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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Notice of Amendments – Bills 70 and 127

NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND THE COMMODITY FUTURES ACT

On December 8, 2016, the Government's Bill 70, *Building Ontario Up for Everyone Act (Budget Measures), 2016* received Royal Assent. Amendments to the *Commodity Futures Act* and *Securities Act* were included in Bill 70.

On May 17, 2017, the Government's Bill 127, *Stronger, Healthier Ontario Act (Budget Measures), 2017* received Royal Assent. Amendments to the *Commodity Futures Act* and *Securities Act* were included in Bill 127.

An explanation of these amendments is provided in Chapter 9.

Questions may be referred to:

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1.1.2 CSA Staff Notice 33-319 Status Report on CSA Consultation Paper 33-404 Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients

CSA STAFF NOTICE 33-319
STATUS REPORT ON CSA CONSULTATION PAPER 33-404
PROPOSALS TO ENHANCE THE OBLIGATIONS OF
ADVISERS, DEALERS, AND REPRESENTATIVES TOWARD THEIR CLIENTS

May 11, 2017

Introduction

On April 28, 2016, the Canadian Securities Administrators (the **CSA** or **we**) published CSA Consultation Paper 33-404 *Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients* (the **Consultation Paper**). The Consultation Paper sought comment on proposed regulatory action aimed at strengthening the obligations that securities advisers, dealers and representatives (**registrants**) owe to their clients. The purpose of this Notice is to provide a high level summary of the consultation process to date, identify certain of the high level key themes that have emerged through this process and indicate the direction that the CSA will take in respect of the various proposals outlined in the Consultation Paper.

Background

The Consultation Paper sought comment on proposed regulatory action aimed at enhancing the obligations of registrants towards their clients. The Consultation Paper set out:

- a proposed set of regulatory amendments (the **targeted reforms**) to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and potential guidance, and
- a proposed regulatory best interest standard, accompanied by guidance.

The British Columbia Securities Commission did not consult on the proposed regulatory best interest standard.

Consultation Paper

(i) Key concerns

The Consultation Paper outlined five key concerns with the client registrant relationship that the CSA had identified, namely:

- clients are not getting the value or returns they could reasonably expect from investing
- the expectations gap created in some cases by misplaced trust or overreliance by clients on their registrants
- conflicts of interest
- information asymmetry between clients and registrants
- clients are not getting outcomes that the regulatory system is designed to give them

(ii) Targeted reforms

The CSA developed a set of targeted amendments to NI 31-103 that would work together to better align the interests of registrants with the interests of their clients and enhance various specific obligations that registrants owe their clients. The proposed targeted reforms covered the following areas:

- Conflicts of interest
- Know your client
- Know your product
- Suitability
- Relationship disclosure

- Proficiency
- Titles
- Designations
- Role of UDP and CCO
- Statutory fiduciary duty when client grants discretionary authority

(iii) Regulatory best interest standard

The Consultation Paper also sought comment on a proposed regulatory best interest standard that would serve as an overarching standard and governing principle that all other client-related obligations would be interpreted by. The proposed standard is not intended to be a fiduciary duty. The Consultation Paper set out the following principles that would guide the interpretation of the proposed best interest standard:

- act in the best interest of the client
- avoid or control conflicts of interest in a manner that prioritizes the client's best interests
- provide full, clear, meaningful and timely disclosure
- interpret law and agreements with clients in a manner favourable to the client's interest where reasonably conflicting interpretations arise
- act with care

Consultation Process

The comment period ended on September 30, 2016 and the CSA received over 120 comment letters. In this Notice, we provide a summary of the key themes and issues which were raised in the comments. More fulsome detail on the comments received during this comment period will be provided during the rule proposal process. Approximately 85% of the comment letters we received were from industry stakeholders (including registrants, industry associations and law firms), and approximately 15% of the comment letters were from non-industry stakeholders (including investors, investor advocates, academics and others).

The CSA also engaged in extensive in-person consultations following the publication of the Consultation Paper, including registrant outreach sessions, meetings with individuals as well as groups of stakeholders, speaking at conferences and meeting with members from self-regulatory organizations (**SROs**). The CSA also organized a series of roundtable sessions held across five jurisdictions in the following cities: Vancouver, Toronto, Halifax, Montreal and Calgary. The roundtable sessions were an opportunity to gather additional stakeholder feedback and explore key themes that emerged from the comment letters.

We thank those who have contributed to our consultation process to date by responding to our request for comments and/or by participating in one or more of the activities described above. We appreciate the time that stakeholders have taken to provide detailed, very extensive and thoughtful comments. We have gathered a great deal of information from this process, which we have carefully considered and will continue to use to inform our approach going forward.

The feedback from our consultation process was critical of a number of the proposals in the Consultation Paper. As noted below, we have carefully considered the feedback received from stakeholders and will be proceeding with proposed reforms in a manner that is responsive to the feedback received.

Themes from the Consultation

(i) Targeted Reforms

The comments from industry stakeholders reflected a very broad spectrum of views on the proposals. The following are some of the key themes from industry that emerged from the consultation on the proposed targeted reforms:

- the proposed targeted reforms are too prescriptive in nature
- depending on the registration category, some of the proposed reforms would be difficult for registered firms to implement

- the proposed targeted reforms are over-broad in their approach and application, with many commenters describing them as taking a one-size-fits-all approach that does not reflect the differences in registration categories, business models or range in the needs of clients for financial advice
- existing requirements, whether in securities legislation, including NI 31-103, SRO rules or professional codes of conduct, are sufficient to address the concerns identified in the Consultation Paper
- the reforms, as proposed, will have significant unintended consequences, including potentially reducing the number of products firms offer and the types of products registrants recommend to clients
- the CSA should wait to measure the impact of other regulatory initiatives, namely CRM2 and Point of Sale, before proceeding with further reforms
- the proposed targeted reforms do not consider the value of advice and advisors and the value they deliver to clients, and disregard the importance of representatives' judgement

The comments from non-industry stakeholders also reflected a full range of views on the proposals. The following are some of the key themes from investor advocates and non-industry stakeholders that emerged from the consultation on the proposed targeted reforms:

- the CSA should focus on compensation and incentives to move the industry towards a client-centered advice model rather than an incentives-driven model
- disclosure is not an effective means for addressing conflicts of interest
- support limiting the use of specific client-facing titles
- the proposed targeted reforms are not adequate to provide effective investor protection without an overarching best interest standard

(ii) Regulatory Best Interest Standard

The following are some of the key themes from industry that emerged from the consultation on the proposed regulatory best interest standard:

- concern that it will create legal and regulatory uncertainty with risk of significant unintended consequences
- concern over the potential lack of harmonization across jurisdictions
- concern over how to operationalize the standard, assess whether the standard is met, and supervise compliance
- not clear how the standard would apply across all registration categories and business models
- of the few in industry who supported the proposed regulatory best interest standard, some suggested that a regulatory best interest standard would be preferable to the proposed targeted reforms, and that if a principles-based standard is adopted, more prescriptive requirements in the targeted reforms would not be necessary

The following are some of the key themes from investor advocates and non-industry stakeholders that emerged from the consultation on the proposed regulatory best interest standard:

- a regulatory best interest standard is needed as a guiding principle
- the standard is needed because of the inequality in the relationship between investors and their registrant and that disclosure is not sufficient to address this inequality in the relationship
- investors already believe that their registrants are acting in their best interest and a regulatory best interest standard would close this expectations gap
- some commenters suggest moving beyond a best interest standard to a fiduciary standard for all registrants
- consideration is needed of how a regulatory best interest standard would apply in certain business models

Direction on Key Areas of Consultation

(i) Targeted Reforms

We have carefully considered the feedback received from stakeholders and have reviewed the targeted reforms outlined in the Consultation Paper in light of the issues raised in the comments.

The CSA remain committed to addressing the issues we have identified in the client-registrant relationship and raising the bar on what is required of registrants. This includes better aligning the interests of registrants with the interests of their clients, improving outcomes for clients and clarifying the nature of the client-registrant relationship. To achieve these outcomes, we will proceed with certain reforms in each of the targeted reform areas. We think these reforms will significantly enhance the standard of conduct required of registrants.

The CSA will reconsider some of the proposed targeted reforms, including:

- the mandatory collection of basic tax information that was proposed as part of the know your client reforms
- the element of the know your product proposal that would require the market investigation of a reasonable universe of products, and the differentiation of know your product requirements based on whether a firm is proprietary or mixed / non-proprietary in terms of its product offering
- considering adding an element of reasonableness or other modification to the requirement for representatives to understand and consider the structure, product strategy, features, costs and risks of each security on their firm's product list
- the default requirement to perform a suitability assessment at least once every 12 months absent a triggering event, and the requirement to perform a suitability assessment if there is a significant market event affecting capital markets to which the client is exposed

The CSA will also reconsider certain wording expressed in some of the proposed targeted reforms in light of comments received. For example, the wording of the proposal that a registrant must ensure a recommendation to a client is "most likely to achieve a client's investment needs and objectives, given the client's financial circumstances and risk profile, based on a review of the structure, features, product strategy, costs and risks of the products on the firm's product shelf" will be reconsidered.

As we consider the application of all the targeted reforms, we will look for ways to address concerns about a one-size-fits-all approach by incorporating the concept of scalability, where appropriate. For example, it may be appropriate for some of the proposals related to suitability or know your client to be scalable based on the nature of the relationship between the client and the registrant.

We will also consider changes to refine or eliminate a number of the prescriptive elements from the targeted reforms.

The above is not an exhaustive list of revisions or changes we may make to the targeted reforms as proposed in the Consultation Paper.

Detailed notices will be published by the CSA when rule proposals are published for comment, and stakeholders will have the opportunity to provide their comments on the proposed changes.

As next steps, we will prepare draft rule amendments to NI 31-103 as well as draft guidance. The CSA has identified certain reforms that should be given higher priority in the next phase of work. Proposed amendments in the following areas will be prioritized as they are fundamental to addressing the harms identified in the Consultation Paper:

- Conflicts of interest
- Suitability
- Know your client
- Know your product
- Relationship disclosure
- Titles and designations

The CSA will work with the SROs as we continue to refine these reforms. We are committed to working together, along with the SROs, to take compliance and enforcement action on existing rules and the targeted reforms, once implemented, in order to achieve the outcomes we seek.

In our analysis of the various reforms, it has become clear that the proficiency reforms may require a longer-term project in order to advance the work. The CSA plans to advance the proficiency reforms through a separate CSA project.

Additionally, the CSA intends to advance the proposed reforms to impose a statutory fiduciary duty when a client grants discretionary authority and to clarify the role of UDPs and CCOs, although the timing of this work has not yet been determined.

(ii) Regulatory Best Interest Standard

The CSA remain firmly committed to developing the targeted reforms. We are unanimous on implementing change and raising the bar in order to significantly strengthen the standard of conduct and make the client-registrant relationship more centered on the interests of the client.

The OSC and FCNB expressed their support for a regulatory best interest standard that would act as a guiding principle in the Consultation Paper, while the BCSC, AMF, ASC and MSC expressed strong concerns about the benefits of introducing a regulatory best interest standard over and above the targeted reforms.

The OSC and the FCNB are committed to further work to articulate a regulatory best interest standard and will carry out further consultation with stakeholders and SROs in order to be responsive to comments received on this proposal during the consultation process.

The AMF, ASC, MSC and BCSC will not be doing further work on the proposed regulatory best interest standard. In their view, in the current regulatory and business environment, implementing the targeted reforms to deal with specific harms identified will meaningfully and practically lead to better investor outcomes and advance the best interest of all investors. For example, the targeted reforms will require registrants to deal with conflicts in a manner that prioritizes the interests of the client ahead of the interests of the registrants. The BCSC and AMF are further of the view that introducing a regulatory best interest standard in the current regulatory environment, in which conflicts would still be permitted to exist between registrants and their clients, could exacerbate one of the harms the CSA identified, being misplaced trust and overreliance by clients on their registrants.

The NSSC and the FCAA are focused on finalizing the targeted reforms. Based on the comments received on the regulatory best interest standard proposal they have concerns about the standard as proposed. The NSSC and the FCAA may be open to further considering a regulatory best interest standard provided substantial revisions are made to add clarity and predictability. Towards this end they will consider the results of the OSC's and FCNB's further consultations with stakeholders and SROs.

Timing of Next Steps

Over the 2017-2018 fiscal year, the CSA will prioritize the work on many of the targeted reforms. This work will culminate in rule proposals that will be published for comment, providing further opportunity for meaningful input from stakeholders. For those jurisdictions undertaking further work on a regulatory best interest standard, this work will continue on a parallel path.

Other CSA Consultations

The CSA recognizes the interrelationship between the issues addressed in the Consultation Paper and CSA Consultation Paper 81-408 *Consultation on the Option of Discontinuing Embedded Commissions*, published January 10, 2017 and open for comment until June 9, 2017. Staff will continue to coordinate policy considerations on these initiatives going forward.

Questions

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Lance Kotton – ss. 127, 127.1

IN THE MATTER OF
LANCE KOTTON

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 26, 2017 at 11:00 a.m. or as soon thereafter as the hearing can be held;

AND FURTHER TAKE 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 23, 2017 between Staff of the Commission and Lance Kotton;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated May 23, 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 23rd 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
LANCE KOTTON

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

A. Overview

1. This matter concerns the misleading statements and fraudulent conduct of Lance Kotton ("Kotton"), the founder and directing mind of the Titan Equity Group Ltd. ("TEG"), contrary to sections 44(2) and 126.1(1)(b) of the *Securities Act*, RSO 1990, c S5, as amended (the "Act"), respectively. The conduct in question is in connection with the solicitation and sale of securities of a number of issuers within a larger corporate structure that was controlled and managed by Kotton (the "Titan Group").

2. Between April 2011 and November 2015 (the "Material Time"), the Titan Group raised an aggregate of approximately $40 million from 394 investors, mostly in Ontario. As of March 2017 and following the sale of assets by the Receiver (as defined below), the shortfall to individual investors and other unsecured creditors of the Titan Group is approximately $24 million. This amount remains outstanding.

B. The Respondent

(i) Lance Kotton

3. During the Material Time, Kotton was a resident of Vaughan, Ontario. Kotton has never been registered with the Commission in any capacity.

4. Kotton was the president ("President") and chief executive officer ("CEO") and sole shareholder of Titan Equity Group ("TEG"). Kotton owned, directly or indirectly, most of the entities in the Titan Group (the "Titan Entities") described below. Kotton was also the President as well as the sole officer and director of some of them.

The Titan Group

5. TEG was formed in March 2012. The primary purpose of TEG was to market and sell securities to individual investors in order to acquire and develop real estate projects, including:

(a) A retirement residence known as "Villa Del Sole", located in Woodbridge, Ontario;

(b) The property known as "Oxford on Bathurst", located in Richmond Hill, Ontario; and

(c) The property known as "Kotton Cachet", also located in Richmond Hill, Ontario; (collectively, the "Properties").

6. In summary, the roles performed by each of the Titan Entities are as follows:

Titan Group Entity	Role
TEG	Solicited investments from investors, primarily in Ontario. Owned by Lance Kotton, directly.
Executive Leasing Inc. ("Executive")	Received and disbursed investor funds from 2011 to 2014.
Executive Leasing Capital Corp. ("ELCC")	Acted as the manager and administrator of the Properties, and received and disbursed investor funds. ELCC solicited investments from investors prior to the formation of TEG.
Shan-Kael Group Inc. ("Shan-Kael")	The registered owner and operator of Villa Del Sole.

Titan Group Entity	Role
2216296 Ontario Inc.	Kotton's personal company for a pre-Titan project and held 65.6% of Shan-Kael, which owned Villa Del Sole.
Titan 10703 Bathurst Inc. ("10703 Bathurst")	The registered owner of the Oxford on Bathurst.
Titan 10703 Bathurst Holdings Inc. ("10703 Bathurst Holdings")	Owned 100% of the Class B Common shares of 10703 Bathurst, which owned the Oxford on Bathurst, and raised investor funds through the issuance of preferred shares.
Titan Real Estate Acquisition & Development Corp.	Owned by TEG directly. Owned 100% of the common shares of TREAD Finance Corp., 230 Major Mack Holdings Inc., and Titan 10703 Bathurst Inc.
Titan 230 Major Mack Inc. ("230 Major Mack")	The registered owner of Kotton Cachet.
230 Major Mack Holdings Inc. ("MM Holdings")	Owned 100% of the shares of 230 Major Mack, which owned Kotton Cachet, and raised investor funds through the issuance of preferred shares.
Tread Finance Corp. ("TREAD")	Issued promissory notes to investors to raise funds for the Properties.

7. All of the Titan Entities were incorporated in Ontario, with the exception of TREAD, which is an Alberta company. None of the Titan Entities have ever been reporting issuers in Ontario nor have they ever been registered with the Commission in any capacity.

8. In addition to selling securities to individual investors, Kotton, through the Titan Group, raised funds by way of secured mortgages from institutional lenders.

The Receivership in 2015

9. In November 2015, a receiver was appointed (the "Receiver") over the assets of the Titan Group and Kotton, personally, pursuant to section 129 of the Act. Through the receivership proceeding (the "Receivership"), all of the Titan Group's assets and Kotton's personal assets, including his house, were liquidated.

10. Although the Properties were sold by the Receiver for aggregate gross proceeds of over $40 million, almost $17 million in excess of their acquisition price, there were insufficient funds to fully repay all investors/creditors out of the recoveries on the Properties.

11. As of March 2017, the shortfall to individual investors and other unsecured creditors is approximately $24 million. This amount remains outstanding.

C. Background to Allegations

(i) Titan Securities Issued

12. Kotton and TEG raised funds from investors through the sale and issuance of three main types of securities: syndicated or pooled mortgage investments ("PMIs") issued in connection with Villa Del Sole, Oxford on Bathurst and Kotton Cachet, promissory notes and debentures issued by TREAD ("TREAD Notes") issued in connection with each of the Properties, and non-voting Class A preferred shares ("Preferred Shares") issued in connection with Kotton Cachet and Oxford on Bathurst.

13. During the Material Time, Kotton and TEG also offered participating equity agreements ("PEAs") and short term loan agreements (collectively with the PMIs, TREAD Notes and Preferred Shares, the "Titan Securities") to investors.

14. Each of the Titan Securities fall within one or more categories of "document, instrument or writing commonly known a security", "evidence of indebtedness" and/or "investment contract" and are thereby "securities" as defined in subsection 1(1) of the Act.

(ii) Misleading Statements – The Titan Marketing and Promotional Material

15. During the Material Time, TEG, at the direction and instruction of Kotton, created marketing and promotional materials to promote the sale of Titan Securities, including brochures, term sheets and presentation materials (the "Titan Marketing and Promotional Materials") that contained representations regarding Kotton's background and level of experience in the area of financial services and real estate development that overstated his actual experience in these areas.

16. Furthermore, from inception, TEG (and ELCC) purported to offer "stable generous returns". Kotton made and directed the making of these representations knowing that, at the time of these representations, TEG had not successfully developed and sold a single real estate project, nor had any of the Properties generated any positive cash flow, profit or retained earnings. Any "return" or interest paid to investors during the Material Time was a return of investor capital or sourced from other financed funds.

17. In addition, TEG created and posted videos online which contained statements that the Commission had vetted and/or approved certain of TEG's investment products and/or accounts. At no time during the Material Time, however, were any of the Titan Securities and/or accounts either vetted or approved by the Commission.

18. By making these representations, TEG made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

(iii) Villa Del Sole – Fraudulent Conduct

19. During the Material Time, Kotton and TEG raised a total of approximately $14.5 million in connection with Villa Del Sole, a retirement residence located in Woodbridge, Ontario, through the sale and issuance of PMIs, PEAs and TREAD Notes.

20. When the Receiver was appointed in November 2015, the obligations to investors and other lenders in respect of the property exceeded $19.5 million, including a $2 million third mortgage to ELCC.

21. Villa Del Sole was sold in 2016 during the course of the Receivership for approximately $6 million, the net proceeds of which were paid to the first mortgagee of the property. Accordingly, none of the PMI investors or TREAD Note-holders in respect of Villa Del Sole who had obligations outstanding at the time of the Receivership received a distribution from the sale. Investor losses on Villa Del Sole exceed $12.6 million.

22. During the Material Time, Kotton repeatedly deceived investors about the known appraised value of Villa Del Sole and knowingly sold securities in connection with Villa Del Sole that, together with the registered mortgages, exceeded any appraised value for the property. By deceiving investors in this manner, Kotton and TEG placed the pecuniary interests of investors at risk and thereby engaged in or participated in acts, practices or courses of conduct relating to securities that he knew, or reasonably ought to have known, would perpetrate a fraud on persons or companies contrary to section 126.1(1)(b) of the Act.

(iv) Oxford on Bathurst – Misleading Statements

23. During the Material Time, TEG, at the direction and instruction of Kotton, raised approximately $12 million in respect of Oxford on Bathurst through the sale of PMIs, TREAD Notes, Preferred Shares and Short Term Loans.

24. Oxford on Bathurst was a development property located in Richmond Hill, Ontario, which remained undeveloped during the Material Time. The sale of Oxford on Bathurst was completed by the Receiver in November 2015. At the time of the sale, the equity in Oxford on Bathurst was insufficient to repay investors. Investor losses on the Oxford on Bathurst are at least $6.6 million.

