 mandates the appointment by a DCO of a chief risk officer whose duties include implementing a Board-approved written risk management framework. CFTC Regulation 39.10 mandates the appointment by a DCO of a chief compliance officer ("**CCO**") whose duties include review of the DCO's written policies and procedures and compliance with each DCO Core Principle, including the risk management framework implemented by the CRO under CFTC Regulation 39.13. The CCO's review of the DCO's policies and procedures is included in an annual compliance report submitted to the CFTC.

8.2.3 CFTC Regulation 39.18(b) mandates the establishment and maintenance of a program of risk analysis and oversight with respect to the DCO's operations and automated systems. CFTC Regulation 39.18(j) further requires that a DCO's automated systems and business continuity and disaster recovery capabilities be tested by objective, independent and qualified professionals on a periodic basis. Service Organization Control 1 and 2 audits that meet the requirements of CFTC Regulation 39.18(j) are conducted annually.

9. Systems and Technology

9.1 **System 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.

9.1.1 The Applicant's Facility 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.

9.1.2 The Applicant has put safeguards and security tools in place to protect the critical data and system components of its Facility. As discussed in paragraph 5.1.3 above, the Applicant outsources its automated trade surveillance capable of detecting potential trade practice and violations of the Applicant's Rulebook to the NFA, while maintaining full responsibility for compliance obligations.

9.1.3 The Applicant captures and retains all audit trail data necessary to detect, investigate, and prevent customer and market abuses. Such data shall be sufficient to reconstruct all trades and trade-related activity within a reasonable

period of time and to provide evidence of any violations of the rules of the Applicant. The Applicant has also developed risk monitoring tools and risk controls to prevent and reduce the potential risk of market disruptions, including but not limited to market restrictions that could pause or halt trading under market conditions prescribed by the Applicant.

9.1.4 The Applicant has established a Business Continuity Plan and Disaster Recovery document with respect to the Facility. The plan describes the Applicant's response to and address both small-scale and wide-scale service disruptions to the Applicant's Facility. The main objectives of the Applicant's Business Continuity Plan and Disaster Recovery document is to enable timely recovery and resumption of the Facility's operation and the resumption of the Applicant's fulfillment of its responsibilities and obligations following any disruptions to Facility operations, including: order processing and trade matching; transmission of matched orders to DCOs for clearing; price reporting; market surveillance; and maintenance of a comprehensive audit trail.

9.1.5 The Applicant operates and provides to participants a robust and scalable platform. Standard system monitoring metrics include capacity and performance level alerts. In addition to system level monitoring of capacity and performance of resources, the Applicant also conducts standardized application or platform capacity tests on a regular basis. This ensures the platform is well positioned to provide adequate responsiveness to customers. The data generated from these tests are used to establish present and historical benchmarks to identify performance and/or capacity hot spots or deficiencies. Additional resources are deployed where appropriate to resolve performance or capacity issues outside of the benchmark to bring performance back in line with benchmark expectation.

9.1.6 Please see Section 8 with respect to the Applicant's clearing and settlement arrangements.

9.2 **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;

(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.

9.2.1 The Applicant's Facility uses technology that is used for electronic trading platforms operated by affiliates of the Applicant (see discussion of outsourcing in paragraph 14.1.1 below).

9.2.2 The Applicant's Facility makes capacity estimates by regularly monitoring its systems usage as well as maintaining constant communications between internal parties whenever new business or possible changes in the market may increase capacity on the systems.

9.2.3 The Applicant conducts regular performance and capacity tests in a production test environment which matches production in its size, scope and infrastructure. Testing is described in paragraph 9.1.5 above.

9.2.4 The Applicant has internal policies and controls that govern system access, failures, and errors. Also, the Applicant and/or its service providers periodically conduct risk audits, internal physical security compliance inspections and covert internal and external intrusion tests. Additionally, the Applicant performs cybersecurity vulnerability testing weekly. Such tests are designed to periodically assess the operating effectiveness of security controls as well as to

monitor internal compliance with security policies and procedures. External threats such as physical hazards and natural disasters are addressed in the Applicant's Business Continuity Plan and Disaster Recovery document.

9.2.5 The Applicant and/or its service providers review the configuration of its systems as part of its regular control procedures and conducts reviews as needed when issues are identified and resolved through is Information Technology Service Management protocols. Configuration management is the subject of internal audits and is also included in the Applicant's Disaster Recovery tests.