25. A key feature of TEG's branding in respect of both the PMIs and the TREAD Notes was the "security" offered by these investments and their "asset backed" nature. These characterizations as they related to the TREAD Notes were misleading in that a) there was insufficient credit support in place to effect the purported security and, when this became known to Kotton in 2015, he took no steps to remedy that deficiency with respect to individuals who had purchased TREAD Notes prior to that point, and b) in 2015, Kotton also caused the equity in Oxford on Bathurst to be eroded by costly short-term mortgage financings such that there was insufficient equity upon the sale of Oxford on Bathurst to repay TREAD Note-holders from the proceeds.

26. By making representations about the "secured" and "asset backed" nature of the TREAD Notes, Kotton and TEG made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

(v) Oxford on Bathurst - Short Term Loan Fraud

27. Between May 19, 2015 and July 6, 2015, Kotton raised a total of $1.6 million by causing 10703 Bathurst to issue Short Term Loans to 8 investors, increasing the total obligations against the property to $23.5 million.

28. In effecting the sales of the Short Term Loans, Kotton was aware that the most current appraised value for Oxford on Bathurst ranged from $18-21 million, at its highest, and was aware that the issuance of the Short Term Loans created obligations on the property in excess of any known appraised value for the property. By soliciting investors and causing 10703 Bathurst to issue the Short Term Loans when, as Kotton knew, the appraised value did not support the obligations owing in connection with the property, Kotton dishonestly placed investors' pecuniary interests at risk and, as such, engaged or participated in an act, practice or course of conduct relating to securities which he knew, or reasonably ought to have known, would perpetrate a fraud on investors contrary to s. 126.1(1)(b) of the Act.

(vi) Kotton Cachet – Preferred Share Fraud

29. Kotton Cachet consisted of four residential properties, each of which was occupied by a single-family detached home.

30. Kotton and TEG raised funds in respect of Kotton Cachet through the sale and issuance of a various securities, including PMIs, TREAD Notes, and Preferred Shares. During the Material Time, Kotton and TEG raised a total of approximately $8 million from investors.

31. Although the Titan Group had completed its initial plans to remove the existing dwellings and to construct a series of detached and semi-detached homes, the property remained undeveloped during the Material Time.

32. Kotton Cachet was sold during the course of the Receivership for $14.25 million. At the time of the sale, the equity in Kotton Cachet was insufficient to fully repay the TREAD Note-holders and Preferred Shareholders.

33. In total, Kotton and TEG caused MM Holdings to issue approximately $3.1 million in Preferred Shares to approximately 18 investors. The Preferred Shares were sold on the basis that they could be redeemed upon maturity for the purchase price plus any accrued but unpaid dividends.

34. Due to the structure of the Titan Group, the manner in which it raised funds, and the use of investor funds within the Titan Group, all of which was directed by Kotton, MM Holdings had, at all times during the Material Time, a shareholders' deficit and was insolvent.

35. At no time during the Material Time did Kotton or TEG disclose to investors that MM Holdings was insolvent and could not fund dividends or redemptions. These were important facts that were not disclosed to investors. By not disclosing these facts to investors, Kotton and TEG dishonestly placed investors' pecuniary interests at risk and, as such, engaged or participated in an act, practice or course of conduct relating to securities which he knew, or reasonably ought to have known, would perpetrate a fraud on investors contrary to s. 126.1(1)(b) of the Act.

D. Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

36. The specific allegations advanced by Staff are:

(a) During the Material Time, the Respondent made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;

(b) During the Material Time, the Respondent engaged or participated in an act, practice or course of conduct relating to securities that the Respondent knew, or reasonably ought to have known, would perpetrate a fraud on investors contrary to section 126.1(1)(b) of the Act;

(c) During the Material Time, the Respondent as an actual and/or *de facto* officer and director of each of the Titan Entities, authorized, permitted or acquiesced in the Titan Group's non-compliance with Ontario securities law and is responsible for same pursuant to section 129.2 of the Act; and

(d) as set out in sub-paragraphs (a) to (c), above, the Respondent engaged in conduct contrary to the public interest.

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

DATED at Toronto, May 23rd 2017.

1.3.2 Nelson Peter Bradbury – ss. 127(1), 127(10)

IN THE MATTER OF
NELSON PETER BRADBURY

NOTICE OF HEARING
(Subsections 127(1) and 127(10) of the Securities Act)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on June 12, 2017 at 2:00 p.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to subsection 127(1) and paragraph 4 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Nelson Peter Bradbury ("Bradbury") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Bradbury cease permanently, except that this order does not preclude him from trading in securities or derivatives through a registrant (who has first been given a copy of the Order of the Alberta Securities Commission dated November 8, 2016 (the "ASC Order"), and a copy of the Commission order in this proceeding, if granted) in accounts maintained with that registrant for the benefit of one or more of himself and members of his immediate family;

    b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of securities by Bradbury cease permanently, except that this order does not preclude him from purchasing securities through a registrant (who has first been given a copy of the ASC Order, and a copy of the Commission order in this proceeding, if granted) in accounts maintained with that registrant for the benefit of one or more of himself and members of his immediate family;

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

    d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Bradbury resign any positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;

    e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Bradbury be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and

    f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Bradbury be prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter;

2. such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated May 23, 2017, and by reason of the ASC Order, a Statement of Admissions and Joint Submission on Sanction between Bradbury and ASC Staff dated September 8, 2016, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on June 12, 2017 at 2:00 p.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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 the party and such party is not entitled to any further notice of the proceeding;

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 24th day of May, 2017.
"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
NELSON PETER BRADBURY

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. Nelson Peter Bradbury ("Bradbury" or the "Respondent") is subject to an order made by the Alberta Securities Commission (the "ASC") dated November 8, 2016 (the "ASC Order") that imposes sanctions, conditions, restrictions or requirements upon him.

2. In its findings on liability dated November 8, 2016 (the "Findings"), a panel of the ASC (the "ASC Panel") found that Bradbury engaged in unregistered dealing, illegal distribution and perpetrated a fraud. The ASC Panel further found that Bradbury made misleading or untrue statements to ASC Staff, and that his conduct was contrary to the public interest.

3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5 (the "Act").

II. THE ASC PROCEEDINGS

Statement of Admissions and Joint Submission on Sanction

4. Prior to the commencement of the ASC proceedings, Bradbury entered into a Statement of Admissions and Joint Submission on Sanction dated September 8, 2016 (the "Statement of Admissions"). Bradbury made admissions therein concerning the allegations of unregistered dealing, illegal distribution and fraud against him by ASC Staff. Bradbury further admitted to making misleading or untrue statements to ASC Staff, and that his conduct was contrary to the public interest.

Admitted Facts

5. Bradbury admitted certain facts within the Statement of Admissions, which the ASC Panel accepted as accurate. A summary of the admissions and the ASC Panel's Findings is as follows.

6. The conduct for which Bradbury was sanctioned took place between January 29, 2010 and March 21, 2013 (the "Material Time").

7. At the time of the ASC proceedings, Bradbury was a resident of Calgary, Alberta. Bradbury was not registered with the ASC in any capacity during the Material Time.

8. During the Material Time, Bradbury raised over $1.5 million through investment agreements with at least 16 investors. Investors provided their money to Bradbury in trust, for the purpose of investing in units of investment funds, including:

   a. Nelson Investments Short-Term Income Fund;

   b. Nelson Investments Fund;

   c. Nelson Investment Fund II;

   d. Nelson Investments Facebook Fund;

   e. NIF Facebook Fund;

   f. Nelson Investments Income Fund;

g. NIF Short-Term Income;

h. NIF Investment Fund;

i. NPB Investment Fund II; and

j. Nelson Investments Short-Term Opportunity Fund.

9. The investors agreed to let Bradbury invest on their behalf at his discretion, for trading based upon an investment model designed by Bradbury to purportedly take advantage of perceived weaknesses in the capital markets. The investment funds were to be a common enterprise, with investors relying on the efforts of Bradbury to realize the expected profits.

10. Some of the investment agreements called for profit-sharing arrangements, commonly 20% to Bradbury and 80% to the relevant investor, whereas others promised rates of return to investors of between 19% and 21%.

11. Bradbury provided some investors with periodic updates (the "Client Updates"), referencing monthly returns, gains, losses and account balances in respect of their investments.

12. In order to induce investments, Bradbury made statements to investors including, among other things, that:

a. the invested money would be used solely for investing in funds that traded in securities based on his investment model;

b. the investment model Bradbury was using was generating profits;

c. in certain instances, investor money would be used to beneficially acquire pre-IPO shares in Facebook, Inc.; and

d. Bradbury's fees and expenses would be paid from his share of the profits or interest earned.

13. In reality, the supposed investment funds were nothing more than bookkeeping or tracking mechanisms for Bradbury, and the promotional measures he utilized offered a semblance of legitimacy to investors.

14. As admitted by Bradbury in the Statement of Admissions, there was no "pre-IPO" investment or interest in Facebook, Inc., and Bradbury used approximately half of the monies given to him by investors to trade in his brokerage accounts. The Client Updates Bradbury provided to investors reflecting monthly performance figures were fictitious, as such representations were masking massive actual losses in his trading scheme. Bradbury's purported investment model never made any profits.

15. On or about April 18, 2013, Bradbury informed investors that all of their money was lost due to "market turmoil," despite having been led to believe by Bradbury, or the Client Updates, that their investments were profitable.

16. The ASC Panel found that Bradbury diverted at least $370,000 of investors' funds for personal use, including "[h]ousehold, grocery, clothing, restaurant, entertainment, vacation, and recreational expenses" and "mortgage, tax, and utility payments." Further, approximately $367,000 was used for "payments made to the investors under the guise of returns."

17. No preliminary prospectus, final prospectus or offering memoranda were filed with respect to the investments offered by Bradbury. No effort was made by Bradbury to properly qualify investors, or to comply with Alberta securities laws governing exemptions from the registration and prospectus requirements under the Alberta *Securities Act*, RSA 2000, c S-4 (the "Alberta Act"). While some investors did qualify as accredited investors or for exemptions, the majority did not.

Misleading Statements to the Alberta Securities Commission

18. In September 2011, Bradbury responded to an inquiry letter from ASC Staff, in which he made materially misleading or untrue statements, including, among other things, that he was not soliciting investors; he provided unsolicited investment guidance only to certain relatives and close family friends; he never accepted any compensation for which he provided the guidance; and he referred anyone else to licensed financial advisors. However, the ASC Panel found that by that time (during the Material Time), Bradbury had already solicited at least four investors, none of whom were family or close friends.

The ASC Findings

19. In its Findings, the ASC Panel concluded that:

a. Bradbury contravened section 75(1) of the Alberta Act by dealing in securities without being registered;

b. Bradbury contravened section 110(1) of the Alberta Act by distributing securities without filing a preliminary prospectus or prospectus, and without an exemption from the requirement to do so;

c. Bradbury contravened section 93(b) of the Alberta Act by engaging or participating in acts, practices or a course of conduct relating to securities that he knew would perpetrate a fraud on investors;

d. Bradbury contravened section 221.1(2) of the Alberta when he provided materially misleading or untrue statements to ASC Staff in September 2011; and

e. Bradbury's conduct was contrary to the public interest.

The ASC Order

20. The ASC Order imposed the following sanctions, conditions, restrictions or requirements upon Bradbury:

Market-Access Bans

(i) under section 198(1)(d) of the Alberta Act, he must resign all positions he holds as a director or officer of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

(ii) under section 198(1)(b) of the Alberta Act, he must permanently cease trading in or purchasing securities or derivatives, except that the ASC Order does not preclude him from trading in or purchasing securities through a registrant (who has first been given a copy of the ASC Order) in accounts maintained with that registrant for the benefit of one or more of himself and members of his immediate family;

(iii) under section 198(1)(c) of the Alberta Act, all of the exemptions contained in Alberta securities laws do not apply to him, permanently;

(iv) under section 198(1)(e) of the Alberta Act, he is prohibited, permanently, from becoming or acting as a director or officer (or both) of any issuer (or other person or company that is authorized to issue securities), registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

(v) under section 198(1)(e.1) of the Alberta Act, he is prohibited, permanently, from advising in securities or derivatives;

(vi) under section 198(1)(e.2) of the Alberta Act, he is prohibited, permanently, from becoming or acting as a registrant, investment fund manager or promoter;

(vii) under section 198(1)(e.3) of the Alberta Act, he is prohibited, permanently, from acting in a management or consultative capacity in connection with activities in the securities market;

Disgorgement

(viii) under section 198(1)(i) of the Alberta Act, he must pay to the ASC $370,000 obtained as a result of his non-compliance with Alberta securities laws;

Administrative Penalty

(ix) under section 199 of the Alberta Act, he must pay to the ASC an administrative penalty of $150,000; and

Cost Recovery

(x) under section 202 of the Alberta Act, he must pay to the ASC $13,000 of the costs of the ASC's investigation and hearing.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

21. The Respondent is subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements upon him.

22. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

23. Staff allege that it is in the public interest to make an order against the Respondent.

24. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

25. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*.

DATED at Toronto, this 23rd day of May, 2017.

1.3.3 Jonathan Financial Inc. and Gregory Frederick Hilderman – ss. 127(1), 127(10)

IN THE MATTER OF
JONATHAN FINANCIAL INC. and
GREGORY FREDERICK HILDERMAN

NOTICE OF HEARING
(Subsections 127(1) and 127(10) of the Securities Act)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on June 12, 2017 at 2:30 p.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to subsection 127(1) and paragraph 5 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Jonathan Financial Inc. ("Jonathan Financial") that:

    a. trading in any securities or derivatives by Jonathan Financial cease until January 23, 2020, pursuant to paragraph 2 of subsection 127(1) of the Act;

    b. trading in any securities of Jonathan Financial cease until January 23, 2020, pursuant to paragraph 2 of subsection 127(1) of the Act;

    c. the acquisition of any securities by Jonathan Financial cease until January 23, 2020, pursuant to paragraph 2.1 of subsection 127(1) of the Act; and

    d. any exemptions contained in Ontario securities law do not apply to Jonathan Financial until January 23, 2020, pursuant to paragraph 3 of subsection 127(1) of the Act;

2. against Gregory Frederick Hilderman ("Hilderman") that:

    a. trading in any securities or derivatives by Hilderman cease until January 23, 2020, pursuant to paragraph 2 of subsection 127(1) of the Act, except Hilderman is not precluded from trading in securities in his own account and for his own benefit through a registrant in registered retirement savings plans, registered retirement income funds, tax-free savings accounts or locked-in retirement accounts;

    b. the acquisition of any securities by Hilderman cease until January 23, 2020, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except Hilderman is not precluded from purchasing securities in his own account and for his own benefit through a registrant in registered retirement savings plans, registered retirement income funds, tax-free savings accounts or locked-in retirement accounts; and

    c. any exemptions contained in Ontario securities law do not apply to Hilderman until January 23, 2020, pursuant to paragraph 3 of subsection 127(1) of the Act;

3. such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated May 23, 2017, and by reason of a Settlement Agreement and Undertaking between Jonathan Financial, Hilderman and the Alberta Securities Commission dated January 23, 2017, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on June 12, 2017 at 2:30 p.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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 the party and such party is not entitled to any further notice of the proceeding;

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 24th day of May, 2017.

"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
JONATHAN FINANCIAL INC. and
GREGORY FREDERICK HILDERMAN

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. On January 23, 2017, Jonathan Financial Inc. ("Jonathan Financial") and Gregory Frederick Hilderman ("Hilderman") (together, the "Respondents") entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the "ASC") (the "Settlement Agreement").

2. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5 (the "Act").

II. THE ASC PROCEEDINGS

Agreed Facts

Parties

4. Jonathan Financial is a corporation formed pursuant to the laws of Alberta.

5. Hilderman is a resident of Calgary, Alberta. He was, at all material times, the president of Jonathan Financial, its sole director, officer and shareholder, and its guiding mind.

Circumstances

6. Between in or around January 2011 up to at least as late as May 30, 2014, Jonathan Financial sold debentures to individuals in Alberta and elsewhere in Canada.

7. Between January 2011 and May 2014, Jonathan Financial raised over $10,000,000 through the sale of these debentures. Jonathan Financial filed one report of exempt distribution with the ASC covering debentures worth $3,376,708, but made no other filings.

8. The debenture form provided to some or all of the investors indicated that their debenture was "… one of a number of secured debentures issuable by the Corporation for an aggregate principal amount of $2,000,000."

9. The debenture form provided to some or all of the investors further stated that the debentures would be secured by a floating charge in favour of the investor over "all of the present and future accounts due or accruing due to the Corporation and Hilderman as well as any future income from other sources." The debenture further stated that Jonathan Financial would complete "…all registrations or filings necessary or advisable with a relevant provincial property registries to perfect the Charge created herein."

10. The representation that the debenture sales would be sold up to an aggregated amount of $2 million would reasonably be expected to have had a significant effect on the price or value of the debenture.

11. The representation that Jonathan Financial would make filings to perfect the security interest created by the debentures would reasonably be expected to have a significant effect on the price or value of the debentures.

12. Jonathan Financial did not register the security interests created by the debentures with the Personal Property Registry of Alberta. Further, as noted in paragraph 7 above, Jonathan Financial issued debentures totaling well in excess of $2 million.

13. Hilderman was personally involved in selling the debentures and effectively made the representations described above by providing the debenture forms to investors. Further, he authorized Jonathan Financial to make the representations set out above. He also permitted Jonathan Financial to fail to file exempt distribution reports covering the entire distribution of debentures.

Admitted Breaches of Alberta Securities Laws

14. Based on the agreed facts, the Respondents admitted as follows:

    a. the Respondents breached section 6.1 of National Instrument 45-106 by failing to file reports of exempt distribution covering all of Jonathan Financial's sales of debentures; and

    b. the Respondents breached section 92(4.1) of the Alberta *Securities Act*, RSA 2000, c S-4 (the "Alberta Act") by:

        i. stating that Jonathan Financial would raise only $2 million via the distribution of securities when it in fact raised over $10 million; and

        ii. stating that Jonathan Financial would conduct all filings necessary to perfect the security interest created by the debentures when in fact Jonathan Financial did not make any such filings.

The Settlement Agreement and Undertakings

15. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta:

    (a) under section 198(1)(b) and (c) of the Alberta Act, refrain from trading in or purchasing securities or making use of any of the exemptions contained in Alberta securities law for 3 years; during this time, Hilderman is not precluded from trading in or purchasing securities in his own account and for his own benefit through a registrant in registered retirement savings plans, registered retirement income funds, tax-free savings accounts or locked-in retirement accounts;

    (b) under section 199 of the Alberta Act, jointly and severally pay to the ASC an administrative penalty in the amount of $35,000 forthwith; and

    (c) under section 202 of the Alberta Act, jointly and severally pay investigation and litigation costs to the ASC in the amount of $10,000 forthwith.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

16. In the Settlement Agreement, the Respondents each agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

17. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act. Staff allege that it is in the public interest to make an order against the Respondents.

18. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

19. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*.

DATED at Toronto, this 23rd day of May, 2017.

1.5 Notices from the Office of the Secretary

1.5.1 Lance Kotton

FOR IMMEDIATE RELEASE
May 23, 2017

IN THE MATTER OF
LANCE KOTTON

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 Lance Kotton in the above named matter. The hearing will be held on May 26, 2017 at 11:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

The Commission also issued an Order in the above named matter which provides that the hearing scheduled for Wednesday, May 24, 2017, is vacated.

A copy of the Notice of Hearing dated May 23, 2017, Statement of Allegations of Staff of the Ontario Securities Commission dated May 23, 2017 and Order dated May 23, 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)

1.5.2 Danish Akhtar Soleja et al.

FOR IMMEDIATE RELEASE
May 24, 2017

IN THE MATTER OF
DANISH AKHTAR SOLEJA,
DANSOL INTERNATIONAL INC.,
GRAPHITE FINANCE INC.,
PARKVIEW LIMITED PARTNERSHIP, and
1476634 ALBERTA LTD.

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

A copy of the Reasons and Decision and the Order dated May 23, 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)

1.5.3 TCM Investments Ltd. carrying on business as OptionRally et al.

FOR IMMEDIATE RELEASE
May 25, 2017

IN THE MATTER OF
TCM INVESTMENTS LTD.
carrying on business as OPTIONRALLY,
LFG INVESTMENTS LTD.,
AD PARTNERS SOLUTIONS LTD., and
INTERCAPITAL SM LTD.

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

1. the hearing of Staff's Application is adjourned until June 12, 2017 at 1:00 p.m.;

2. pursuant to subsection 127(7) of the Act, the Temporary Order is extended until the hearing is concluded; and

3. the title of this proceeding is amended to delete the words "carrying on business as www.optionrally.com" in reference to the respondent LFG Investments Ltd., and the amended title of proceeding shall be used for all subsequent documents in this proceeding.

A copy of the Order dated May 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)

1.5.4 Nelson Peter Bradbury

FOR IMMEDIATE RELEASE
May 25, 2017

IN THE MATTER OF
NELSON PETER BRADBURY

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on June 12, 2017 at 2:00 p.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated May 24, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 23, 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)

1.5.5 Quadrexx Hedge Capital Management Ltd. et al.

FOR IMMEDIATE RELEASE
May 25, 2017

IN THE MATTER OF
QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY AND
TONY SANFELICE

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

1. This matter is adjourned to a further confidential pre-hearing conference on July 26, 2017 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary;

2. The Respondents shall serve and file their written submissions on sanctions and costs by no later than July 17, 2017;

3. Staff shall serve and file Staff's reply submissions, if any, by no later than August 11, 2017;

4. The hearing on sanctions and costs shall be held on August 22 and 23, 2017 at 10:00 a.m., or such other dates as may be agreed to by the parties and set by the Office of the Secretary; and

5. The hearing date of July 27, 2017 is vacated.

The pre-hearing conference will be held *in camera*.

A copy of the Order dated May 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)

1.5.6 Jonathan Financial Inc. and Gregory Frederick Hilderman

FOR IMMEDIATE RELEASE
May 26, 2017

IN THE MATTER OF
JONATHAN FINANCIAL INC. and
GREGORY FREDERICK HILDERMAN

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on June 12, 2017 at 2:30 p.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated May 24, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 23, 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 Lance Kotton

FOR IMMEDIATE RELEASE
May 26, 2017

IN THE MATTER OF
LANCE KOTTON

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Lance Kotton.

A copy of the Order dated May 26, 2017 and Settlement Agreement dated May 23, 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)

1.5.8 AAOption et al.

FOR IMMEDIATE RELEASE
May 29, 2017

IN THE MATTER OF
AAOPTION,
GALAXY INTERNATIONAL SOLUTIONS LTD. and
DAVID ESHEL

TORONTO – The Commission issued its Reasons and Decision 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 Decision and the Order dated May 26, 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)

1.5.9 Money Gate Mortgage Investment Corporation et al.

FOR IMMEDIATE RELEASE
May 29, 2017

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 August 29, 2017, is granted; and

2. having reserved our decision on Staff's application to extend paragraph 2 of the Temporary Order, paragraph 2 of the Temporary Order is extended pursuant to subsection 127(7) of the Act, until we deliver our decision in respect of that portion of Staff's application.

A copy of the Order dated May 29, 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)

1.5.10 Krishna Sammy

FOR IMMEDIATE RELEASE
May 30, 2017

IN THE MATTER OF
A REQUEST FOR A HEARING AND REVIEW OF
THE DECISION OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA

AND

IN THE MATTER OF
KRISHNA SAMMY

TORONTO – The Commission issued its Reasons and Decision in the above named matter.

A copy of the Reasons and Decision dated May 29, 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)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 BlackRock Asset Management Canada Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – fund family relief from the requirement to send a printed information circular to registered holders of the securities of an investment fund – relief subject to a number of conditions, including sending an explanatory document in lieu of the printed information circular and giving securityholders the option to request and obtain at no charge a printed information circular – notice-and-access for investment funds – National Instrument 81-106 Investment Fund Continuous Disclosure.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 12.2(2)(a).

May 17, 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
BLACKROCK ASSET MANAGEMENT CANADA LIMITED
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of existing and future investment funds that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer (collectively, the **Funds**, and each, a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting an exemption from the requirement contained in paragraph 12.2(2)(a) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) for a person or company that solicits proxies, by or on behalf of management of a Fund, to send an information circular to each registered holder of securities of a Fund whose proxy is solicited, and instead allow the Funds to send a Notice-and-Access Document (as defined in condition 1 of this decision) using the Notice-and-Access Procedure (as defined in condition 2 of this decision) (the **Exemption Sought**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting* Issuer (**NI 54-101**) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer and the Funds

1. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an investment fund manager in each of the provinces and territories of Canada.

3. Each Fund is, or will be, managed by the Filer or by an affiliate or successor of the Filer.

4. Each Fund is, or will be, an investment fund and is, or will be, a reporting issuer in one or more of the Jurisdictions.

5. Neither the Filer, nor any of the existing Funds managed by the Filer, is in default of any of the requirements of securities legislation in any of the Jurisdictions.

Meetings of Securityholders of the Funds

6. Pursuant to applicable legislation, the Filer must call a meeting of securityholders of each Fund from time to time to consider and vote on matters requiring securityholder approval.

7. In connection with a meeting of securityholders, a Fund is required to comply with the requirements in NI 81-106 regarding the sending of proxies and information circulars to registered holders of its securities, which include a requirement that each person or company that solicits proxies by or on behalf of management of a Fund send, with the notice of meeting, to each registered holder of securities of a Fund whose proxy is solicited, an information circular, prepared in compliance with the requirements of Form 51-102F5 *Information Circular* of NI 51-102, to securityholders of record who are entitled to receive notice of the meeting.

8. A Fund is also required to comply with NI 51-102 for communicating with registered holders of its securities, and to comply with NI 54-101 for communicating with beneficial owners of its securities.

Notice-and-Access Procedure – Corporate Finance Issuers

9. Section 9.1.1 of NI 51-102 permits, if certain conditions are met, a reporting issuer that is not an investment fund to use the notice-and-access procedure and send, instead of an information circular, a notice to each registered holder of its securities that contains certain specific information regarding the meeting and an explanation of the notice-and-access procedure.

10. Section 2.7.1 of NI 54-101 permits a reporting issuer that is not an investment fund to use a similar procedure to communicate with each beneficial owner of its securities.

Reasons supporting the Exemption Sought

11. A meeting of investment fund securityholders is no different than a meeting of corporate finance securityholders. As a result, if the notice-and access procedure set forth in NI 51-102 and in NI 54-101 can be used by a corporate finance issuer for a meeting of its securityholders in order to send a notice-and-access document instead of an information circular, it would not be detrimental to the protection of investors to allow an investment fund to also use the Notice-and-Access Procedure to send a Notice-and-Access Document, instead of the information circular.

12. With the Exemption Sought, securityholders will maintain access to the same quality of disclosure material currently available. Without limiting the generality of the foregoing:

    (a) all securityholders of record entitled to receive an information circular will receive instructions on how to access the information circular and will be able to receive a printed copy, without charge, if they so desire; and

(b) the conditions to the Exemption Sought mandate that the Notice-and-Access Document will be sent to securityholders sufficiently in advance of a meeting so that if a securityholder wishes to receive a printed copy of the information circular, there will be sufficient time for the Filer, directly or through the Filer's agent, to send the information circular.

13. With the Notice-and-Access Procedure, no securityholder will be deprived of their ability to access the information circular in his/her preferred manner of communication.

14. In accordance with the Filer's standard of care owed to the relevant Fund pursuant to applicable legislation, the Filer will only use the Notice-and-Access Procedure for a particular meeting where it has concluded it is appropriate and consistent to do so, also taking into account the purpose of the meeting and whether the Fund would obtain a better participation rate by sending the information circular with the other proxy-related materials.

15. There are significant costs involved in the printing and delivery of the proxy-related materials, including information circulars, to securityholders in the Funds.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that, in respect of each Fund or the Filer soliciting proxies by or on behalf of management of a Fund:

1. The registered holders or beneficial owners, as applicable, of securities of the Fund are sent a document that contains the following information and no other information (the **Notice-and-Access Document**):

   (a) the date, time and location of the meeting for which the proxy-related materials are being sent;

   (b) a description of each matter or group of related matters identified in the form of proxy to be voted on unless that information is already included in a Form 54-101F6 *Request for Voting Instructions for Reporting Issuer* or Form 54-101F7 *Request for Voting Instructions Made by Intermediary* as applicable, that is being sent to the beneficial owner of securities of the Fund under condition (2)(c) of this decision;

   (c) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;

   (d) a reminder to review the information circular before voting;

   (e) an explanation of how to obtain a paper copy of the information circular and, if applicable, the financial statements of the Fund;

   (f) a plain-language explanation of the Notice-and-Access Procedure that includes the following information:

      (i) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is to be received in order for the registered holder or beneficial owner, as applicable, to receive the paper copy in advance of any deadline for the submission of voting instructions for the meeting;

      (ii) an explanation of how the registered holders or the beneficial owners, as applicable, of securities of the Fund are to return voting instructions, including any deadline for return of those instructions;

      (iii) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the Notice-and-Access Document can be found; and

      (iv) a toll-free telephone number the registered holders or the beneficial owners, as applicable, of securities of the Fund can call to get information about the Notice-and-Access Procedure.

2. The Filer, on behalf of the Fund, sends the Notice-and-Access Document in compliance with the following procedure (the **Notice-and-Access Procedure**), in addition to any and all other applicable requirements:

   (a) the proxy-related materials are sent a minimum of 30 days before a meeting and a maximum of 50 days before a meeting;

(b) if the Fund sends proxy-related materials:

(i) directly to a NOBO using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements, at least 30 days before the date of the meeting; and

(ii) indirectly to a beneficial owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements to the proximate intermediary (A) at least 3 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary by first class mail, courier or the equivalent, or (B) at least 4 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent using any other type of prepaid mail;

(c) using the procedures referred to in section 2.9 or 2.12 of NI 54-101, as applicable, the beneficial owner of securities of the Fund is sent, by prepaid mail, courier or the equivalent, the Notice-and-Access Document and a Form 54-101F6 or Form 54-101F7, as applicable;

(d) the Filer, on behalf of the Fund, files on SEDAR the notification of meeting and record dates on the same date that it sends the notification of meeting date and record date pursuant to subsection 2.2(1) of NI 54-101 (as such time may be abridged);

(e) public electronic access to the information circular and the Notice-and-Access Document is provided on or before the date that the Notice-and-Access Document is sent to registered holders or to beneficial owners, as applicable, of securities of the Fund in the following manner:

(i) the information circular and the Notice-and-Access Document are filed on SEDAR; and

(ii) the information circular and the Notice-and-Access Document are posted until the date that is one year from the date that the documents are posted, on a website of the Filer or the Fund;

(f) a toll-free telephone number is provided for use by the registered holders or beneficial owners, as applicable, of securities of the Fund to request a paper copy of the information circular and, if applicable, the financial statements of the Fund, at any time from the date that the Notice-and-Access Document is sent to the registered holders or the beneficial owners, as applicable, up to and including the date of the meeting, including any adjournment or postponement;

(g) if a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is received at the toll-free telephone number provided in the Notice-and-Access Document or by any other means, a paper copy of any such document requested is sent free of charge to the registered holder or beneficial owner, as applicable, at the address specified in the request in the following manner:

(i) in the case of a request received prior to the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent; and

(ii) in the case of a request received on or after the date of the meeting, and within one year of the date the information circular is filed on SEDAR, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent;

(h) a Notice-and-Access Document is only accompanied by:

(i) a form of proxy;

(ii) if applicable, the financial statements of the Fund to be presented at the meeting; and

(iii) if the meeting is to approve a reorganization of the Fund with another investment fund, as contemplated by paragraph 5.1(1)(f) of National Instrument 81-102 *Investment Funds*, the Fund Facts document, ETF summary document or ETF Facts, as applicable, for the continuing investment fund;

(i) a Notice-and-Access Document may only be combined in a single document with a form of proxy;

(j) if the Filer, directly or through the Filer's agent, receives a request for a copy of the information circular and if applicable, the financial statements of the Fund, using the toll-free telephone number referred to in the Notice-and-Access Document or by any other means, it must not do any of the following:

(i) ask for any information about the registered holder or beneficial owner, other than the name and address to which the information circular and, if applicable, the financial statements of the Fund are to be sent; and

(ii) disclose or use the name or address of the registered holder or beneficial owner for any purpose other than sending the information circular and, if applicable, the financial statements of the Fund;

(k) the Filer, directly or through the Filer's agent, must not collect information that can be used to identify a person or company who has accessed the website address to which it posts the proxy-related materials pursuant to condition (2)(e)(ii) of this decision;

(l) in addition to the proxy-related materials posted on a website in the manner referred to in condition (2)(e)(ii) of this decision, the Filer must also post on the website the following documents:

(i) any disclosure document regarding the meeting that the Filer, on behalf of the Fund, has sent to registered holders or beneficial owners of securities of the Fund; and

(ii) any written communications the Filer, on behalf of the Fund, has made available to the public regarding each matter or group of matters to be voted on at the meeting, whether or not they were sent to registered holders or beneficial owners of securities of the Fund;

(m) materials that are posted on a website pursuant to condition (2)(e)(ii) of this decision must be posted in a manner and be in a format that permit an individual with a reasonable level of computer skill and knowledge to do all of the following easily:

(i) access, read and search the documents on the website; and

(ii) download and print the documents;

(n) despite subsection 2.1(b) of NI 54-101, if the Fund relies upon this decision, it must set a record date for notice that is no fewer than 40 days before the date of the meeting;

(o) in addition to section 2.20 of NI 54-101, the Fund may only abridge the time prescribed in subsections 2.1(b), 2.2(1) or 2.5(1) of NI 54-101 if the Fund fixes the record date for notice to be at least 40 days before the date of the meeting and sends the notification of meeting and record dates at least 3 business days before the record date for notice;

(p) the notification of meeting date and record date sent pursuant to subsection 2.2(l)(b) of NI 54-101 shall specify that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this decision;

(q) the Filer, on behalf of the Fund, provides disclosure in the information circular to the effect that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this decision; and

(r) the Filer pays for delivery of the information circular and, if applicable, the financial statements of the Fund, to registered holders or to beneficial owners, as applicable, of securities of the Fund if a copy of such material is requested following receipt of the Notice-and-Access Document.

The Exemption Sought terminates on the coming into force of any legislation or regulation allowing an investment fund to use a notice-and-access procedure.

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

2.1.2 CI Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from s.13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades between public and exempt mutual funds, public and exempt closed-end funds, and managed accounts managed by the same or affiliated managers – Inter-fund trades subject to conditions, including IRC approval and pricing requirements – Trades involving exchange-traded securities permitted to occur at last sale price as defined in the Universal Market Integrity Rules.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5, 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

May 15, 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
CI INVESTMENTS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filer, or an affiliate of the Filer, (collectively, the **Investment Portfolio Managers** and, individually, an **Investment Portfolio Manager**) from subparagraphs 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit:

(a) each Fund (as defined below) to purchase securities from, or sell securities to, the investment portfolio of another Fund where the second Fund is:

(i) an associate of an Investment Portfolio Responsible Person (as defined below) of the first Fund; or

(ii) an investment fund for which an Investment Portfolio Responsible Person of the first Fund acts as an adviser;

and for the purchase and sale of exchange-traded securities to occur at the **Last Sale Price** (as defined below) in lieu of the closing sale price contemplated by the definition of "current market price of the security" in subparagraph 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) on that trading day (the **Closing Sale Price**);

(b) an account over which an Investment Portfolio Manager has discretionary authority (each, a **Managed Account**) to purchase securities from, or sell securities to, the investment portfolio of a Fund where the Fund is:

(i) an associate of an Investment Portfolio Responsible Person of the Managed Account; or

(ii) an investment fund for which an Investment Portfolio Responsible Person of the Managed Account acts as an adviser;

and for the purchase and sale of exchange-traded securities to occur at the Last Sale Price in lieu of the Closing Sale Price;

(collectively, the **Inter-Fund Trades**).

The Filer is also requesting that the Original Decision (as defined below) be revoked and replaced with the Exemption Sought (the **Revocation**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions*, NI 31-103, NI 81-102 or NI 81-107 have the same meaning if used in this decision, unless otherwise defined. In addition, the following terms as used in this decision have the following meanings.

Exempt Fund means an existing or future investment fund for which an Investment Portfolio Manager is the investment fund manager, adviser and/or trustee and to which NI 81-102 does not apply.

Investment Portfolio Responsible Person means, in respect of a Fund or Managed Account, (i) the Investment Portfolio Manager of the Fund or Managed Account, as applicable, and (ii) an affiliate of such Investment Portfolio Manager that has access to, or participates in formulating, an investment decision made on behalf of, or advice to be given to, the Fund or Managed Account, as applicable.

Last Sale Price means the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade.

NI 81-102 Fund means an existing or future investment fund for which an Investment Portfolio Manager is the investment fund manager, adviser and/or trustee and to which NI 81-102 applies.

Fund means an NI 81-102 Fund and/or an Exempt Fund, as applicable.

Representations

1. The Filer is a corporation subsisting under the laws of Ontario with its head office located in Toronto, Ontario. The Filer is registered:

   (a) under the securities legislation of all provinces of Canada as a portfolio manager;

   (b) under the securities legislation of Ontario, Québec, and Newfoundland and Labrador as an investment fund manager;

   (c) under the securities legislation of Ontario as an exempt market dealer; and

   (d) under the *Commodity Futures Act* (Ontario) as a commodity trading counsel and a commodity trading manager.

2. An Investment Portfolio Manager is, or will be, the investment fund manager of each Fund. An Investment Portfolio Manager is, or will be, the adviser of each Fund and each Managed Account. An Investment Portfolio Manager may also be the trustee of a Fund constituted as a trust.

3. The Filer is not in default of securities legislation in any Jurisdiction, except with respect to a registration matter in certain Jurisdictions for which registration applications have been filed.

The Funds

4. Each Fund is, or will be, an investment fund that is a trust, a corporation or a limited partnership established under the laws of Canada or a Jurisdiction.

5. Each NI 81-102 Fund is, or will be, a reporting issuer in one or more Jurisdictions and is, or will be, subject to NI 81-102.

6. The securities of the Exempt Funds are, or will be, distributed on a private placement basis pursuant to the securities legislation of one or more Jurisdictions. The Exempt Funds are not, and will not be, reporting issuers and are not, and will not be, subject to NI 81-102.

7. A Fund may be an associate of an Investment Portfolio Responsible Person.

Managed Accounts

8. The Managed Accounts are, or will be, managed pursuant to investment management agreements or other documentation which are or will be executed by each client who wishes to receive the portfolio management services of an Investment Portfolio Manager and which provide the Investment Portfolio Manager full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the client to execute the trade.

9. Each client of a Managed Account will not be a 'responsible person' as defined in NI 31-103.

10. The investment management agreement or other documentation in respect of each Managed Account will contain the authorization from the client for the Investment Portfolio Manager of the Managed Account to purchase securities from, or sell securities to, the investment portfolio of a Fund.

Independent Review Committee

11. Each NI 81-102 Fund has, or will have, an independent review committee (an **IRC**) in accordance with the requirements of NI 81-107. Each Inter-Fund Trade between an NI 81-102 Fund and another Fund or a Managed Account will be referred to the relevant IRC of the NI 81-102 Fund under subsection 5.2(1) of NI 81-107.

12. Though the Exempt Funds are not subject to the requirements of NI 81-107, each Exempt Fund has, or will have, an IRC at the time the Exempt Fund relies upon the Exemption Sought. Certain Exempt Funds have already established an IRC in order to comply with conditions attached to the Original Decision. The mandate of the IRC of each Exempt Fund will include approving Inter-Fund Trades.

13. The IRC of the Exempt Funds is, or will be, comprised in accordance with section 3.7 of NI 81-107 and is, or will be, expected to comply with the standard of care set out in section 3.9 of NI 81-107. The IRC of an Exempt Fund will not approve a purchase or sale of securities between the Exempt Fund and another Fund or a Managed Account unless the IRC has made the determination in the same manner as set out in subsection 5.2(2) of NI 81-107.

Inter-Fund Trades

14. When an Investment Portfolio Manager engages in an Inter-Fund Trade, it will generally comply with the following procedures:

    (a) the portfolio manager will deliver the trading instructions for the Inter-Fund Trade to a trader on a trading desk;

    (b) upon receipt of the trade instructions, the trader on the trading desk will execute the trade as an Inter-Fund Trade in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for exchange-traded securities, the Inter-Fund Trade may be executed at the Last Sale Price of the security in lieu of the Closing Sale Price;

    (c) the policies applicable to the trading desk will require that all orders be executed on a timely basis; and

    (d) the trader on the trading desk will advise the portfolio manager of the price at which the Inter-Fund Trade occurs.

15. Each Inter-Fund Trade will be consistent with the investment objectives of the relevant Fund or Managed Account, as applicable.

16. At the time of an Inter-Fund Trade, the Filer will have policies and procedures in place to enable the applicable Funds and Managed Accounts to engage in Inter-Fund Trades.

17. The Investment Portfolio Managers of the NI 81-102 Funds cannot rely upon the exemption from paragraph 13.5(2)(b) of NI 31-103 codified in subsection 6.1(4) of NI 81-107 because such codified relief is available to the NI 81-102 Funds only if, among other conditions, the trade involves two investment funds to which NI 81-107 applies (which is not the case when an Exempt Fund or a Managed Account is the other party to the transaction).

18. The Investment Portfolio Managers of the Exempt Funds and the Managed Accounts cannot rely upon the exemption from paragraph 13.5(2)(b) of NI 31-103 codified in subsection 6.1(4) of NI 81-107 because such codified relief is not available to the Exempt Funds and the Managed Accounts.

19. If the IRC of a Fund becomes aware of an instance where the Filer, or an affiliate of the Filer, in its capacity as the investment fund manager of the Fund, did not comply with the terms of this decision or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Fund is organized.

20. It would be in the best interests of the Funds and Managed Accounts, as applicable, if an Inter-Fund Trade could be made, in the Investment Portfolio Manager's discretion, at the Last Sale Price prior to the execution of the trade, in lieu of the Closing Sale Price, as this will result in the trade being done at the price which is closest to the price at the time the decision to make the trade is made.

The Original Decision

21. The Filer previously received relief from paragraph 13.5(2)(b) of NI 31-103 pursuant to a decision dated March 16, 2010 (the **Original Decision**). Subject to the terms and conditions described therein, the Original Decision permits the Funds and Managed Accounts to engage in various Inter-Fund Trades with other Funds and Managed Accounts at the Closing Sale Price.

22. The Exemption Sought differs from the relief granted by the Original Decision in that it allows transactions in exchange-traded securities to be executed at the Last Sale Price in lieu of the Closing Sale Price. Accordingly, the Filer wishes to revoke the Original Decision and replace it with a new decision granting the Exemption Sought.