9.2.6 The Applicant reviews and keeps current the development and testing methodology of the Systems pursuant to procedures contained in the Applicant's Compliance Manual, and Business Continuity Plan and Disaster Recovery document. The Applicant's Business Continuity Plan and Disaster Recovery document is designed to allow for the recovery and resumption of operations and the fulfillment of the duties and obligations of the Applicant following a disruption. The Applicant performs periodic tests to verify that the resources outlined in the Business Continuity Plan and Disaster Recovery document are sufficient to ensure continued fulfillment of all duties of the Applicant under FCA regulations, the CEA and CFTC Regulations.

9.2.7 Complete backups are stored in an approved off-site storage facility pursuant to the Applicant's Business Continuity Plan and Disaster Recovery document. This data is retained off-site for an appropriate amount of time (daily, weekly, or monthly), depending on the specific need of the application.

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.**

9.3.1 The Applicant provides extensive market integrity controls to ensure fair and efficient markets. The Applicant uses risk monitoring tools and risk controls to prevent and reduce the potential risk of market disruptions, including the following: (i) price outlier detection tool; (ii) pricing change monitoring tool; (iii) trading kill switch; (iv) notional outlier size limitations; (v) authorized trader lists and asset class limitations; (vi) trade rejection capability; and (vii) trade cancellation capability.

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.**

10.1.1 The Applicant has adequate financial and staff resources to carry on its activities in full compliance with its regulatory requirements and with best practices. Under U.S. SEF Regulations, a SEF must submit financial statements to the CFTC and maintain adequate financial resources to cover its operating costs for a period of at least one year, calculated on a rolling basis. A SEF must also hold liquid financial assets equal to at least six months' operating costs. The Applicant maintains the current minimum capital amounts needed, and will maintain any future minimum capital amounts needed, to meet CFTC requirements.

11. Transparency

11.1 **Trading Practices – Trading Practices are fair, properly supervised and not contrary to the public interest.**

11.1.1 The Applicant is obligated to comply with U.S. SEF Regulations, which, as described in 6.1.2 above, require trading practices that are fair, properly supervised and not contrary to the public interest. The U.S. SEF Regulations also require that the Applicant implements rules that require compliance with the U.S. SEF Regulations by its participants. The Applicant's Rulebook, which address SEF trading practices, are subject to the standards and requirements outlined by the SEF Core Principles. At a high level, the SEF Core Principles and Applicant's Rulebook both seek to ensure fair and orderly markets accessible to all eligible participants that are properly supervised and operated in a manner consistent with 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.**

11.2.1 Rules pertaining to order size and limits are set forth in Chapter 4 of the Rulebook. As noted in 11.1.1 above, the Applicant's Rulebook is subject to the standards and requirements outlined by the SEF Core Principles, and are subject to periodic review by the Applicant to ensure that the limits are fair, equitable and appropriate for the market. The Applicant submits that its rules 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 the Foreign Regulator. This information is also provided to all participants on an equitable basis.**

11.3.1 Core Principle 9 requires a SEF to make public timely information concerning swaps transactions executed on the SEF. The Applicant fulfills Core Principle 9 by posting trade data to its website daily, including previous day high, low, open and close price and total volume, and by reporting swaps data to DTCC, the swaps data repository for the Applicant's Facility.

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.**

12.1.1 The Applicant operates a Facility that is regulated by the FCA (as an MTF) and the CFTC as a SEF. A SEF is a self-regulatory organization under CFTC rules and has certain obligations to monitor participants' trading activity on the Facility under Sections 37.203(e), 37.401, 37.402 and 37.403 of the CEA.

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.**

12.2.1 Core Principle 2 requires a SEF to collect information, examine members' records, direct supervision of the market, maintain sufficient compliance staff, establish procedures for and conduct audit trail reviews, perform real-time market monitoring and market surveillance and establish an automated trade surveillance system. The Applicant has instituted all these controls and has adequate resources available to ensure that controls are properly applied. Principle 2 also requires a SEF to adopt a rule enforcement program, disciplinary procedures and sanctions. Section 7 of this application describes the resources available to the Facility to investigate and discipline participants for rule violations. Also, Chapter 5 of the Applicant's Rulebook sets out the Applicant's disciplinary rules and Chapter 7 prescribes the Applicant's dispute resolution procedures.

12.2.2 The CCO and the Head of Compliance and Oversight (the "**CF10**") are both appointed by the Board and assist the Applicant in meeting its regulatory obligations, as set out by the CFTC and the FCA, respectively. References by the Applicant to the "Compliance Function" is intended to mean, for CFTC related considerations, the CCO and, for FCA related considerations, the CF10. To the extent that any of the activities concern both the CFTC and FCA, the CCO and the CF10 co-operate to ensure compliance with the respective regulations.