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

(a) the Revocation is granted; and

(b) the Exemption Sought is granted provided that:

(i) each Inter-Fund Trade is consistent with the investment objectives of the relevant Fund or the Managed Account, as applicable;

(ii) the manager of each Fund involved in the Inter-Fund Trade refers the Inter-Fund Trade to the IRC of the Fund in the manner contemplated by section 5.1 of NI 81-107, and the applicable IRC complies with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;

(iii) in the case of an Inter-Fund Trade between Funds:

(A) the IRC of each Fund approves the Inter-Fund Trade in respect of the Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and

(B) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that, for purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price; and

(iv) in the case of an Inter-Fund Trade between a Managed Account and a Fund:

(A) the IRC of the Fund approves the Inter-Fund Trade in respect of such Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

(B) the investment management agreement or other documentation in respect of the Managed Account authorizes the Inter-Fund Trade; and

(C) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that, for purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price.

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

2.1.3 Investment Management Corporation of Ontario

Headnote

The Investment Management Corporation of Ontario (IMCO), and investment pools (Investment Pools) to be managed by IMCO as pooled investment vehicles for its members (IMCO Members), exempted from the dealer registration requirement and the prospectus requirement in the Securities Act (OSA) in connection with the distribution of any units of the Investment Pool to any IMCO Member that is an "accredited investor" – IMCO and the Investment Pools also exempted from the dealer registration requirement and the prospectus requirement in the OSA, in connection with the distribution of certain management interests in the Investment Pool to IMCO or another person or company (an IMCO Subsidiary) of which all of the securities or other interest issued by that other person or company are beneficially owned by IMCO.

IMCO exempted from the adviser registration requirement in the OSA in connection with IMCO providing certain investment advisory services in respect of securities to IMCO Members or to an Investment Pool – IMCO also exempted from the adviser registration requirement in the Commodity Futures Act in connection with IMCO providing certain investment advisory services in respect of commodity futures contracts or commodity futures options to any IMCO Member or Investment Pool.

IMCO exempted from the investment fund manager registration requirement in the OSA in connection with IMCO acting as an investment fund manager for any Investment Pool that is an investment fund in respect of which the only holders of securities issued by the Investment Pool are IMCO Members, IMCO or an IMCO Subsidiary.

Investment Pools also exempted from the financial statement requirements in Part 2 of National Instrument 81-106 Investment Fund Continuous Disclosure, subject to conditions.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, ss. 22(1), 80.
Securities Act, R.S.O. 1990, c. S.5, ss. 1(1), 25(1), 25(3), 25(4), 53(1), 74(1).
Broader Public Sector Accountability Act, 2010, S.O. 2010, c. 25.
Municipal Act, 2001, S.O. 2001, c. 25, s. 1.
Ontario Regulation 251/16.
Pension Benefits Act, R.S.O. 1990, c. P.8, ss. 22(1), 22(2), 22(4), 22(5), 22(8).
Public Service of Ontario Act, 2006, S.O. 2006, c. 35, Sched. A.
Investment Management Corporation of Ontario Act, 2015, S.O. 2015, c.20, Sched. 19, ss. 3(2), 3(3), 9(1), 9(1)3, 9(3), 10, 10(1), 12(2), 12(4), 12(6), 12(13), 13, 14, 17(2), 17(3), 18, 21, 22, 23, 24, 25(1)(a), 9(1)2, 19(1), 19(2), 19(4), 21.
Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 1.1.
National Instrument 45-106 Prospectus Exemptions, s. 1.1.
National Instrument 81-102 Investment Funds, ss. 6.2, 6.3.
National Instrument 81-106 Investment Fund Continues Disclosure, ss. 1.1, 17.1, and Part 2.

May 17, 2017

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

AND

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

AND

IN THE MATTER OF
THE INVESTMENT MANAGEMENT CORPORATION OF ONTARIO
(IMCO)

COMMISSION AND DIRECTOR DECISIONS

Background

The Ontario Securities Commission (the **OSC** or **Commission**) has received an application from IMCO for decisions under the OSA and CFA providing for the following exemptions (collectively, the **Commission Exemptions Sought**):

A. rulings under subsection 74(1) of the OSA:

(a) exempting each Investment Pool, and IMCO acting on behalf of the Investment Pool, from the OSA dealer registration requirement in connection with trades in (i) any Units of the Investment Pool to any IMCO Member that is then an accredited investor; or (ii) any Management Interests in the Investment Pool to IMCO or an IMCO Subsidiary;

(b) exempting each Investment Pool, and IMCO acting on behalf of the Investment Pool, from the OSA prospectus requirement in connection with the distribution of (i) any Units of the Investment Pool to any IMCO Member that is then an accredited investor; or (ii) any Management Interests in the Investment Pool to IMCO or an IMCO Subsidiary (the **OSA Prospectus Exemption Sought**);

(c) exempting IMCO from the OSA adviser registration requirement in connection with IMCO providing Investment Advisory Services in respect of securities to any IMCO Member or any Investment Pool; and

(d) exempting IMCO from the OSA investment fund manager registration requirement in connection with IMCO acting as an investment fund manager for any Investment Pool that is an investment fund in respect of which the only holders of securities issued by the Investment Pool are IMCO Members, IMCO or an IMCO Subsidiary; and

B. an order, under section 80 of the CFA, exempting IMCO from the CFA adviser registration requirement in connection with IMCO providing Investment Advisory Services in respect of commodity futures contracts or commodity futures options to any IMCO Member or any Investment Pool (the **CFA Exemption Sought**).

The OSC has also received an application from IMCO for an order under section 17.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**, and together with the OSA and the CFA, the **Legislation**), exempting the Investment Pools from the financial statement requirements in Part 2 of NI 81-106 that apply to "mutual funds in Ontario" (the **Director Exemption Sought**).

Interpretation

In these decisions, the following terms shall have the following meanings unless the context otherwise requires:

i. **accredited investor** has the same meaning as in section 1.1 of NI 45-106;

ii. **BPS Act** means the *Broader Public Sector Accountability Act, 2010* (Ontario);

iii. **By-Laws** means the by-laws of IMCO made under the IMCO Act;

iv. **CCO** means the officer of IMCO who is responsible for the monitoring and oversight of the Compliance System;

v. **CEO** means the Chief Executive Officer of IMCO;

vi. **CFA adviser registration requirement** means the requirement in subsection 22(1) of the CFA that prohibits a person or company from engaging in the business of advising others as to trading in a commodity futures contract or commodity futures option unless that person or company is registered in the appropriate category of registration under the CFA;

vii. **Compliance System** means the system of controls and supervision established by IMCO to: (i) provide reasonable assurance that IMCO and each individual acting on its behalf is in compliance with the IMCO Legislation; and (ii) manage the risks associated with its business in accordance with prudent business practices;

viii. **Founding Members** means the initial members of IMCO, being the Ontario Pension Board and Workplace Safety and Insurance Board, as prescribed under Ontario Regulation 251/16;

ix. **Government of Ontario** means Her Majesty in right of Ontario and any ministry or department thereof;

x. **IMA** means, in the case of each IMCO Member, the discretionary investment management agreement entered into between IMCO and the IMCO Member in accordance with the IMCO Act;

xi. **IMCO Act** means the *Investment Management Corporation of Ontario Act, 2015* (Ontario);

xii. **IMCO Regulations** means regulations made under the IMCO Act;

xiii. **IMCO Board** means the board of directors of IMCO;

xiv. **IMCO Legislation** means the IMCO Act, any IMCO Regulations, and the By-laws;

xv. **IMCO Members** means the Founding Members and other persons or companies referred to in paragraph 13, below, which become members of IMCO, from time to time, in accordance with the IMCO Legislation, and their holding and investment vehicles;

xvi. **IMCO Subsidiary** means a person or company of which all of the securities or other interests issued by the person or company are beneficially owned by IMCO;

xvii. **Investment Advisory Services** means, in the case of an IMCO Member or Investment Pool, investment management and advisory services that include advising the IMCO Member or Investment Pool as to the investing in or buying or selling of securities, or advising the IMCO Member or Investment Pool as to trading in commodity futures contracts or commodity futures options;

xviii. **Investment Pools** means pooled investment vehicles or similar arrangements managed by IMCO for the benefit of IMCO Members and Investment Pool means any one of them;

xix. **Investment Pool Document** means the articles, declaration of trust, limited partnership agreement or other constating or governing document in respect of an Investment Pool;

xx. **Management Interests** has the meaning given to this term in paragraph 42, below;

xxi. **Minister** has the same meaning as in section 1 of the IMCO Act;

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

xxiii. **NI 45-106** means National Instrument 45-106 *Prospectus Exemptions*;

xxiv. **NI 81-102** means National Instrument 81-102 *Investment Funds*;

xxv. **OSA adviser registration requirement** means the requirement in subsection 25(3) of the OSA that prohibits a person or company from engaging in the business of, or holding himself, herself or itself out as engaging in the business of, advising anyone with respect to investing in securities or the buying or selling of securities, unless that person or company is registered in the appropriate category of registration under the OSA;

xxvi. **OSA dealer registration requirement** means the requirement in subsection 25(1) of the OSA that prohibits a person or company from engaging in, or holding himself, herself or itself out as engaging in, the business of trading in securities, unless that person or company is registered in the appropriate category of registration under the OSA;

xxvii. **OSA investment fund manager registration requirement** means the requirement in subsection 25(4) of the OSA that prohibits a person or company from acting as an investment fund manager, unless that person or company is registered as an investment fund manager under the OSA;

xxviii. **OSA prospectus requirement** means the requirement in subsection 53(1) of the OSA that prohibits a person or company from distributing a security unless a preliminary prospectus and prospectus for the security have been filed and receipts for them have been issued by the Director;

xxix. **PBA** means the *Pensions Benefits Act* (Ontario);

xxx. **PBA Fiduciary Standard** has the meaning given to it in paragraph 22 below;

xxxi. **permitted client** has the same meaning as in section 1.1 of NI 31-103;

xxxii. **PSOA** means the *Public Service of Ontario Act, 2006* (Ontario);

xxxiii. **Special Audit Review** has the meaning given to this term in paragraph 34, below; and

xxxiv. **Units** means the units, fractionalized ownership interests or other securities issued by or in respect of an Investment Pool.

Representations

These decisions are based upon the following facts represented by IMCO:

IMCO Structure

1. IMCO is a non-share capital corporation established under the IMCO Act.

2. IMCO is not, and will not become, a reporting issuer under the OSA or under the securities legislation of any other province or territory of Canada.

3. IMCO is not in default of any requirement of the OSA or the regulations made thereunder.

4. IMCO is not in default of any requirement of the CFA or the regulations made thereunder.

5. IMCO has been formed as part of an initiative of the Government of Ontario to enhance investment returns and efficiencies for pension, insurance, endowment and other funds in Ontario's broader public sector through asset pooling. A key policy driver for IMCO is to make high-quality investment management available to smaller organizations that do not have in-house expertise or financial resources to obtain such advisory services on their own, thereby increasing their risk-adjusted investment returns.

6. Subsection 3(2) of the IMCO Act provides that IMCO will operate on the basis of a not-for-profit, cost-recovery model.

7. The IMCO Act establishes the criteria for membership in IMCO as well as detailed provisions regarding corporate governance and transparency requirements for IMCO.

8. Subsection 9(3) of the IMCO Act, in combination with Ontario Regulation 251/16, provides that the Ontario Pension Board and Workplace Safety and Insurance Board are the Founding Members.

9. Subsections 9(1) and paragraph 25(1)(a) of the IMCO Act provide that certain other entities in Ontario's broader public sector may be eligible to become IMCO Members.

10. Paragraph 9(1)2 of the IMCO Act provides that IMCO will be required to enter into an IMA with each IMCO Member. The IMA of each IMCO Member will be approved in accordance with the IMCO Member's internal governance requirements.

11. The IMA of each IMCO Member will require the IMCO Member to certify that it is an accredited investor and to identify which category of the definition of accredited investor in section 1.1 of NI 45-106 applies to the IMCO Member. In addition, IMCO will implement reasonable measures for IMCO to periodically confirm each IMCO Member's status as an accredited investor and the category of the definition of accredited investor in section 1.1 of NI 45-106 that applies to the IMCO Member.

12. IMCO will manage certain assets of IMCO Members in segregated accounts or under co-ownership arrangements whereby the corresponding IMCO Members will own a direct or indirect interest in the invested assets. In addition, IMCO or the IMCO Members will allocate certain of the respective assets of the IMCO Members to the Investment Pools, and IMCO will manage the assets of the Investment Pools.

IMCO Members

13. Paragraphs 9(1)3 and 25(1)(a) of the IMCO Act prescribe the following categories of persons and companies as qualifying for membership in IMCO: (i) a Crown agency, (ii) a corporation, with or without share capital, that is not a Crown agency but is owned, operated or controlled by the Crown, (iii) a board, commission, authority or unincorporated body of the Crown, (iv) a university in Ontario, including its affiliated and federated colleges, that receives operating

grants from the Government of Ontario, (v) a municipality as defined in Section 1 of the *Municipal Act, 2001*, and (vi) any other body as may be prescribed by the Lieutenant Governor in Council.

14. IMCO will not provide investment management or advisory services to any persons or companies other than the IMCO Members and the Investment Pools.

15. Entities that qualify for IMCO membership are all government agencies or other organizations in Ontario's broader public sector that are generally subject to Ontario legislation and policies that are designed to ensure accountability, transparency and integrity in the public sector. For example:

    (a) the Founding Members and many other IMCO Members will be subject to their own governing legislation and the PBA, which creates a legislative framework appropriate to the unique nature of the IMCO Member, and provides the basis for appropriate accountability and transparency;

    (b) the PSOA, which applies to all "public servants" in Ontario including elected officials and employees of the government and public bodies, provides a framework for the leadership and management of the public service of Ontario, including by setting out rights and duties of public servants concerning ethical conduct and establishing procedures for the disclosure and investigation of wrongdoing in the public service of Ontario; and

    (c) the BPS Act applies to a broad range of government agencies and broader public sector organizations and prescribes standards in the areas of: compensation, expenses, perquisites, business documents and procurements for agencies of the Government of Ontario, designated broader public sector organizations, such as hospitals, universities, colleges, school boards and publicly-funded organizations that receive a minimum of $10 million dollars annually in funding from the Government of Ontario, and certain other entities.

16. To comply with the governance and financial reporting requirements set out in their governing statutes or in the BPS Act and the directives made thereunder, IMCO Members must have relatively sophisticated governance structures and financial and business expertise.

17. Each IMCO Member will be an accredited investor. IMCO also expects that most IMCO Members will be permitted clients.

18. The website of IMCO will identify all IMCO Members from time to time.

Duty of Loyalty and Standard of Care

19. Subsection 3(3) of the IMCO Act requires IMCO, in providing investment management services and investment advisory services to IMCO Members, to act in the best interest of the IMCO Members.

20. Under subsections 19(1) and 19(2) of the IMCO Act, the directors, officers, employees and agents of IMCO are required, in the investment of the assets of IMCO Members, to exercise the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person, and to apply all relevant knowledge and skills which they possess or, by reason of their profession, business or calling, they ought to possess. In addition, subsection 19(4) of the IMCO Act provides that no provision in a contract, the By-laws or a resolution relieves a director or officer of IMCO from the duty to act in accordance with the IMCO Act and IMCO Regulations or relieves him or her from liability for breach of the IMCO Act or IMCO Regulations.

21. Subsection 12(6) of the IMCO Act imposes proficiency requirements on IMCO's directors by requiring each director to "have experience and expertise in investment management, risk management, finance, corporate governance, accounting, law or in such other areas of expertise as the board of directors may determine from time to time".

22. Subsections 22(1), (2) and (4) of the PBA (collectively, the **PBA Fiduciary Standard**) provide that:

    (a) the administrator of a pension plan shall exercise the care, diligence and skill in the administration and investment of the pension fund that a person of ordinary prudence would exercise in dealing with the property of another person;

    (b) the administrator of a pension plan shall use in the administration of the pension plan and in the administration and investment of the pension fund all relevant knowledge and skill that the administrator possesses or, by reason of the administrator's profession, business or calling, ought to possess; and

(c) an administrator or, if the administrator is a pension committee or a board of trustees, a member of the committee or board that is the administrator of a pension plan shall not knowingly permit the administrator's interest to conflict with the administrator's duties and powers in respect of the pension fund.

Subsections 22(5) and (8) of the PBA provide that a plan administrator may employ one or more agents to carry out the administration and investment of the pension plan, and that any such agent is also subject to the PBA Fiduciary Standard. When investing the assets of IMCO Members that are pension plans, IMCO is subject to the PBA Fiduciary Standard.

Governance of IMCO

23. The IMCO Legislation collectively establishes a framework for robust governance and compliance systems for the IMCO Board and senior management that establish requirements for: the disclosure of information to IMCO Members, the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by IMCO personnel, and accountability to IMCO Members and the Minister.

24. Under subsection 12(2) of the IMCO Act, the IMCO Board is to consist of at least seven and not more than 11 directors. Currently, pursuant to subsections 17(2) and 17(3) of the IMCO Act, the IMCO Board comprises four appointees of the Founding Members and three appointees of the Minister. In the future, pursuant to subsection 12(6) and section 13 of the IMCO Act, most directors (between six and eight directors) will be elected by the IMCO Members from candidates selected in accordance with a skills/needs matrix by a nominating committee which is established in accordance with the By-laws. In addition, pursuant to subsections 12(4), 12(6) and 12(13) of the IMCO Act, the Minister will appoint between one and three directors to the IMCO Board, including the Chair of the IMCO Board, subject to skills/needs requirements.

25. Pursuant to Section 18 of the IMCO Act, the IMCO Board is authorized to appoint and review the performance of the CEO on an ongoing basis, and the CEO is responsible for selecting IMCO's senior management team, including all investment professionals.

26. Section 14 of the IMCO Act generally permits the IMCO Board to delegate its powers and duties to any committee, director or officer of IMCO. The IMCO Board is not, however, permitted to delegate any of the following powers:

(a) approval of IMCO's budget, including its budget for capital expenditures and staffing;

(b) approval of the business plan and financial statements of IMCO;

(c) appointment, supervision and setting of compensation of the CEO;

(d) filling a vacancy in a committee of the IMCO Board; and

(e) making, amending or repeal of By-laws and submitting them to IMCO Members for confirmation under section 21 of the IMCO Act.

27. Section 10 of the IMCO Act requires IMCO to hold an annual meeting of IMCO Members. The By-laws provide that business to be conducted at the annual meeting includes considering IMCO's audited financial statements, electing directors, confirming the appointment of the auditor and other proper business.

28. The By-laws require the IMCO Board to call a special meeting of IMCO Members for any purpose connected to IMCO's affairs upon request by: (i) for the three years ending July 1, 2019, a Founding Member; and (ii) at any time, IMCO Members that, taken in aggregate, are the owners of assets managed by IMCO representing at least five per cent of IMCO's assets under management (calculated pursuant to the By-laws).

29. A quorum for any meeting of IMCO Members will be determined in accordance with the By-laws.

By-laws and Policies and Procedures

30. Section 21 of the IMCO Act authorizes the IMCO Board to make, amend or repeal any By-law governing its proceedings and generally for the conduct and management of IMCO's activities and affairs that are consistent with the IMCO Act and IMCO Regulations. Prior to the Board approving any proposed By-law, amendment or repeal, it must be provided to the IMCO Members for a meeting to be held for the IMCO Members to confirm, reject or amend the by-law, amendment or repeal.

31. In connection with its investment management activities for the IMCO Members, the IMCO Board will approve policies and procedures that are necessary for IMCO to comply with the PBA Fiduciary Standard and the IMA of each Member, including in relation to the following matters:

    (a) policies and procedures that establish IMCO's Compliance System;

    (b) nomination, subject to final approval by the Board, of a CCO who: (i) has direct access to the IMCO Board at such time as the CCO considers necessary or advisable in view of his or her responsibilities; and (ii) presents annual reports to the IMCO Board regarding compliance by IMCO with the Compliance System;

    (c) maintenance of books and records that accurately reflect IMCO's business activities, financial affairs and transactions on behalf of IMCO Members and demonstrates the extent of IMCO's compliance with the IMCO Legislation;

    (d) identification and response to potential conflicts of interest which may arise in the course of IMCO's activities, including restrictions on personal trading, prohibitions against insider trading and front running, restrictions on the use of "soft dollars," fairness in the allocation of investment opportunities among IMCO Members and the Investment Pools, restrictions on outside business activities, restrictions on the acceptance of gifts from service providers, etc.;

    (e) prevention of any investments by an Investment Pool, or otherwise by IMCO on behalf of an IMCO Member, which contravenes the specific investment restrictions applicable to the Investment Pool (or one or more of the IMCO Member investors in an Investment Pool), or the IMCO Member, which restrictions will be set out in the relevant IMA(s);

    (f) a know-your-client (known as KYC) policy to ensure collection of such information as is necessary to verify the identity of each IMCO Member and to understand its financial objectives and risk tolerance;

    (g) if considered necessary by either or both of the CEO and CCO, an escalation process for handling concerns or complaints expressed by an IMCO Member to any representative of IMCO, which process may be included in the IMA between IMCO and the IMCO Member;

    (h) a due diligence process for vetting and monitoring any sub-advisers selected by IMCO to manage a portion of any assets under management by IMCO; and

    (i) a due diligence process for the selection of custodians and brokers, which will be completed prior to a custodian or broker holding or having access to the assets of any IMCO Member or any Investment Pool, and will include appropriate assurances that such assets are segregated in accordance with industry best practices.

    All of the foregoing policies and procedures will be available to IMCO Members and prospective IMCO Members for review. IMCO will provide notice to all IMCO Members of the adoption of any material amendments to these policies and procedures or the adoption of any new policies and procedures.

32. The due diligence process for selecting custodians will ensure that the custodian of assets of IMCO Members, including assets of the Investment Pools, satisfy minimum custodial qualification requirements set out in Section 6.2 or 6.3 of NI 81-102.

33. The By-laws will provide strong governance protection for IMCO Members. In addition to governance protections provided through the By-Laws, IMCO Members may seek additional protections under the terms of their IMA or other related agreements; provided, however, that these additional protections are also consistent with the policies adopted pursuant to the By-Laws.

34. The By-laws provide IMCO Members with the right to appoint, by special resolution and at the expense of IMCO, any person to enquire into and report to the IMCO Members on any aspect of IMCO's business and affairs (a "**Special Audit Review**"). The results of any Special Audit Review will be shared with the IMCO Board.

Funding of IMCO

35. The Founding Members entered into a funding agreement with IMCO in order to provide IMCO with its initial working capital. Following the expiry of the initial funding agreement, IMCO will be funded through a cost allocation and recovery model to be established by IMCO and governed by IMCO Legislation and agreements with IMCO Members.

These mechanisms will fund the ongoing operation of IMCO at a level which ensures that IMCO is adequately capitalized at all times.

36. The IMCO Board and the Founding Members will ensure that adequate insurance or other protection is maintained which is appropriate for IMCO and its assets under management.

IMCO Reporting and Recordkeeping

37. Subsection 10(1) and sections 22 and 23 of the IMCO Act require IMCO to produce audited annual financial statements and an annual report, and to hold an annual meeting of IMCO Members. This financial reporting and meeting process provides IMCO Members with transparency into IMCO's financial affairs.

38. Section 23 of the IMCO Act requires the Board to submit an annual report on IMCO's activities and affairs to the Minister within 120 days after the end of each fiscal year, and that the report include the audited financial statements of IMCO. Section 24 of the IMCO Act provides that, upon the Minister's request, IMCO shall promptly make its records available for inspection. These provisions will enable the Minister to review and exercise oversight with respect to the finances and affairs of IMCO.

The Investment Pools

39. Each Investment Pool is expected to be focused on one or more specific investment strategies, including public securities (equities and fixed income), real estate, infrastructure, private equity and alternative strategies. The Investment Pools are expected to issue Units in exchange for the cash or other assets allocated from the account of an IMCO Member to the Investment Pool, and these Units will represent the IMCO Member's proportionate interest in respect of the Investment Pool.

40. Certain of the Investment Pools will be an "investment fund" (as that term is defined in subsection 1(1) of the OSA) and certain of these Investment Pools will also be a "mutual fund in Ontario" (as that term is defined in subsection 1(1) of the OSA) and, as such, a "mutual fund in the jurisdiction" (as that term is defined in section 1.1 of NI 81-106).

41. No Investment Pool is yet established. No Investment Pool will be a reporting issuer under the OSA or under the securities legislation of any other province or territory of Canada.

42. Each Investment Pool will be governed by an Investment Pool Document. Such Investment Pool Document will provide that Units of the Investment Pool will be distributed exclusively to IMCO Members except for general partner, managing member or equivalent interests ("**Management Interests**") in certain Investment Pools which may be distributed to IMCO or an IMCO Subsidiary in connection with the management of the Investment Pools. Units can only be beneficially owned by IMCO Members and Management Interests can only be beneficially owned by IMCO or an IMCO Subsidiary.

Individuals Acting on Behalf of IMCO

43. Individuals that act on behalf of IMCO in accordance with an exemption from the OSA adviser registration requirement, the OSA dealer registration requirement, or the CFA adviser registration requirement that is made available to IMCO under the Commission Exemptions Sought will rely upon the same exemption for their compliance with the corresponding registration requirements that would otherwise apply to them under the OSA or the CFA.

44. IMCO will not use section 4.7 of Multilateral Instrument 11-102 Passport System to extend the Commission Exemptions Sought or the Director Exemption Sought to other provinces and territories of Canada.

Decisions of Commission

The Commission is satisfied that granting the Commission Exemptions Sought on the terms set out in these Commission Decisions would not be prejudicial to the public interest.

The decision of the Commission under the OSA is that the Commission Exemptions Sought are granted, provided that the OSA Prospectus Exemption Sought shall not be available in respect of any distribution of Units of an Investment Pool to an IMCO Member unless the IMA or the relevant subscription agreement of that IMCO Member:

(a) discloses how and under what circumstances the IMCO Member may terminate the IMA or withdraw its assets from being managed by IMCO, including the Units of any Investment Pools in which such IMCO Member is invested;

(b) contains disclosure that, if any materials relating to an Investment Pool (which constitute an "offering memorandum" under Ontario securities legislation) contain a misrepresentation, the IMCO Member will not have a remedy under Ontario securities legislation; and

(c) includes a risk disclosure statement disclosing risk factors relating to the Investment Pools.

The decision of the Commission under the CFA is that the CFA Exemption Sought is granted.

Dated this 17th day of May, 2017.

"Grant Vingoe"
Commissioner
Ontario Securities Commission

"Monica Kowal"
Commissioner
Ontario Securities Commission

Decision of the Director

The Director is satisfied that granting the Director Exemption Sought on the terms set out in this Director Decision would not be prejudicial to the public interest.

The decision of the Director under NI 81-106 is that the Director Exemption Sought is granted, provided that each IMCO Member continues to provide, and that each IMCO Member confirms in writing to IMCO that it will continue to provide, all required financial, performance or other reporting to its beneficiaries.

Dated this 17th day of May, 2017.

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

2.1.4 Manulife Financial Capital Trust II et al.

Headnote

Application by a reporting issuers for an order granting relief from the requirement in OSC Rule 13-502 Fees (the Fees Rule) to pay participation fees – Relief analogous to relief for "subsidiary entities" contained in section 2.4(1) of the Fees Rule – issuers may not, from a technical accounting perspective, be entitled to rely on the exemption in section 2.4(1)(b) of the Fees Rule – issuers meet all of the substantive requirements to rely on the exemption in section 2.4(1) other the requirement that the audited financial statements of the parent consolidate the parent and the subsidiary and the definition of "subsidiary" that refers to a "subsidiary" being determined by the applicable generally accepted accounting principles – issuers exempt from requirement to pay participation fees, subject to conditions.

Applicable Legislative Provisions

OSC Rule 13-502 Fees, ss. 2.2, 8.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 13-502 FEES

AND

IN THE MATTER OF
MANULIFE FINANCIAL CAPITAL TRUST II (the "Trust"),
MANULIFE FINANCE (DELAWARE), L.P. ("MFLP"),
THE MANUFACTURERS LIFE INSURANCE COMPANY ("MLI") AND
MANULIFE FINANCIAL CORPORATION
("MFC" and, together with the Trust , MFLP and MLI, the "Filers")

DECISION

WHEREAS the Ontario Securities Commission (the Commission) has received an application from the Filers for an order, pursuant to section 8.1 of OSC Rule 13-502 Fees (the Fees Rule), that the requirement to pay a participation fee under section 2.2 of the Fees Rule shall not apply to the Trust and MFLP, subject to certain terms and conditions.

AND WHEREAS the Filers have represented to the Commission that:

1. The Trust is a trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of June 12, 2009, as amended and restated on July 10, 2009, and as it may be further amended, restated and supplemented from time to time.

2. The Trust's head office is located at 200 Bloor Street East, Toronto, Ontario, M4W 1E5 and has a financial year end of December 31.

3. The Trust is a reporting issuer or the equivalent in all of the provinces and territories of Canada (the **Reporting Jurisdictions**). The Trust is not in default under the securities legislation of any of the Reporting Jurisdictions.

4. Pursuant to an administration agreement dated June 12, 2009, as amended and restated on July 10, 2009 and as it may be further amended and restated from time to time, entered into between Computershare Trust Company of Canada, as trustee of the Trust (the **MaCS II Trustee**) and MLI, the MaCS II Trustee has delegated to MLI certain of its obligations in relation to the administration of the Trust. MLI, as administrative agent, at the request of the MaCS II Trustee, administers the day-to-day operations of the Trust and performs such other matters as may be requested by the MaCS II Trustee from time to time.

5. As of the date hereof, the issued and outstanding capital of the Trust consists of:

   (a) $1,000,000,000 principal amount of 7.405% Manulife Financial Capital Trust II Notes – Series 1 due December 31, 2108 (the **MaCS II – Series 1**), which were distributed by way of an initial public offering on July 6, 2009; and

   (b) 1,000 voting trust units of the Trust (**Voting Trust Units**, and together with the MaCS II – Series 1, the **Trust Securities**). All of the outstanding Voting Trust Units are held by MLI.

6. The Trust Securities are the only outstanding securities of the Trust. No Trust Securities are currently listed on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**).

7. The Trust is a single purpose vehicle established solely for the purpose of effecting the public offering of the MaCS II – Series 1 (the **Trust Offering**) in order to provide MLI (and indirectly MFC) with a cost-effective means of raising capital for Canadian insurance company regulatory purposes by:

   (a) creating and selling the Trust Securities; and

   (b) acquiring and holding assets, which consist primarily of a senior debenture issued by MLI in respect of the MaCS II – Series 1 (the **MLI Debenture**). The Trust used the proceeds of the Trust Offering to purchase the MLI Debenture. The MLI Debenture generates income for payment of principal, interest, the redemption price, if any, and any other amounts in respect of the MaCS II – Series 1.

8. The Trust does not have any material assets other than the MLI Debenture. The Trust has no material liabilities other than an unsecured credit facility in the amount of up to $30,000,000 provided by MLI to the Trust (the **Credit Facility**). The purpose of the Credit Facility is to ensure liquidity in the normal course of the Trust's activities. As of December 31, 2016, no amount was outstanding under the Credit Facility.

9. MFC and MLI do not intend to issue further securities through the Trust.

10. On August 21, 2009, the Trust received an order from the securities regulatory authorities in each province and territory of Canada (the **2009 Order**) exempting the Trust from certain continuous disclosure and certification requirements, subject to certain specified conditions as specified in the 2009 Order. On January 13, 2017, the Trust received an order from the securities regulatory authorities in each province and territory of Canada (the **2017 Order**) replacing the 2009 Order and exempting the Trust from substantially the same continuous disclosure and certification requirements as contained in the 2009 Order, subject to certain specified conditions as specified in the 2017 Order.

11. Pursuant to the 2017 Order, the Trust is exempt from the requirements contained in National Instrument 51-102 – *Continuous Disclosure Obligations* (**NI 51-102**) to file and deliver, as applicable, (a) audited annual financial statements including management's discussion and analysis (**MD&A**) thereon required by sections 4.1 and 5.1 of NI 51-102; (b) unaudited interim financial reports including MD&A thereon required by sections 4.3 and 5.1 of NI 51-102; (c) an annual information form required by section 6.1 of NI 51-102; (d) press releases and material change reports required by section 7.1 of NI 51-102 in the case of material changes that are also material changes in the affairs of MFC; and (e) other material contracts required by section 12.2 of NI 51-102 in the case of material contracts that are also material contracts of MFC (the **Continuous Disclosure Filings**).

12. As a result, subject to certain terms and conditions and, except as set out in the 2017 Order, no continuous disclosure documents concerning only the Trust will be filed with the Commission.

13. The Trust is a "Class 2 reporting issuer" under the Fees Rule and would be required (but for this order) to pay participation fees under the Fees Rule.

MFLP

14. MFLP is a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act, as amended, on November 1, 2006, pursuant to a limited partnership agreement and the filing of a certificate of limited partnership with the Secretary of State of the State of Delaware.

15. The Filer's head office is located at 1105 North Market Street, Suite 1222, Wilmington, Delaware, 19801, and has a financial year end of December 31.

16. MFLP is a reporting issuer or the equivalent in each of the Reporting Jurisdictions. MFLP is not in default under the securities legislation of any of the Reporting Jurisdictions.

17. The authorized unit capital of MFLP consists of an unlimited number of general partnership units and limited partnership units. The sole general partner of MFLP is Manulife Finance Holdings Limited, a wholly-owned subsidiary of MFC incorporated under the *Canada Business Corporations Act*. The sole limited partner of MFLP is MLI.

18. MFLP completed a public offering (the **MFLP Offering**) of $650,000,000 principal amount of 5.059% fixed/floating senior debentures of MFLP due December 15, 2041 (first redeemable December 15, 2036) (the **MFLP Subordinated Debentures**) on December 14, 2006. As of the date hereof, an aggregate principal amount of $650,000,000 MFLP Subordinated Debentures were issued and outstanding.

19. The general partnership units and the limited partnership units of MFLP and the MFLP Subordinated Debentures (collectively, the **MFLP Securities**) are the only outstanding securities of MFLP. No MFLP Securities are currently listed on a marketplace as defined in NI 21-101.

20. MFC and MLI do not intend to issue further securities through MFLP.

21. MFLP was formed to provide financing to subsidiaries of MFC. MFLP raised funds through the MFLP Offering.

22. MFLP will primarily invest in indirect and direct subsidiaries of MFC. To the extent investments are not made therein, investments may be made in investment grade fixed income securities and short-term money market securities. MFLP has no operations that are independent of MFC and is an entity that functions essentially as a special purpose division of MFC.

23. The MFLP Subordinated Debentures are fully and unconditionally guaranteed by MFC. As a result of the full and unconditional guarantee by MFC, MFLP is entitled to rely on the exemption in section 13.4 of NI 51-102 and is exempt from the Continuous Disclosure Requirements.

24. No Continuous Disclosure Filings concerning only MFLP will be filed with the Commission unless and until MFC no longer provides a full and unconditional guarantee of MFLP Subordinated Debentures, other than those required in section 13.4 of NI 51-102.

25. MFLP is a "Class 2 reporting issuer" under the Fees Rule and would be required (but for this Order) to pay participation fees under the Fees Rule.

The Exemption Sought

26. The Fees Rule includes an exemption for "subsidiary entities" in subsection 2.4(1) of the Fees Rule. MFC and the Trust and MFLP, respectively, meet all of the substantive requirements to rely on the exemption in section 2.4(1) of the Fees Rule, but for (a) the requirement in subsection 2.4(1)(b) of the Fees Rule that the audited financial statements of the parent prepared in accordance with National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* consolidate the parent and the subsidiary; and (b) the definition of "subsidiary" in section 1.1 of the Fees Rule that refers to a "subsidiary" being determined by the applicable generally accepted accounting principles (being the generally accepted accounting principles determined with reference to the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time), rather than to a legal definition based on control.

27. Within International Financial Reporting Standards (**IFRS**), IFRS 10 – Consolidated Financial Statements (**IFRS 10**) defines a "subsidiary" as "an entity that is controlled by another entity." IFRS 10 requires subsidiaries to be consolidated into the parent's financial statements so that the parent and its subsidiaries are presented as a single economic entity.

28. IFRS 10, paragraph six presents three elements of control, listed below, all of which must be held by a potential parent (investor) for control to exist over another entity (investee):

    (a) power over the investee;

    (b) exposure, or rights, to variable returns from its involvement with the investee; and

    (c) the ability to use its power over the investee to affect the amount of the investor's returns.

29. MFC believes it has power over the Trust and MFLP, but is not exposed to their variable returns:

    (a) MFC views the significant variable returns generated by these entities to be the financial returns on the financial instruments which they issued to public investors.

    (b) It is those investors who are exposed to the Trust and MFLP's financial returns.

    (c) MFLP and the Trust provide tax and regulatory capital advantages to MFC, as compared to if MFC had simply issued financial instruments directly to the same investors. MFC does not view these advantages to be variable returns under IFRS 10.

30. Since MFC is not exposed to the variable returns of the Trust and MFLP, under IFRS 10, the Trust and MFLP are not consolidated into MFC's financial statements.

31. MFC, as a legal matter, controls:

    (a) the Trust through its indirect ownership of all the Voting Trust Units issued by the Trust; and

    (b) MFLP, through its indirect ownership of all the general partnership units and limited partnership units of MFLP.

32. MFC has paid, and will continue to pay, participation fees applicable to it under section 2.2(1) of the Fees Rule.

33. MFC annually files a Form 13-502F1 Class 1 Participation Fee and includes the capitalization of the Trust and MFLP in the participation fee calculated applicable to MFC and MFC has paid the participation fee calculated on this basis.

THE ORDER of the Director under the Fees Rule is that the requirements to pay a participation fee under Section 2.2 of the Fees Rule shall not apply to the Trust, for so long as:

(a) MFC, MLI and the Trust continue to satisfy all of the conditions contained in the 2017 Order (or any further order exempting the Trust from substantially the same continuous disclosure and certification requirements as contained in the 2017 Order); and

(b) the capitalization of the Trust represented by the MaCS II – Series 1 and all other outstanding securities of the Trust, other than those held directly or indirectly by MFC, are included in the participation fee calculation applicable to MFC and MFC has paid the participation fee calculated on this basis.

The further decision of the Commission under the Legislation is that the requirements to pay participation fee under section 2.2 of the Fees Rule shall not apply to MFLP, for so long as:

(a) MFLP and MFC continues to satisfy all of the conditions contained in section 13.4 of NI 51-102; and

(b) the capitalization of MFLP represented by the MFLP Subordinated Debentures and all other outstanding securities of MFLP, other than those held directly or indirectly by MFC, are included in the participation fee calculation applicable to MFC and MFC has paid the participation fee calculated on this basis.

DATED this 17th day of May, 2017

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.1.5 RBC Dominion Securities Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – offering of corporate strip securities; exemption granted from the eligibility requirements of National Instrument 44-102 Shelf Distributions and National Instrument 44-101 Short Form Prospectus Distributions to permit the filing of a shelf prospectus and prospectus supplements qualifying for distribution strip residuals, strip coupons and strip packages to be derived from debt obligations of Canadian corporations and trusts; exemption also granted from the requirements that the prospectus contain a certificate of the issuer and that it incorporate by reference documents of the underlying issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 58(1).

Applicable National Instruments

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.1, 8.1.
National Instrument 44- 102 Shelf Distributions, ss. 2.1, 11.1.

May 29, 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
RBC DOMINION SECURITIES INC.,
BMO NESBITT BURNS INC.,
CIBC WORLD MARKETS INC.,
DESJARDINS SECURITIES INC.,
NATIONAL BANK FINANCIAL INC.,
SCOTIA CAPITAL INC. AND
TD SECURITIES INC.
(the FILERS)

AND

IN THE MATTER OF
THE CARS AND PARS PROGRAMME™ OF THE FILERS

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for the following exemptions (the **Exemption Sought**):

1. an exemption from Section 2.1 of National Instrument 44-102 – *Shelf Distributions* and Section 2.1 of National Instrument 44-101 – *Short Form Prospectus Distributions* so that a Prospectus can be filed by the Filers to renew the CARS and PARS Programme and offer Strip Securities in the Jurisdictions; and

2. an exemption from the following requirements in respect of any Underlying Issuer whose Underlying Obligations are purchased by any one or more of the Filers on the secondary market, and Strip Securities derived therefrom and sold under the CARS and PARS Programme:

   (i) the requirements of the Legislation that the Prospectus contain a certificate of the Underlying Issuer; and

   (ii) the requirements of the Legislation that the Prospectus incorporate by reference documents of an Underlying Issuer.

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

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

   (ii) the Filers have provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador, New Brunswick, Prince Edward Island, Nova Scotia, Yukon Territory, Northwest Territories and Nunavut (collectively with Ontario, the **Jurisdictions**).

Interpretation

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

CARS™ means strips coupons and strips residuals.

CARS and PARS Programme™ means the strip bond product programme of the Filers to be offered by Prospectus.

CDS means CDS Clearing and Depository Services Inc.

CDS Book-Entry Strip Service means the services provided by CDS to enable Participants to strip, reconstitute and package securities, as set out in the CDSX Procedures and User Guide, or any successor operating rules and procedures.

NI 44-101 means National Instrument 44-101 – *Short Form Prospectus Distributions*.

NI 44-102 means National Instrument 44-102 – *Shelf Distributions*.

Offering Date means the time of the closing of the discrete offering in respect of the related Strip Securities.

PARS™ means par adjusted rate strips, comprising an entitlement to receive the principal amount of, and a portion, equal to a market rate (at the applicable time of issuance) of the interest payable under the Underlying Obligations.

Participants means participants in the depository system of CDS.

Prospectus means a short form prospectus which is a base shelf prospectus together with the appropriate prospectus supplements.

SEDAR means the System for Electronic Document Analysis and Retrieval.

Strip Coupons means separate components of interest derived from an Underlying Obligation.

Strip Packages means packages of Strip Securities, including packages of Strip Coupons and packages of PARS.

Strip Residuals means separate components of principal derived from an Underlying Obligation.

Strip Securities means separate components of interest, principal or combined principal and interest components derived from Underlying Obligations using the CDS Book-Entry Strip Service and sold under the CARS and PARS Programme, including Strip Residuals, Strip Coupons and Strip Packages.

Underlying Issuers means Canadian corporate, trust and/or partnership issuers.

Underlying Obligations means publicly-issued debt obligations of Underlying Issuers, which obligations will carry an “approved rating” as such term is defined in NI 44-101 at the Offering Date.

Underlying Obligations Prospectus means a prospectus for which a receipt was issued by the securities regulatory authorities in British Columbia, Alberta, Ontario and Quebec.

Representations

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

1. Each of the Filers is a corporation incorporated under the laws of Canada, and all the Filers have their head offices in Toronto, except Desjardins Securities Inc. and National Bank Financial Inc., which have their head offices in Montreal.