12.2.3 It is the duty of the Compliance Function to enforce the Facility's rules and to assess the quality of its compliance oversight and disciplinary policies and procedures. As noted in this application, the Applicant's market regulation staff, under the direction and direct supervision of the Compliance Function, is responsible for conducting investigations of possible violations of any of the Applicant's rules ("**Violations**"), preparing written reports with respect to such investigations, furnishing such reports to the Facility's disciplinary panels and conducting the prosecution of any Violations in accordance with Chapter 5 of the Rulebook. The Compliance Function, on an ongoing basis, reviews the performance of staff and, where necessary, establishes procedures for the remediation of noncompliance issues. The Compliance Function (including the CCO and the CF10) reports directly to the Board. The CCO is supervised by the Board's Regulatory Oversight Committee. The Compliance Function is required to meet with the committee at least quarterly and review the Facility's self-regulatory program, including compliance oversight and disciplinary processes. The Regulatory Oversight Committee reviews the performance of the Compliance Function and prepares an annual report to the Board and the CFTC assessing the self-regulatory programs of the Facility, including a description of the program, the expenses of the program, the staffing and structure of the program, a catalog of investigations and disciplinary actions taken during the year, and a review of the performance of the disciplinary panels and the CCO.

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.**

12.3.1 Please see paragraph 16.1.1 below.

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.**

13.1.1 The Applicant collects data on a daily basis related to its regulated activity in compliance with Core Principle 10 – *Recordkeeping and Reporting*. The Applicant is required to maintain records of all activities relating to its business, including data related to order messaging, order execution and pricing. Data is collected from across the Facility, independent of whether the transaction was privately negotiated or matched in the central limit order book. The Applicant maintains a precise and complete data history, referred to as the audit trail, for every order entered and transaction executed across the Facility. Audit trail information for each transaction includes the order instructions, entry time, modification time, execution time, price, quantity, account identifier and parties to the transaction. On a daily basis, files of all electronic order and cleared trade information are archived to non-rewritable media, and copies are stored at multiple locations to ensure redundancy and critical safeguarding of the data. Furthermore, as a safeguard, the CFTC and the Applicant require participants to maintain all audit trail data for a minimum of five years.

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.**

14.1.1 The Applicant has entered into several licensing and services agreements with affiliates and unaffiliated third parties for the use of (i) credit checking and trade reporting technology, (ii) the Facility's matching engine, (iii) front, middle and back office functionality (including trade input and execution, booking and confirmation, monitoring, invoicing and billing), (iv) software and (v) various support services, including operations and compliance support, trade reporting, books and records, on-boarding of clients, telecommunications and information technology. These agreements permit the Applicant to meet its obligations and are in accordance with industry best practices. The outsourcing arrangements have terms that allow the Applicant to monitor the services provided to ensure that the Applicant meets its regulatory obligations with respect to the outsourced service and that the any services are provided in accordance with industry best practices. The Applicant at all times retains responsibility for any functions delegated to any service provider, including the NFA, and the ultimate decision making authority.

14.1.2 As described more fully in paragraph 5.1.2 above, the Applicant has contracted with the NFA to perform certain surveillance, investigative and regulatory functions under the Applicant's Rulebook.

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.

15.1.1 The CFTC requires that the Applicant must charge comparable fees for participants receiving comparable access to, or services from, the Facility. The Applicant complies with this requirement and therefore fees charged by the Applicant do not create an unreasonable condition or limit on access by participants.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

15.1.2 The Applicant is required by CFTC Regulations and the FCA to charge all Participants fees that are impartial, transparent and applied in a fair and non-discriminatory manner. The Board of the Applicant has the sole authority to set the times and amounts of any assessments or fees to be paid by participants. All fee changes must be submitted to the CFTC for certification or approval under Part 40 of the CFTC Regulation prior to their implementation. The Applicant provides its fee schedule to each participant.

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 cooperate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.**

16.1.1 It is the Applicant's policy to respond promptly and completely, through the legal and compliance departments, to any proper regulatory inquiry or request for documents. All inquiries and other communications from the Commission will be referred immediately to the Applicant's legal and compliance departments.

16.1.2 Rule 206 of the Rulebook authorizes the Applicant to enter into information-sharing agreements or other arrangements or procedures necessary to allow the Applicant to obtain any necessary information to perform any monitoring of trading and trade processing, provide information to other markets, the CFTC, the FCA, the Ontario Securities Commission or any other governmental body with jurisdiction over the Applicant upon request and which allow the Applicant to carry out such international information-sharing agreements as may be required. Also, the Applicant may enter into any information-sharing arrangement with any person or body (including the CFTC, the FCA, the Ontario Securities Commission, the NFA, any self-regulatory organization, any SEF, DCM, market, clearing organization or any Governmental Body). The Applicant shares or will share information with DTCC (as a designated swap repository) and LCH (as clearing agency for cleared trades).