2. None of the Filers are in default of securities legislation in the Jurisdictions.

3. The CARS and PARS Programme has been in effect since November 19, 2002 in reliance on a MRRS decision document dated October 31, 2002, and has subsequently been renewed and continued in reliance on decision documents dated March 6, 2003, November 19, 2004, December 18, 2006, January 15, 2009, February 17, 2011, April 8, 2013 and April 17, 2015.

4. The Filers propose to continue to operate the CARS and PARS Programme.

5. The CARS and PARS Programme will continue to be operated by purchasing, on the secondary market, Underlying Obligations of Underlying Issuers, and deriving separate components therefrom, being Strip Residuals, Strip Coupons, and/or Strip Packages.

6. The relevant Underlying Issuer will, to the best of the knowledge of each Filer participating in the relevant offering under the CARS and PARS Programme, be eligible to file a short form prospectus under NI 44-101 (whether such eligibility results from the specific qualification criteria of NI 44-101 or from the granting of an exemption from those criteria) at the Offering Date.

7. The Underlying Obligations will have been distributed under a prospectus for which a receipt was granted by the regulator in British Columbia, Alberta, Ontario, and Quebec.

8. A single short form base shelf prospectus will be established for the renewed CARS and PARS Programme as a whole, with a separate series of Strip Securities being offered under a discrete prospectus supplement for each distinct series or class of Underlying Obligations.

9. It is expected that the Strip Securities will continue to be predominantly sold to retail customers.

10. It is expected that the Filers, or certain of them, will continue to periodically identify, as demand indicates, series of outstanding debt obligations of Canadian corporations, trusts or partnerships and will purchase and “repackage” individual series of these for sale under the CARS and PARS Programme as discrete series of Strip Securities. In purchasing the Underlying Obligations and creating the Strip Securities, the Filers will not enter into any agreement or other arrangements with the Underlying Issuers.

11. The Prospectus will refer purchasers of the Strip Securities to the SEDAR website maintained by CDS (currently located at www.sedar.com) where they can obtain the continuous disclosure materials of the Underlying Issuer.

12. The Filers, or certain of them, may, from time to time, form and manage a selling group consisting of other registered securities dealers to solicit purchases of, and sell to the public, the Strip Securities.

13. The Strip Securities will be sold in series, each such series relating to separate Underlying Obligations of an Underlying Issuer. The base shelf prospectus for use with the CARS and PARS Programme will describe the CARS and PARS Programme in detail. The shelf prospectus supplement for any series of Strip Securities that are offered will describe the specific terms of the Strip Securities.

14. Each offering of Strip Securities will be derived from one or more Underlying Obligations of a single class or series of an Underlying Issuer. The Filer(s) participating in each offering under the CARS and PARS Programme intend to use the CDS Book-Entry Strip Service to separate the Underlying Obligations for such series into separate principal and interest components, or strip bonds. These components will, in connection with each series, be re-packaged using the CDS Book-Entry Strip Service if and as necessary to create the Strip Securities.

15. The Strip Residuals of a particular series, if any, will consist of the entitlement to receive payments of a portion of the principal amounts payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms.

16. The Strip Coupons of a particular series will consist of the entitlement to receive a payment of a portion of the interest payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms.

17. The Strip Packages will consist of the entitlement to receive (a) in the case of PARS, both payments of a portion of the principal amounts payable and periodic payments of a portion equal to a market rate (at the time of issuance of the PARS) of the interest payable under the Underlying Obligations, and/or (b) in the case of packages consisting of Strip Coupons, periodic payments of portions of the interest payable, or the principal amounts payable, under the Underlying Obligations, in each case, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms.

18. Holders of a series of Strip Securities will be entitled to payments from cash flows from the related Underlying Obligations if, as and when made by the respective Underlying Issuer. The Strip Securities of one series will not be entitled to receive any payments from the cash flows of Underlying Obligations related to any other series. As the Underlying Issuers will be the sole obligors under the respective Underlying Obligations, holders of Strip Securities will be entirely dependent upon the Underlying Issuers' ability to perform their respective obligations under their respective Underlying Obligations.

19. The Strip Securities will be sold at prices determined by the Filers from time to time and, as such, these may vary as between purchasers of the same series and during the offering period of Strip Securities of the same series. In quoting a price for the Strip Securities, the Filers will advise the purchaser of the annual yield to maturity thereof based on such price.

20. The Underlying Issuers will not receive any proceeds, and the Filers will not be entitled to be paid any fee or commission by the Underlying Issuers, in respect of the sale by the Filers, or the members of any selling group, of the Strip Securities. Each Filer's overall compensation will be increased or decreased by the amount by which the aggregate price paid for a series of the Strip Securities by purchasers exceeds or is less than the aggregate price paid by such Filer for the related Underlying Obligations.

21. The payment dates of any particular series of Strip Coupons and the interest component of Strip Packages will be coincident with the interest payment dates for the Underlying Obligations for the series, with terms of up to 30 years or longer. The maturity date of a particular series of Strip Residuals and the principal component of Strip Packages, if any, will be the maturity date of the Underlying Obligations for the series.

22. The Strip Securities will be issuable in Canadian and U.S. dollars and in such minimum denomination(s) and with such maturities as may be described in the applicable shelf prospectus supplement.

23. The Underlying Issuers will be Canadian corporations, trusts or partnerships. The Underlying Obligations are securities of the Underlying Issuers. The Strip Securities will be derived without regard, except as to ratings and eligibility to file a short form prospectus under NI 44-101, for the value, price, performance, volatility, investment merit or creditworthiness of the Underlying Issuers historically or prospectively.

24. To be eligible for inclusion in the CARS and PARS Programme, the Underlying Obligations must have been qualified for distribution under a prospectus for which a receipt was issued by the regulators in British Columbia, Alberta, Ontario and Quebec, at least four months must have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations must be complete.

25. The Filers will cause all Underlying Obligations from which the Strip Securities will be derived and which are not already in the CDS system to be delivered to CDS and registered in the name of CDS. The Underlying Obligations from which the Strip Securities will be derived will, except in very limited circumstances, be held by CDS until their maturity and will not otherwise be released or removed from the segregated account used by CDS to maintain the Underlying Obligations. A separate security identification number or ISIN will be assigned by CDS to each series of Strip Securities.

26. Pursuant to the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, CDS will maintain book based records of ownership for the Strip Securities, entering in such records only the names of Participants. No purchaser of Strip Securities will be entitled to any certificate or other instrument from the Underlying Issuer, the Filers or CDS evidencing the Strip Securities or the ownership thereof, and no purchaser of Strip Securities will be shown on the records maintained by CDS except through the book entry account of a Participant. Upon the purchase of Strip Securities, the purchaser will receive only the customary confirmation slip that will be sent to such purchaser by one of the Filers or another Participant.

27. Transfers of beneficial ownership in Strip Securities will be effected through records maintained for Strip Securities by CDS or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Beneficial holders who are not Participants, but who desire to purchase, sell or otherwise transfer beneficial ownership of, or any other interest in, such Strip Securities of a series, may do so only through Participants.

28. Payments in respect of a principal component (if any), interest component(s) (if any), or other amounts (if any) owing under a series of Strip Securities will be made from payments received by CDS in respect of the related Underlying Obligations from the relevant Underlying Issuer. Amounts payable on the maturity of the Strip Securities will be payable by the Underlying Issuer to CDS as the registered holder of the Underlying Obligations. Following receipt thereof, CDS will pay to each of its Participants shown on its records as holding matured Strip Securities the amount to which such Participant is entitled. The Filers will, and the Filers understand that each other Participant, who holds such Strip Securities on behalf of a purchaser thereof will, pay or otherwise account to such purchaser for the amounts received by it in accordance with the instructions of the purchaser to such Participant. Holders of a series of Strip Securities will not have any entitlement to receive payments under any Underlying Obligations acquired in connection with the issue of any other series of Strip Securities.

29. As the registered holder of the Underlying Securities, CDS will receive any voting rights in respect of the Underlying Obligations for the Strip Securities. CDS will allocate these rights to the holders of the Strip Securities in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of the voting rights based on the “proportionate economic interest”, determined as to be described in the base shelf prospectus for use with the CARS and PARS Programme. Such voting rights will be vested on a series by series basis. In order for a holder of Strip Securities to have a legal right to attend a meeting of holders of Underlying Obligations, or to vote in person, such holder of Strip Securities must be appointed as proxyholder for the purposes of the meeting by the CDS Participant through whom he or she holds Strip Securities.

    In the event that an Underlying Issuer repays a callable Underlying Obligation prior to maturity in accordance with its terms, CDS will allocate the amount of proceeds it receives as the registered holder of the Underlying Obligations to the holders of the Strip Securities in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of proceeds on the repayment of a callable Underlying Obligation based on the “proportionate economic interest”.

30. Any other entitlements received by CDS with respect to the Underlying Obligations upon the occurrence of an event other than in respect of maturity, including entitlements on the insolvency or winding-up of an Underlying Issuer, the non-payment of interest or principal when due, or a default of the Underlying Issuer under any trust indenture or other agreement governing the Underlying Obligations, will be processed by CDS in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures also currently provide for CDS to distribute the resulting cash and/or securities to the holders of the Strip Securities based on “proportionate economic interest”. In addition, if the Underlying Issuer offers an option to CDS as the registered holder of the Underlying Obligations in connection with the event, the Filers understand that CDS will attempt to offer the same option to the holders of the Strip Securities, where feasible.

Decision

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

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

(a) the Underlying Obligations were qualified for distribution under the Underlying Obligations Prospectus, at least four months have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations is complete;

(b) if the Underlying Obligations Prospectus is not available through the SEDAR website, the prospectus supplement for the series of Strip Securities derived from the Underlying Obligations for which the prospectus is not available states that a copy of the Underlying Obligations Prospectus may be obtained, upon request, without charge, from each Filer who is participating in the offering of the series of Strip Securities derived from these Underlying Obligations;

(c) to the best of the knowledge of the Filer(s) participating in a relevant offering under the CARS and PARS Programme, the relevant Underlying Issuer is eligible to file a short form prospectus under NI 44-101 (whether

such eligibility results from the specific qualification criteria of NI 44-101 or from the granting of an exemption from those criteria) at the Offering Date;

(d) a receipt issued for the Prospectus filed in reliance on this decision document is not effective after July 21, 2019;

(e) the offering and sale of the Strip Securities complies with all the requirements of NI 44-102 and NI 44-101 as varied by NI 44-102, other than those from which an exemption is granted by this decision document or from which an exemption is granted in accordance with Part 11 of NI 44-102 by the securities regulatory authority or regulator in each of the Jurisdictions as evidenced by a receipt for the Prospectus;

(f) each offering of Strip Securities will be derived from one or more Underlying Obligations of only a single class or series of an Underlying Issuer and only through the CDS Book-Entry Strip Service;

(g) the Filers issue a press release and file a material change report in respect of:

(i) a material change to the CARS and PARS Programme which affects any of the Strip Securities other than a change which is a material change to an Underlying Issuer; and

(ii) a change in the operating rules and procedures of the CDSX Procedures and User Guide of CDS, or any successor operating rules and procedures in effect at the time, which may have a significant effect on a holder of Strip Securities; and

(h) the Filers file the Prospectus, the material change reports referred to above, and all documents related thereto on SEDAR under a SEDAR profile for the Strip Securities and pay all filing fees applicable to such filings.

"Winnie Sanjoto"
Manager, Corporate Finance Branch
Ontario Securities Commission

2.2 Orders

2.2.1 Lance Kotton

IN THE MATTER OF
LANCE KOTTON

Timothy Moseley, Chair of the Panel

May 23, 2017

ORDER

WHEREAS on April 5, 2017, the Ontario Securities Commission held a hearing in this matter, which hearing was adjourned to Wednesday, May 24, 2017, at 10:00 a.m.,

ON READING the settlement agreement entered into by Staff of the Commission and Lance Kotton, dated May 23, 2017, and the Notice of Hearing issued by the Commission setting a settlement hearing for Friday, May 26, 2017,

IT IS ORDERED THAT the hearing in this matter scheduled for Wednesday, May 24, 2017, is vacated.

“Timothy Moseley”

2.2.2 Danish Akhtar Soleja et al.

IN THE MATTER OF
DANISH AKHTAR SOLEJA,
DANSOL INTERNATIONAL INC.,
GRAPHITE FINANCE INC.,
PARKVIEW LIMITED PARTNERSHIP, and
1476634 ALBERTA LTD.

D. Grant Vingoe, Chair of the Panel

May 23, 2017

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

THIS APPLICATION, made by Staff of the Commission, for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), was heard in writing.

ON READING the materials of Staff of the Commission, no one participating for Danish Akhtar Soleja (**Soleja**), Dansol International Inc. (**Dansol**), Graphite Finance Inc. (**Graphite**), Parkview Limited Partnership (**Parkview LP**), and 1476634 Alberta Ltd. (**1476 Ltd.**), although properly served, as indicated in my order dated January 23, 2017,

IT IS ORDERED:

1. against Soleja that:

   a. trading in any securities by Soleja cease until October 25, 2023, pursuant to paragraph 2 of subsection 127(1) of the Act, except trades that are made through a registrant who has first been given a copy of the Settlement Agreement and Undertaking between the Respondents and the Alberta Securities Commision, entered in to on October 25, 2016 (the **ASC Settlement Agreement**), and a copy of this Order;

   b. the acquisition of any securities by Soleja cease until October 25, 2023, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except purchases that are made through a registrant who has first been given a copy of the ASC Settlement Agreement, and a copy of this Order;

   c. Soleja resign any positions that he holds as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act, except that:

      i. Soleja may continue to act as a director and officer of Dansol, Graphite, Parkview LP and 1476 Ltd. for the following sole purpose and time frame:

         1. marketing and selling the Watermere Lands (as described in the ASC Settlement Agreement) on terms reasonably intended to maximize value to the limited partners of Parkview LP; and

         2. only so long as is required to market, sell, and distribute net proceeds to the limited partners of Parkview LP;

   d. Soleja be prohibited from becoming or acting as a director or officer of any issuer until October 25, 2023, other than Dansol, Graphite, Parkview LP and 1476 Ltd. as provided in paragraph 1(c)(i) above, pursuant to paragraph 8 of subsection 127(1) of the Act, and

   e. Soleja be prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

2. against Dansol that:

   a. trading in any securities or derivatives by Dansol cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

   b. the acquisition of any securities by Dansol cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

3. against Graphite that:

   a. trading in any securities or derivatives by Graphite cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

   b. the acquisition of any securities by Graphite cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

4. against Parkview LP that:

   a. trading in any securities or derivatives by Parkview LP cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

   b. the acquisition of any securities by Parkview LP cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

5. against 1476 Ltd. that:

   a. trading in any securities or derivatives by 1476 Ltd. cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

   b. the acquisition of any securities by 1476 Ltd. cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act.

“D. Grant Vingoe”

2.2.3 Champion Exchange Limited

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 24, 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
CHAMPION EXCHANGE LIMITED
(THE "FILER")

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

“Marie-France Bourret”
Acting Manager
Corporate Finance Branch

2.2.4 TCM Investments Ltd. carrying on business as OptionRally et al. – ss. 127(7)

IN THE MATTER OF
TCM INVESTMENTS LTD.
carrying on business as OPTIONRALLY,
LFG INVESTMENTS LTD.,
AD PARTNERS SOLUTIONS LTD., and
INTERCAPITAL SM LTD.

Timothy Moseley, Chair of the Panel

May 24, 2017

ORDER
(Subsection 127(7) of the
Securities Act, RSO 1990, c S.5)

THIS APPLICATION, made by Staff of the Ontario Securities Commission pursuant to subsections 127(7) and 127(8) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), for an extension of the temporary Order issued against the respondents on May 10, 2017 (the "Temporary Order"), was heard on May 24, 2017, at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario.

ON READING Staff's Memorandum of Fact and Law and the Affidavit of Steve Carpenter sworn May 23, 2017, and on hearing the submissions of Staff of the Commission, no one appearing for the respondents, although properly served as appears from the Affidavit of Service of Laura Filice sworn on May 15, 2017,

IT IS ORDERED THAT:

1. the hearing of Staff's Application is adjourned until June 12, 2017 at 1:00 p.m.;

2. pursuant to subsection 127(7) of the Act, the Temporary Order is extended until the hearing is concluded; and

3. the title of this proceeding is amended to delete the words "carrying on business as www.optionrally.com" in reference to the respondent LFG Investments Ltd., and the amended title of proceeding shall be used for all subsequent documents in this proceeding.

"Timothy Moseley"

2.2.5 Quadrexx Hedge Capital Management Ltd. et al.

IN THE MATTER OF
QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and
TONY SANFELICE

Timothy Moseley, Chair of the Panel

May 24, 2017

ORDER

WHEREAS on May 24, 2017, the Ontario Securities Commission held a confidential pre-hearing conference at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario.

ON HEARING the submissions of Staff of the Commission, Tony Sanfelice appearing on his own behalf, and Miklos Nagy appearing on his own behalf, and on behalf of Quadrexx Hedge Capital Management Ltd. and Quadrexx Secured Assets Inc.;

IT IS ORDERED THAT:

1. This matter is adjourned to a further confidential pre-hearing conference on July 26, 2017 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary;

2. The Respondents shall serve and file their written submissions on sanctions and costs by no later than July 17, 2017;

3. Staff shall serve and file Staff's reply submissions, if any, by no later than August 11, 2017;

4. The hearing on sanctions and costs shall be held on August 22 and 23, 2017 at 10:00 a.m., or such other dates as may be agreed to by the parties and set by the Office of the Secretary; and

5. The hearing date of July 27, 2017 is vacated.

"Timothy Moseley"

2.2.6 Orbus Pharma Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order – Issuer subject to cease trade order as a result of its failure to file financial statements – Issuer has brought its filings up-to-date – Issuer is otherwise not in default of applicable securities legislation – Issuer has provided an undertaking to the Commission that it will not complete (a) a restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada, (b) a reverse takeover with a reverse takeover acquiror that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada, or (c) a significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada, unless the issuer files a preliminary prospectus and a final prospectus with the Ontario Securities Commission and obtains receipts for the preliminary prospectus and the final prospectus from the Director under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

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

AND

IN THE MATTER OF
ORBUS PHARMA INC.

ORDER
(Section 144 of the Act)

WHEREAS the securities of Orbus Pharma Inc. (the **Applicant**) are subject to a cease trade order dated May 10, 2010 issued by the Director of the Ontario Securities Commission (the **Commission**) pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order issued by the Director on May 21, 2010 pursuant to paragraph 2 of subsection 127(1) of the Act (the **Ontario Cease Trade Order**) directing that all trading in securities of the Applicant, whether direct or indirect, shall cease until further order by the Director;

AND WHEREAS the Ontario Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Ontario Cease Trade Order and below;

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144 of the Act to revoke the Ontario Cease Trade Order;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation existing under the *Business Corporations Act* (Alberta) formed pursuant to an amalgamation on June 1, 2006.

2. The head office of the Applicant is located at 3215 – 12th Street NE, Calgary, Alberta, T2E 7S9.

3. The Applicant is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia and is not a reporting issuer in any other jurisdiction in Canada. The Commission is the principal regulator for the Applicant.

4. The authorized capital of the Applicant consists of an unlimited number of Class A common voting shares (the **Common Shares**) and an unlimited number of Class B common non-voting shares (the **Class B Shares**), of which 22,547,508 Common Shares and196,500,261 Class B Shares are currently issued and outstanding.

5. Other than the Common Shares and Class B Shares, the Applicant has no securities (including debt securities) issued and outstanding.

6. The Ontario Cease Trade Order was issued as a result of the Applicant failing to file its audited annual financial statements and management's discussion and analysis (**MD&A**) for the year ended December 31, 2009 within the

timeframe as required under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and related certifications (the **NI 52-109 Certificates**) as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**) (collectively, the **Annual Filings**).

7. The Applicant is also subject to cease trade orders issued by the securities regulators in the Provinces of British Columbia, Manitoba, Alberta and Québec (together with the Commission, the Orbus Pharma Inc.) for failing to file the Annual Filings (the Orbus Pharma Inc., and together with the Ontario Cease Trade Order, theOrbus Pharma Inc.).

8. The Applicant subsequently failed to file other continuous disclosure documents with the Commission within the prescribed timeframe in accordance with the requirements of Ontario securities law, including the following:

   (a) all audited financial statements, together with the corresponding MD&As, as required under NI 51-102 and NI 52-109 Certificates for the years ended December 31, 2010 to December 31, 2015; and

   (b) all unaudited interim financial statements, together with the corresponding MD&As, as required under NI 51-102 and NI 52-109 Certificates for the periods ended March 31, 2010 to September 30, 2016.

9. The Common Shares were suspended from trading on the TSX NEX Exchange on April 30, 2010 for failure to maintain minimum TSX NEX Exchange listing requirements. No securities of the Applicant are listed or traded on any other stock exchange or market in Canada or elsewhere.

10. On September 7, 2010, the Applicant filed a proposal (the **Proposal**) in accordance with the *Bankruptcy and Insolvency Act* (Canada) (the **BIA**) that included a reorganization of the Applicant's share capital and trades of securities of the Applicant. The Proposal was approved by the creditors of the Applicant on September 28, 2010 and the Court on October 18, 2010 as required under the BIA.

11. To facilitate the trades contemplated by the Proposal, the Commission and the Alberta Securities Commission each granted a partial revocation order of the Cease Trade Orders issued by it dated January 13, 2011. The trades were completed on or about April 27, 2011 and a press release and material change report was filed on SEDAR on April 29, 2011 (the **Closing**).

12. The Applicant has not carried on business since the Closing and has been inactive. Aside from approximately $140,000 cash on hand, it has no material assets or liabilities.

13. Since the issuance of the Ontario Cease Trade Order, the Applicant has filed the following continuous disclosure documents with the Jurisdictions:

   (a) audited annual financial statements for the years ended December 31, 2014, December 31, 2015, and December 31, 2016 together with the corresponding MD&As, as required under NI 51-102 and the NI 52-109 Certificates; and

   (b) the statement of executive compensation for the year ended December 31, 2016.

14. The Applicant has not filed the following:

   (a) the audited financial statements, together with the corresponding MD&As, as required under NI 51-102 and NI 52-109 Certificates for the years ended December 31, 2009 to December 31, 2013;

   (b) the unaudited interim financial statements, together with the corresponding MD&As, as required under NI 51-102 and NI 52-109 Certificates for the periods ended March 31, 2010 to September 30, 2016; and

   (c) the statements of executive compensation for the years ended December 31, 2009 to December 31, 2015.

   (collectively, the **Outstanding Filings**).

15. The Applicant has requested that the Commission exercise its discretion in accordance with Section 6 of National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order* (**NP 12-202**) and elect not to require the Applicant to file the Outstanding Filings.

16. The Applicant has filed with the Commission all continuous disclosure that it is required to file under the Legislation, except for the Outstanding Filings and any other continuous disclosure that the Commission elected not to require as contemplated in sections 3.1(2) and (3) of NP 12-202, and has paid all activity, participation and late filing fees that it is required to pay to the Commission.

17. Except for the failure to file the Outstanding Filings, the Applicant (i) is up-to-date with all of its other continuous disclosure obligations; (ii) is not in default of any of its obligations under the Cease Trade Orders; and (iii) is not in default of any requirements under the Act or the rules and regulations made pursuant thereto.

18. As of the date hereof, the Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid to the Commission and has filed all forms associated with such payments.

19. As of the date hereof, the Applicant's profiles on the System for Electronic document Analysis and Retrieval (**SEDAR**) and the System for Electronic Disclosure by Insiders (**SEDI**) are current and accurate.

20. Since the imposition of the Ontario Cease Trade Order, there has been no change in the Applicant's insiders or in the controlling shareholders of the Applicant.

21. Since the imposition of the Ontario Cease Trade Order, the Applicant has been dormant, and there have been no material changes to the Applicant's business or operations.

22. The Applicant is not considering nor, except as described in representation 23 herein, is it involved in any discussions related to, a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

23. Representatives of the two largest shareholders of the Applicant have met with Gianni Kovacevic, President and CEO of CopperBank Resources Corp ("**CopperBank**") and discussed a proposed transaction. Mr. Kovacevic has provided the Applicant with a draft non-binding term sheet ("**LOI**") proposing a business combination between the Applicant and a subsidiary of CopperBank sometime in 2017 after all cease trade orders issued against the Applicant have been lifted. As of the date hereof, the Applicant has neither responded nor provided any formal comments to Mr. Kovacevic, CopperBank or their advisors on the LOI.

24. The Applicant has given the Commission a written undertaking (the "**Undertaking**") that:

    (a) The Applicant will hold an annual meeting of shareholders within three months after the date on which the Ontario Cease Trade Order is revoked; and

    (b) The Applicant will not complete:

        i. A restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,

        ii. A reverse takeover with a reverse takeover acquirer that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada, or

        iii. A significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,

        including in each such case, any such transaction contemplated under the LOI

        unless

            A. The Applicant files a preliminary prospectus and a final prospectus with the Commission and obtains receipts for the preliminary and final prospectus from the Director under the Act,

            B. The Applicant files or delivers with the preliminary prospectus and the final prospectus the documents required by Part 9 of National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**") including a completed personal information form and authorization in the form set out in Appendix A of NI 41-101 for each current and incoming director, executive officer and promoter of the Applicant, and

            C. The preliminary prospectus and final prospectus contain the information required by applicable securities legislation, including the information required for a probable restructuring transaction, reverse takeover or significant acquisition (as applicable).

25. Upon the revocation of the Ontario Cease Trade Order, the Applicant will issue a news release and concurrently file a material change report on SEDAR announcing the revocation of the Ontario Cease Trade Order and outlining the Applicant's future plans.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Ontario Cease Trade Order;

IT IS ORDERED, pursuant to section 144 of the Act, that the Ontario Cease Trade Order is revoked.

DATED at Toronto this 3rd day of May, 2017.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.2.7 AAOption et al. – ss. 127(1), 127(10)

IN THE MATTER OF
AAOPTION,
GALAXY INTERNATIONAL SOLUTIONS LTD. and
DAVID ESHEL

Monica Kowal, Vice-Chair

May 26, 2017

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

WHEREAS on May 26, 2017, the Ontario Securities Commission held a hearing in writing to consider whether it is in the public interest to make an inter-jurisdictional enforcement order against the Respondents pursuant to subsection 127(1) and paragraph 4 of subsection 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

ON READING the hearing materials filed by Staff, including the Statement of Allegations dated October 26, 2016, the Hearing Brief, Written Submissions and Brief of Authorities dated January 26, 2017 and the Supplemental Hearing Brief, Written Submissions and Brief of Authorities dated March 22, 2017, no materials being filed by the Respondents, although properly served as appears from the Affidavits of Service of Lee Crann, sworn November 16 and December 1, 2016, January 16, February 9 and March 30, 2017;

IT IS ORDERED THAT:

1. against AAOption and Galaxy International Solutions Ltd. ("**Galaxy**"):

   (a) trading in any securities or derivatives by Galaxy and AAOption shall cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

   (b) trading in any securities of Galaxy and AAOption shall cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

   (c) the acquisition of any securities by Galaxy and AAOption is prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

   (d) any exemptions contained in Ontario securities law do not apply to Galaxy and AAOption permanently, pursuant to paragraph 3 of subsection 127(1) of the Act; and

   (e) Galaxy and AAOption are prohibited permanently from becoming or acting as registrants, investment fund managers or promoters, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

2. against David Eshel ("**Eshel**"):

   (a) trading in any securities or derivatives by Eshel shall cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

   (b) the acquisition of any securities by Eshel is prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

   (c) any exemptions contained in Ontario securities law do not apply to Eshel permanently, pursuant to paragraph 3 of subsection 127(1) of the Act; and

   (d) Eshel is prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act.

"Monica Kowal"

2.2.8 White Gold Corp. – s. 1(11)

Headnote

Subsection 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer is already a reporting issuer in Alberta and British Columbia – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta and British Columbia are substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

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

AND

IN THE MATTER OF
WHITE GOLD CORP.

ORDER
(Section 1(11))

UPON the application of White Gold Corp. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to subsection 1(11) of the Act deeming the Applicant to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant was incorporated under the *Company Act* (British Columbia) under the name SYMC Resources Limited on March 26, 1987 (subsequently renamed G4G Resources Ltd. on October 12, 2007, and subsequently renamed G4G Capital Corp. on January 23, 2015) and continued under the *Business Corporations Act* (Ontario) pursuant to articles of continuance dated December 19, 2016. The Applicant's registered and head office is 82 Richmond Street East, Toronto, Ontario M5C 1P1.

2. The Applicant's common shares (the "**Common Shares**") have been listed and posted for trading on the TSX Venture Exchange ("**TSXV**") since May 19, 1998, and currently trade under the symbol "WGO". The authorized share capital of the Applicant consists of an unlimited number of Common Shares of which a total of 66,281,486 Common Shares were issued and outstanding as of March 21, 2017. The Applicant does not have any class of securities authorized and outstanding, other than the Common Shares.

3. The Applicant is a reporting issuer under the *Securities Act* (British Columbia) (the "**BC Act**"), and is also a reporting issuer under the *Securities Act* (Alberta) (the "**Alberta Act**").

4. The Applicant is not currently a reporting issuer or the equivalent in any jurisdiction in Canada other than Alberta and British Columbia.

5. The Applicant is not in default of any requirements of the BC Act or the Alberta Act.

6. The Applicant is not on the list of defaulting issuers maintained pursuant to the BC Act or pursuant to the Alberta Act.

7. The continuous disclosure requirements of the Alberta Act and the BC Act are substantially the same as the continuous disclosure requirements under the Act.

8. The materials filed by the Applicant as a reporting issuer in the Provinces of Alberta and British Columbia are available on the System for Electronic Document Analysis and Retrieval.

9. The Applicant is not in default of any of the rules, regulations or policies of the TSXV.

10. Pursuant to the policies of the TSXV, a listed-issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "significant connection to Ontario" (as defined in the policies of the TSXV) and, upon becoming aware that it has a significant connection to Ontario, promptly make a bona fide application to the Commission to be deemed a reporting issuer in Ontario.

11. The Applicant has determined that it has a significant connection to Ontario in that, in addition to its head office being located in Ontario, over 85% of the Applicant's Common Shares are registered to holders in Ontario.

12. Neither the Applicant nor any of its officers, directors or, to the knowledge of the Applicant or its officers and directors, any controlling shareholder, has (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13. Neither the Applicant, nor any of its officers, directors nor, to the knowledge of the Applicant and its officers and directors, any of its controlling shareholders, is or has been subject to: (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. Neither any of the officers or directors of the Applicant nor, to the knowledge of the Applicant and its officers and directors, any of its controlling shareholders, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to: (i) any cease trade or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

15. The Province of Ontario will be the principal regulator for the Applicant once it has obtained reporting issuer status in Ontario.

16. The Applicant will remit all filing fees due and payable by it pursuant to Commission Rule 13-502 *Fees* by no later than two business days from the date of this Order.

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

IT IS HEREBY ORDERED pursuant to subsection 1(11) of the Act that the Applicant be deemed to be a reporting issuer for the purposes of Ontario securities law.

DATED this 3rd day of May, 2017.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

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

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

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

May 29, 2017

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

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 and 29, 2017, at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario.

ON READING the materials filed by Staff of the Commission and by the respondents and on hearing the oral submissions of the representatives for Staff of the Commission and for the respondents;

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 August 29, 2017, is granted; and

2. having reserved our decision on Staff's application to extend paragraph 2 of the Temporary Order, paragraph 2 of the Temporary Order is extended pursuant to subsection 127(7) of the Act, until we deliver our decision in respect of that portion of Staff's application.

"Timothy Moseley"

"William J. Furlong"

"Mark J. Sandler"

2.2.10 Golden Credit Card Trust

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – issuer of credit card receivables backed notes deemed to no longer be a reporting issuer under securities legislation – issuer has debt securities outstanding – issuer has more than 50 securityholders worldwide, but less than 51 securityholders in Canada – notes issued in Canada to accredited investors pursuant to prospectus exemption – issuer in default of its obligation to file and deliver its annual financial statements and related management's discussion and analysis – issuer to continue to make investor monthly portfolio report summaries and credit card portfolio data available to investors.

Applicable Legislative Provisions

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

May 25, 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
GOLDEN CREDIT CARD TRUST
(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 (the Legislation) that the Filer has ceased to be a reporting issuer in all the 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 (OSC) 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 each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, the Yukon Territory, Northwest Territories and Nunavut (collectively with Ontario, the Jurisdictions).

Interpretation

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

Representations

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

1. The Filer was originally established under a declaration of trust on March 31, 1999, which declaration of trust has been supplemented by a supplemental declaration of trust made as of April 22, 2008 and a second supplemental declaration of trust made as of September 29, 2011 (collectively, the Declaration of Trust). The Declaration of Trust is governed by

the laws of the Province of Ontario. Computershare Trust Company of Canada is the trustee (in such capacity, the Issuer Trustee) of the Filer and is a trust company established under the laws of Canada and is licensed to carry on business as a trustee in all provinces and territories of Canada. The head office of the Issuer Trustee is c/o Computershare Trust Company of Canada at 100 University Avenue, 11th Floor, Corporate Trust Department, Toronto, Ontario M5J 2Y1;

2. The Filer is a special purpose entity that purchases from Royal Bank of Canada, from time to time, undivided co-ownership interests in a revolving pool of credit card receivables and issues credit card receivables backed notes to fund such purchases;

3. The Filer is not in default of securities legislation in any of the Jurisdictions except for the failure to file its annual financial statements and its management's discussion and analysis in respect of such statements for the year ended December 31, 2016, as required under National Instrument 51-102 *Continuous Disclosure Obligations* and certification of the foregoing filings as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the Filings), all of which became due on May 1, 2017;

4. The Filer has no issued and outstanding common shares;

5. As of April 27, 2017, the Filer has fourteen classes of debt securities (collectively, the Notes) outstanding, being:

   (i) Credit Card Receivables Backed Senior and Subordinated Notes, Series 2012-4

   By an offering memorandum dated July 18, 2012, the Filer issued in the United States U.S. $500,000,000 1.39% credit card receivables backed senior notes, series 2012-4, and by way of private placement in Canada, the Filer concurrently issued CDN$23,795,812 3.80% credit card receivables backed subordinated notes, series 2012-4, each with an expected final payment date of July 17, 2017;

   (ii) Credit Card Receivables Backed Senior and Subordinated Notes, Series 2012-6

   By an offering memorandum dated September 25, 2012, the Filer issued in the United States U.S. $500,000,000 credit card receivables backed senior floating rate notes, series 2012-6, and by way of private placement in Canada, the Filer concurrently issued CDN$23,096,073 3.794% credit card receivables backed subordinated notes, series 2012-6, each with an expected final payment date of September 15, 2017;

   (iii) Credit Card Receivables Backed Senior and Subordinated Notes, Series 2014-2

   By an offering memorandum dated March 26, 2014, the Filer issued in the United States U.S. $550,000,000 credit card receivables backed senior floating rate notes, series 2014-2, and by way of private placement in Canada, the Filer concurrently issued CDN$29,194,634 3.459% credit card receivables backed subordinated notes, series 2014-2, each with an expected final payment date of March 15, 2019;

   (iv) Credit Card Receivables Backed Series Enhancement Notes

   By an offering memorandum dated November 14, 2014, the Filer issued in Canada CDN$151,000,000 2.134% credit card receivables backed series enhancement notes, with an expected final payment date of March 15, 2019;

   (v) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2015-1

   By an offering memorandum dated February 26, 2015, the Filer issued in the United States U.S. $525,000,000 credit card receivables backed class A floating rate notes, series 2015-1, and by way of private placement in Canada, the Filer concurrently issued CDN$31,619,599 1.586% credit card receivables backed class B notes, series 2015-1 and CDN$14,053,155 1.836% credit card receivables backed class C notes, series 2015-1, each with an expected final payment date of February 15, 2018;

   (vi) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2015-2

   By an offering memorandum dated April 22, 2015, the Filer issued in the United States U.S. $500,000,000 2.02% credit card receivables backed class A notes, series 2015-2, and by way of private placement in Canada, the Filer concurrently issued CDN$29,420,856 2.249% credit card receivables backed class B notes, series 2015-2 and CDN$13,075,936 2.499% credit card receivables backed class C notes, series 2015-2, each with an expected final payment date of April 15, 2020;

(vii) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2015-3

By an offering memorandum dated July 23, 2015, the Filer issued in the United States U.S.$850,000,000 credit card receivables backed class A floating rate notes, series 2015-3, and by way of private placement in Canada, the Filer concurrently issued CDN$53,337,273 2.01% credit card receivables backed class B notes, series 2015-3 and CDN$23,705,454 2.36% credit card receivables backed class C notes, series 2015-3, each with an expected final payment date of July 17, 2017;

(viii) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2016-1

By an offering memorandum dated January 19, 2016, the Filer issued in the United States U.S.$625,000,000 credit card receivables backed class A floating rate notes, series 2016-1, and by way of private placement in Canada, the Filer concurrently issued CDN$43,766,711 2.003% credit card receivables backed class B notes, series 2016-1 and CDN$19,451,872 2.403% credit card receivables backed class C notes, series 2016-1, each with an expected final payment date of January 16, 2018;

(ix) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2016-3

By an offering memorandum dated April 25, 2016, the Filer issued in the United States U.S. $400,000,000 credit card receivables backed class A floating rate notes, series 2016-3, and by way of private placement in Canada, the Filer concurrently issued CDN$24,401,069 2.931% credit card receivables backed class B notes, series 2016-3 and CDN$10,844,920 3.631% credit card receivables backed class C notes, series 2016-3, each with an expected final payment date of April 15, 2021; and

(x) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2016-4

By an offering memorandum dated April 25, 2016, the Filer issued in the United States U.S. $400,000,000 credit card receivables backed class A floating rate notes, series 2016-4, and by way of private placement in Canada, the Filer concurrently issued CDN$24,401,069 3.173% credit card receivables backed class B notes, series 2016-4 and CDN$10,844,920 3.873% credit card receivables backed class C notes, series 2016-4, each with an expected final payment date of April 18, 2022.

(xi) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2016-5

By an offering memorandum dated September 13, 2016, the Filer issued in the United States U.S. $700,000,000 1.60% credit card receivables backed class A notes, series 2016-5, and by way of private placement in Canada, the Filer concurrently issued CDN$44,386,363 2.185% credit card receivables backed class B notes, series 2016-5 and CDN$19,727,273 2.785% credit card receivables backed class C notes, series 2016-5, each with an expected final payment date of September 16, 2019.

(xii) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2017-1

By an offering memorandum dated February 13, 2017, the Filer issued in the United States U.S. $1,000,000,000 credit card receivables backed class A floating rate notes, series 2017-1, and by way of private placement in Canada, the Trust concurrently issued CDN$62,927,808 2.191% credit card receivables backed class B notes, series 2017-1 and CDN$27,967,914 2.691% credit card receivables backed class C notes, series 2017-1, each with an expected final payment date of February 19, 2019.

(xiii) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2017-2

By an offering memorandum dated April 17, 2017, the Filer issued in the United States U.S. $600,000,000 1.98% credit card receivables backed class A notes, series 2017-2, and by way of private placement in Canada, the Trust concurrently issued CDN$38,449,733 1.844% credit card receivables backed class B notes, series 2017-2 and CDN$17,088,770 1.994% credit card receivables backed class C notes, series 2017-2, each with an expected final payment date of April 15, 2020.

(xiv) Credit Card Receivables Backed Class A, Class B and Class C Notes, Series 2017-3

By a term sheet dated April 18, 2017, the Filer issued in Canada CDN$15,000,000.00 credit card receivables backed class C notes, series 2017-3, and by way of private placement in Canada, the Filer concurrently issued CDN$701,250,000 1.191% credit card receivables backed class A notes, series 2017-3 and CDN$33,750,000 1.441% credit card receivables backed class B notes, series 2017-3, each with an expected final payment date of September 17, 2018.

6. Only two series of Notes (Series Enhancement Notes and Series 2017-3) were issued primarily in Canada, and both such series of Notes were issued on a private placement basis to Canadian "accredited investors";

7. The Notes were issued pursuant to a trust indenture made as of July 9, 1999, as supplemented by a supplemental trust indenture made as of April 22, 2008 and a second supplemental trust indenture made as of January 26, 2017 (the Indenture) between the Filer and CIBC Mellon Trust Company as indenture trustee (the Indenture Trustee);

8. The Notes are not convertible or exchangeable into common shares. The Notes were initially issued on a private placement basis, primarily in the United States pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, with a relatively small portion sold in Canada to "accredited investors" pursuant to applicable exemptions from applicable Canadian securities legislation. The Notes have not been listed for trading on any stock exchange or marketplace;

9. All series of credit card receivables backed notes previously issued by way of prospectus by the Filer in Canada have been paid in full, with the last such series having matured on May 16, 2016;

10. On January 26, 2017, the Filer and the Indenture Trustee amended the Indenture with respect to the delivery of financial statements (the Amendment). As required pursuant to the Indenture, the rating agencies rating the Notes (the Rating Agencies) provided confirmation that the Amendment would not result in a reduction or withdrawal of the ratings of the Notes in effect immediately before the implementation of the Amendment, and the Filer confirmed to the Indenture Trustee that it was of the opinion that the Amendment would not individually or in the aggregate materially adversely affect the interest of the holders of the Notes. The Amendment did not require the consent of the holders of the Notes;

11. Prior to the implementation of the Amendment, section 6.01(l) of the Indenture required that the Filer provide the Indenture Trustee, each of the Rating Agencies and any regulatory authority with which the following are required to be filed, within one hundred and forty (140) days after the end of each fiscal year, audited financial statements of the Filer for the fiscal year including the statements of income, and changes in financial position of the Filer, and within 45 days after the end of each fiscal quarter, other than the fiscal quarter of the Filer ending on the fiscal year end of the Filer, unaudited financial statements of the Filer for such fiscal quarter of the Filer, including the balance sheet and statements of income and changes in financial position of the Filer. The implementation of the Amendment had the effect of eliminating the contractual obligation of the Filer to provide periodic financial or other reports to the Indenture Trustee and the Rating Agencies and, in the event that the Filer ceased to be a reporting issuer, to any regulatory authority. As a result, the Indenture does not require ongoing reporting to the Indenture Trustee or to holders of Notes once the Filer is no longer subject to reporting requirements under applicable Canadian securities legislation;

12. The Notes are issued in book-entry form and are represented by global certificates registered in a nominee name of The Depositary Trust Company (DTC), in the case of Notes issued in the United States (the DTC Notes), and CDS Clearing and Depository Services Inc. (CDS), in the case of Notes issued in Canada (the CDS Notes), with beneficial interests therein recorded in records maintained by DTC or CDS, as the case may be, and their respective participants as financial intermediaries that hold securities on behalf of their clients. In accordance with industry practice and custom, the Filer has obtained from Broadridge Financial Solutions Inc. (Broadridge) a geographic survey of beneficial holders of Notes as of December 23, 2016 (the Geographic Report), which provides information as to the number of noteholders and Notes held in each jurisdiction of Canada and in the United States and other foreign jurisdictions. Broadridge advises that its reported information is based on securityholder addresses of record identified in the files provided to it by the financial intermediaries holding Notes. The Geographic Report does not cover CDS Notes that were purchased and have been retained by Royal Bank of Canada and does not cover any CDS Notes or DTC Notes that are held by broker/dealers in inventory or any Notes issued after the date of the Geographic Report. The Geographic Report does include other series of credit card receivables backed notes of the Filer that matured after the date of the Geographic Report;

13. The Geographic Report covers approximately 91% of the outstanding principal amount of DTC Notes for a total of US$6,331,806,000 and reports a total of 450 beneficial holders residing in the following jurisdictions:

    (a) 431 in the United States holding US$5,420,251,000 principal amount of DTC Notes; and

    (b) 19 in jurisdictions outside of the United States (including Canada) holding US$911,555,000 principal amount of DTC Notes.