16.2 **Oversight Arrangements – Satisfactory information sharing and oversight agreements exist between the Ontario Securities Commission and the Foreign Regulator.**

16.2.1 The FCA and CFTC have entered into memorandum of understanding ("**MOU**") arrangements for co-operative enforcements with foreign regulatory authorities in numerous jurisdictions. The MOUs typically provide for access to non-public documents and information already in the possession of the regulatory authorities, and often include undertakings to obtain documents and to take testimony of, or statements from, witnesses on behalf of a requesting regulatory authority. The FCA, the Bank of England and the Commission are parties to an MOU that came into effect on August 21, 2013. The CFTC and the Commission are parties to an MOU that was entered into by the parties on March 25, 2014. The MOU is available at:
https://www.osc.gov.on.ca/en/About_mou_20140327_nmou-covered-entities.htm.

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).**

17.1.1 The Applicant adheres to the standards of IOSCO by virtue of the fact that it must comply with the CEA and CFTC Regulations, which reflect the IOSCO standards. The Applicant is regularly examined by the FCA and CFTC and during these examinations the IOSCO standards to which they are subject are taken into account.

PART IV SUBMISSIONS BY THE APPLICANT

1.1 The swaps that trade on the Applicant's Facility fall under the definition of "derivative" set out in subsection 1(1) of the Act. The Facility operated by the Applicant falls under the definition of "marketplace" set out in subsection 1(1) of the Act because it brings together buyers and sellers of derivatives and uses established, non-discretionary methods under which orders interact with each other.

1.2 An "exchange" is not defined under the Act; however, subsection 3.1(1) of the companion policy to National Instrument 21-101 – *Marketplace Operation* provides that a "marketplace" is considered to be an "exchange" if it, among other things, sets requirements governing the conduct of marketplace participants or disciplines marketplace participants. A SEF is a self-regulatory organization under CFTC rules and has certain obligations to monitor participants' trading activity. Because a SEF regulates the conduct of its participants, it is considered by the Commission to be an exchange for purposes of the Act.

1.3 Pursuant to OSC Staff Notice 21-702 – *Regulatory Approach for Foreign-Based Stock Exchanges*, the Commission considers an exchange located outside Ontario to be carrying on business as an exchange in Ontario if it provides Ontario Participants with direct access to the exchange. Since the Applicant provides Ontario Participants with direct access to trading derivatives on its Facility, it is considered by the Commission to be "carrying on business as an exchange" in Ontario and therefore must either be recognized or exempt from recognition by the Commission.

1.4 The Applicant satisfies all the criteria for exemption from recognition as an exchange set out by Commission Staff, as described under Part III of this application. Ontario market participants that trade in swaps would benefit from the ability to trade on the Applicant's Facility, as they would have access to a range of swaps and swap counterparties that otherwise may not be available in Ontario. Stringent FCA and CFTC oversight of the Applicant's Facility as well as the sophisticated information systems, regulations and compliance functions that have been adopted by the Applicant will ensure that Ontario users of the Facility are adequately protected in accordance with international standards set by IOSCO.

1.5 Based on the foregoing, we submit that it would not be prejudicial to the public interest to grant the Requested Relief.

PART V CONSENT TO PUBLICATION

The Applicant consents to the publication of this application for public comment.

Yours very truly,

"Steven Bartfield"
Chief Compliance Officer

c. Blair Wiley, *Osler, Hoskin & Harcourt LLP*

ANNEX II

DRAFT ORDER

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

AND

IN THE MATTER OF
NEX SEF LIMITED

ORDER
(Section 147 of the Act)

WHEREAS NEX SEF Limited (**Applicant**) has filed an application dated May 1, 2017 (**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 the United States Commodity Futures Trading Commission (**CFTC**) granted the Applicant permanent registration as a swap execution facility (**SEF**) on April 20, 2017;

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. The ultimate parent company of the Applicant is NEX Group 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 a 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 derivatives that are regulated as swaps by the CFTC. The Applicant's SEF supports order book functionality. Additional trading functionality may be added in the future, subject to obtaining any required regulatory approvals;

1.4 In the United States, the Applicant operates under the jurisdiction of the CFTC and obtained registration with the CFTC to operate a SEF on April 20, 2017;

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 LCH.Clearnet Limited;

1.10 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above; 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 Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission attached hereto as Schedule "A" to this order, or the determination whether it is appropriate that the Applicant continue to be exempted from the requirement to be recognized as an exchange, 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 the 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 _____, 2017.

_____

_____

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 which it is subject to;

    (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 security breach, systems failure, malfunction or delay (including cyber security breaches, 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).

Index