    Broadridge has confirmed that its searches are unable to report on 100% of the geographic ownership of the DTC Notes. The Filer reasonably inquired with the Indenture Trustee as to the holders of the Notes not covered by the Geographic Report, and was informed by the Indenture Trustee that the unreported noteholders are likely objecting beneficial holders who do not want their name, mailing address or amount of DTC Notes held by them disclosed;

14. Broadridge has confirmed that with respect to beneficial holders of DTC Notes residing in jurisdictions outside of the United States, none of the beneficial holders resides in Canada;

15. The Geographic Report covers 100% of the outstanding principal amount of CDS Notes for a total of CAD$91,276,594 and reports a total of 14 beneficial holders residing in the following jurisdictions:

    (a) 10 in Ontario holding CAD$25,506,553 principal amount of CDS Notes; and

    (b) 4 in the United States holding CAD$65,770,041 principal amount of CDS Notes.

    There were no beneficial holders reported residing in any province or territory of Canada other than Ontario.

16. The Canadian holders of the CDS Notes and DTC Notes represent approximately 0.3% of the Canadian dollar equivalent aggregate principal amount of CDS Notes and DTC Notes reported and approximately 2.2% of the number of beneficial investors reported for the CDS Notes and DTC Notes;

17. The Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* as it has more than 50 securityholders (being the holders of the Notes) and is in default for failure to file the Filings;

18. The only securities issued by the Filer are the Notes. The Notes entitle the holders only to the payment of principal and interest, and do not entitle the holders to receive or to convert into other common shares (or any other equity securities), or to otherwise participate in the distribution of the assets of the Filer upon a liquidation or winding up;

19. The Notes are rated by the Rating Agencies based primarily on the credit underlying the credit card receivables in which the Filer purchases co-ownership interests, the level of enhancement provided by the reserve account established for each series of co-ownership interest and, in the case of the Class A Notes, the subordination of the payments on the Class B Notes and the Class C Notes to the prior payment of amounts payable on the Class A Notes and, in the case of the Class B Notes, the subordination of the payments on the Class C Notes to the prior payment of amounts payable on the Class B Notes, rather than by any independent assessment of the condition and performance, financial or otherwise, of the Filer. The Filer has confirmed that the Notes will continue to be rated by at least one recognized rating agency upon the cessation by the Filer of its reporting under Canadian securities laws for the foreseeable future;

20. There is no obligation or covenant in the Indenture, the Notes or any offering memorandum or term sheet delivered in connection with the Notes (Offering Documents) for the Filer to maintain its status as a reporting issuer or the equivalent in any jurisdiction of Canada or to file financial statements or any other continuous disclosure documentation on SEDAR. No financial statements or any other continuous disclosure documentation was included or incorporated by reference in any Offering Document. The investors to whom the Notes were placed were sophisticated investors who had the opportunity to negotiate for such disclosure or filing obligations under the Indenture, the Notes or the Offering Documents as they saw fit. No continuous disclosure of financial statements, management discussion and analysis or annual information forms is required under the United States securities laws under which the DTC Notes were issued in the United States and no continuous disclosure of such materials would have been required in Canada in connection with securities issued under the prospectus exemptions under which the Notes were issued;

21. The Filer will continue to make investor monthly portfolio report summaries and credit card portfolio data available to investors.

22. The Filer issued a news release on March 30, 2017 announcing that it has applied to the OSC, as principal regulator, for a decision that it has ceased to be a reporting issuer in all jurisdictions of Canada and, if that decision is granted, the Filer will no longer be a reporting issuer in any jurisdiction of Canada;

23. No securities of the Filer, 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. The Filer has no current intention to distribute any securities by way of a public offering of securities in Canada; and

24. Upon granting of the Order Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

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.

"Grant Vingoe"
Ontario Securities Commission

"Monica Kowal"
Ontario Securities Commission

2.2.11 Nobel Real Estate Investment Trust

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).

[TRANSLATION]

May 19, 2017

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

AND

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

AND

IN THE MATTER OF
NOBEL REAL ESTATE INVESTMENT TRUST
(the Filer)

ORDER

Background

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

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

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

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

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, Regulation 11-102 and *Regulation 14-501Q respecting definitions* have the same meaning if used in this order, unless otherwise defined.

Representations

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

1. the Filer is not an OTC reporting issuer under *Regulation 51-105 respecting 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 *Regulation 21-101 respecting Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

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

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

Order

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

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

“Martin Latulippe”
Director, Continuous Disclosure
Autorité des marchés financiers

2.2.12 Infor Acquisition Corp. – s. 1(6) of the OBCA

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
INFOR ACQUISITION CORP.
(the "Applicant")

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

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

2. the head office of the Applicant is located at 200 Bay Street, Royal Bank Plaza, South Tower Suite 2350, Toronto, Ontario, M5J 2J2;

3. the Applicant is a special purpose acquisition corporation (a **SPAC**), pursuant to Toronto Stock Exchange Rules, 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 within a specific timeline. To this end, the Applicant distributed units comprised of Class A Restricted Voting Shares and warrants in an initial public offering completed in June of 2015 and such Class A Restricted Voting Shares and warrants were listed on the Toronto Stock Exchange;

4. on April 11, 2017, the Applicant announced that since it had not completed its qualifying acquisition within the permitted timeline it would liquidate the escrow account that held the proceeds from the Applicant's initial public offering and automatically redeem its Class A Restricted Voting Shares;

5. the Applicant's Class A Restricted Voting Shares were redeemed on May 4, 2017;

6. the Applicant's warrants expired at 5:00 p.m. (Toronto time) on May 4, 2017;

7. the Applicant's securities were de-listed from the Toronto Stock Exchange on May 4, 2017;

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

9. there are fewer than 15 beneficial securityholders of the Applicant's Class B Shares;

10. the Applicant has no outstanding debt securities; and

11. on May 11, 2017, the Applicant was granted an order that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario), and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*.

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.

DATED at Ontario on this 26th day of May, 2017.

"Philip Anisman"
Commissioner
Ontario Securities Commission

"William Furlong"
Commissioner
Ontario Securities Commission

2.2.13 European Commercial Real Estate Limited

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 26, 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
EUROPEAN COMMERCIAL REAL ESTATE LIMITED
(the Filer)

ORDER

Background

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

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

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

"Winnie Sanjoto"
Manager, Corporate Finance

2.3 Orders with Related Settlement Agreements

2.3.1 Lance Kotton – ss. 127, 127.1

IN THE MATTER OF
LANCE KOTTON

Timothy Moseley, Chair of the Panel
William Furlong, Commissioner

May 26, 2017

ORDER
(Sections 127 and 127.1 of the Securities Act R.S.O. 1990, c S.5)

THIS APPLICATION, made jointly by Staff of the Commission and Lance Kotton (**Kotton**) for approval of a settlement agreement dated May 23, 2017 (the **Settlement Agreement**), was heard on May 26, 2017 at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON READING the Statement of Allegations dated May 23, 2017, the Joint Application Record for a Settlement Hearing dated May 23, 2017, including the Settlement Agreement, and on hearing the submissions of the representatives for Kotton and Staff;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

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

3. acquisition of any securities by Kotton be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

4. any exemptions contained in Ontario securities law not apply to Kotton permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;

5. Kotton immediately resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

6. Kotton be permanently prohibited from becoming or acting as an officer or director of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

7. Kotton be permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

8. Kotton pay an administrative penalty in the amount of $100,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount 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

9. Kotton pay costs in the amount of $25,000, pursuant to section 127.1 of the Act.

“Timothy Moseley”

“William Furlong”

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

AND

IN THE MATTER OF
LANCE KOTTON

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. This matter concerns the misleading statements and fraudulent conduct of Lance Kotton ("Kotton"), contrary to sections 44(2) and 126.1(1)(b) of the *Securities Act*, RSO 1990, c S5, as amended (the "Act"), respectively. Mr. Kotton was the founder and directing mind of the Titan Equity Group Ltd. ("TEG"). The conduct in question related to the solicitation and sale of securities of a number of issuers within a larger corporate structure that was controlled and managed by Kotton (the "Titan Group"). Between April 2011 and November 2015 (the "Material Time"), the Titan Group raised an aggregate of approximately $40 million from 394 investors, mostly in Ontario. As of March 2017 and following the sale of assets by the Receiver (as defined below), the shortfall to individual investors and other unsecured creditors of the Titan Group is approximately $24 million. This amount remains outstanding.

2. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Act, it is in the public interest to make certain orders against Kotton in respect of the conduct described herein.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") recommend settlement of the proceeding ("Proceeding") against the Respondent commenced by the Notice of Hearing, in accordance with the terms and conditions set out in Part VII of the Settlement Agreement. The Respondent consents to the making of an order (the "Order") in the form attached as Schedule "A" to this Settlement Agreement based on the facts set out herein.

4. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts set out in Part III of this Settlement Agreement and the conclusion in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

A. BACKGROUND

(i) Lance Kotton

5. During the Material Time, Kotton was a resident of Vaughan, Ontario. Kotton has never been registered with the Commission in any capacity.

6. Kotton was the president ("President") and chief executive officer ("CEO") and sole shareholder of Titan Equity Group ("TEG"). Kotton owned, directly or indirectly, most of the entities in the Titan Group (the "Titan Entities") described below. Kotton was also the President as well as the sole officer and director of some of them.

(ii) The Titan Group

7. TEG was formed in March 2012. The primary purpose of TEG was to market and sell securities to individual investors in order to acquire and develop real estate projects, including:

(a) The property known as "Oxford on Bathurst", located in Richmond Hill, Ontario;

(b) The property known as "Kotton Cachet", also located in Richmond Hill, Ontario; and

(c) A retirement residence known as "Villa Del Sole", located in Woodbridge, Ontario

(collectively, the "Properties").

8. In summary, the roles performed by each of the Titan Entities are as follows:

Titan Group Entity	Role
TEG	Solicited investments from investors, primarily in Ontario. Owned by Lance Kotton, directly.
Executive Leasing Inc. (“Executive”)	Received and disbursed investor funds from 2011 to 2014.
Executive Leasing Capital Corp. (“ELCC”)	Acted as the manager and administrator of the Properties, and received and disbursed investor funds. ELCC solicited investments from investors prior to the formation of TEG.
Shan-Kael Group Inc. (“Shan-Kael”)	The registered owner and operator of Villa Del Sole.
2216296 Ontario Inc.	Kotton’s personal company for a pre-Titan project and held 65.6% of Shan-Kael, which owned Villa Del Sole.
Titan 10703 Bathurst Inc. (“10703 Bathurst”)	The registered owner of the Oxford on Bathurst.
Titan 10703 Bathurst Holdings Inc. (“10703 Bathurst Holdings”)	Owned 100% of the Class B Common shares of 10703 Bathurst, which owned the Oxford on Bathurst, and raised investor funds through the issuance of preferred shares.
Titan Real Estate Acquisition & Development Corp.	Owned by TEG directly. Owned 100% of the common shares of TREAD Finance Corp., 230 Major Mack Holdings Inc., and Titan 10703 Bathurst Inc.
Titan 230 Major Mack Inc. (“230 Major Mack”)	The registered owner of Kotton Cachet.
230 Major Mack Holdings Inc. (“MM Holdings”)	Owned 100% of the shares of 230 Major Mack, which owned Kotton Cachet, and raised investor funds through the issuance of preferred shares.
Tread Finance Corp. (“TREAD”)	Issued promissory notes to investors to raise funds for the Properties.

9. All of the Titan Entities were incorporated in Ontario, with the exception of TREAD, which is an Alberta company. None of the Titan Entities have ever been reporting issuers in Ontario nor have they ever been registered with the Commission in any capacity

10. In addition to selling securities to individual investors, Kotton, through the Titan Group, raised funds by way of secured mortgages from institutional lenders.

(iii) The Receivership in 2015

11. In November 2015, a receiver was appointed (the “Receiver”) over the assets of the Titan Group and Kotton, personally, pursuant to section 129 of the Act. Through the receivership proceeding (the “Receivership”), all of the Titan Group’s assets and Kotton’s personal assets, including his house, were liquidated.

12. Although the Properties were sold by the Receiver for aggregate gross proceeds of over $40 million, almost $17 million in excess of their acquisition price, there were insufficient funds to fully repay all investors/creditors out of the recoveries on the Properties.

13. As of March 2017, the shortfall to individual investors and other unsecured creditors is approximately $24 million. This amount remains outstanding.

B. DETAILED FACTS

(i) Titan Securities Issued

14. Kotton and TEG raised funds from investors through the sale and issuance of three main types of securities:

(a) "Pooled Mortgage Investments" or "PMIs": Securities in the form of syndicated mortgages wherein two or more persons or companies participate, directly or indirectly, as lenders in the debt obligation, issued by the registered owner of the property for which the funds were raised and secured by way of a second mortgage on such property. PMIs generally offered 8-12% annual interest for a fixed 1-5 year term. Investors were to receive monthly interest payments from an interest reserve set aside at the outset of the investment. PMIs were generally sold on the basis that the combined mortgages on the property would not exceed 85% of the appraised "as is" value ("85% LTV"). PMIs were issued in respect of each of the Properties;

(b) TREAD Notes: Securities in the form of either promissory notes or debentures issued by TREAD that generally offered 10-16% annual interest for a fixed 1-5 year term. Each series of TREAD Note was issued to raise funds for a specific project and was to pay all accrued interest at the stated maturity date of each instrument. TEG expressly promoted that TREAD Notes were "secured by Titan's own equity in the project[s]" and "could be reasonably considered as a 3rd position on the property and takes priority over all subsequent positions and charges". TREAD Notes were issued in respect of all the Properties; and

(c) Preferred Shares: Non-voting Class A preferred shares issued by MM Holdings in connection with Kotton Cachet and by Bathurst Holdings in connection with Oxford on Bathurst. The Preferred Shares offered a defined return of either 14 or 16% and for a fixed term of either 2 or 3 years, respectively. Preferred Shares were available for purchase to Accredited Investors (as defined by the Act) for a minimum cash investment of $150,000. Upon the sale of the relevant property, investors were to receive dividends or distributions of assets in priority to other shareholders of the corporation.

15. Kotton and TEG also offered participating equity agreements ("PEAs") and short term loan agreements (collectively with the PMIs, TREAD Notes and Preferred Shares, the "Titan Securities").

16. PEAs were issued in respect of Villa Del Sole and were to pay an "anticipated return" of 18% upon a sale of the property provided it was sold for at least $15.5 million.

17. The short term loan agreements ("Short Term Loans") were a short term investment opportunity offered by Kotton and TEG in respect of Oxford on Bathurst. The Short Term Loans offered a term of either 30 or 60 days and a range of "return" of up to 20%.

18. Each of the Titan Securities fall within one or more categories of "document, instrument or writing commonly known a security", "evidence of indebtedness" and/or "investment contract" and are thereby "securities" as defined in subsection 1(1) of the Act.

19. In most cases, the documents evidencing the respective Titan Securities were signed by Kotton on behalf of the Titan Group entity issuing the security. In some cases, Kotton, either directly or through the Titan Group, sold Titan Securities to investors.

(ii) Misleading Statements – The Titan Marketing and Promotional Material

20. During the Material Time, TEG, at the direction and instruction of Kotton, created marketing and promotional materials to promote the sale of Titan Securities, including brochures, term sheets and presentation materials (the "Titan Marketing and Promotional Materials").

21. The Titan Marketing and Promotional Materials were disseminated to a network of third party sales agents (the "Sales Agents") who solicited investors to buy Titan Securities and to whom TEG paid commissions and/or referral fees.

22. Certain of the Titan Marketing and Promotional Materials were also made available to individual investors who visited the TEG offices.

23. In the Titan Marketing and Promotional Materials, Kotton is held out as having "over 20 years of experience in [the] financial services and real estate investment arena" and as a global keynote speaker in this field.

24. This was an overstatement. Prior to the formation of TEG in 2012, Kotton's experience in developing real estate was limited to one condominium project in St. Catharines in 2010. Also, Kotton's experience in financial services began in the early

2000s and consisted of being licensed with the Financial Services Commission of Ontario ("FSCO") as a mortgage broker, licensed under the Mortgage Centre in Richmond Hill, ON, and, among other things sold syndicated mortgage investments. At this same time, Kotton also operated a car leasing business.

25. By making the above representations, TEG, at the direction and instruction of Kotton , made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

(iii) Other Misleading Statements by Kotton and TEG

26. From the outset, TEG (and its predecessor ELCC) purported to offer "stable generous returns". Kotton made and directed the making of these representations knowing that, at the time of these representations, TEG had not successfully developed and sold a single real estate project, nor had any of the Properties generated any positive cash flow, profit or retained earnings. Any "return" or interest paid to investors during the Material Time was a return of investor capital or sourced from other financed funds.

27. In addition to disseminating the Titan Marketing and Promotional Materials, TEG posted investor presentation videos on the video-sharing website YouTube to market its securities to the public. The videos, which remained active until 2015, included the following representations regarding the Commission's involvement with and/or approval of TEG's investment products:

(a) "Your investment is registered directly with the OSC" […] "secured by way of an OSC Registered Debenture";

(b) TREAD Notes are "vetted by the OSC, CRA and Olympia Trust"; and

(c) "Interest [on PMIs] is deposited into an OSC approved trust account".

28. At no time during the Material Time were any of the Titan Securities either "registered" with or "vetted" by the Commission nor did the Commission "approve" any trust accounts involved in the sale of PMIs or other Titan Securities.

29. By making these representations, TEG made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

(iv) Conduct Contrary to s. 126.1(1)(b) of the Act – Villa Del Sole

30. Villa Del Sole was a retirement residence located in Woodbridge, Ontario. It was acquired by Shan-Kael on May 6, 2011 for total consideration of $6.2 million. Although Villa Del Sole was still partially under construction at the time, the construction was substantially complete by around April 2012.

31. During the Material Time, Kotton and TEG raised a total of approximately $14.5 million in connection with Villa Del Sole through the sale and issuance of PMIs, PEAs and TREAD Notes.

32. When the Receiver was appointed in November 2015, the obligations to investors and other lenders in respect of the property exceeded $19.5 million, including a $2 million third mortgage to ELCC.

33. Prior to the acquisition of Villa Del Sole, Kotton and TEG had no prior experience in developing or operating a retirement residence. During the Material Time, Villa Del Sole was never fully occupied, nor was it cash flow positive and, when the Receiver took possession, it was less than 50% occupied and operating at a cash flow deficiency of $20,000 per month.

34. Villa Del Sole was sold in 2016 during the course of the Receivership for approximately $6 million, the net proceeds of which were paid to the first mortgagee of the property. Accordingly, none of the PMI investors of Shan-Kael or TREAD Note holders who had obligations outstanding at the time of the Receivership received a distribution from the sale. Investor losses on Villa Del Sole exceed $12.6 million.

35. As further described below, Kotton and TEG engaged in a course of conduct relating to the securities sold in connection with Villa Del Sole that is contrary to s. 126.1(1)(b) of the Act.

Villa Del Sole – 2012 Sales Period

36. In or around April 2012 (the "2012 Sales Period"), Kotton and ELCC were seeking to raise capital in connection with Villa Del Sole. At the time, Villa Del Sole was unoccupied and did not have all of the municipal approvals it required to operate.

37. On April 23, 2012, ELCC obtained an appraisal letter (the "2012 Appraisal Letter") from a real estate appraisal firm (the "2012 Appraiser") stating the current market value of Villa Del Sole for financing purposes was $15.5 million (the "2012 Appraisal Value"), with a full report to follow.

38. On April 25, 2012, the full report in respect of the 2012 Appraisal Letter was issued to ELCC with an appraised value $15.5 million, "as complete" and subject to certain extraordinary assumptions, which included approval of rezoning permits to convert the facility from a 44 bed nursing home to a 51 suite retirement facility and approval of 30 off-site parking spaces (the "2012 Appraisal Report"). These qualifications were not noted in the 2012 Appraisal Letter.

39. By May 1, 2012, ELCC had sold $3,949,500 in PMIs to investors (the "2012 PMIs"). With respect to the value of Villa Del Sole, the offering closed on the basis that it had been appraised at $15.5 million "as is".

40. At no time prior to the closing of the 2012 PMIs did Kotton or ELCC disclose the 2012 Appraisal Report to the Sales Agents selling the 2012 PMIs or to investors directly, nor did they disclose that the 2012 Appraisal Value was on an "as complete" basis and subject to extraordinary assumptions as set out in the 2012 Appraisal Report. By concealing these important facts from investors while selling the 2012 PMIs, Kotton and TEG dishonestly placed investors' pecuniary interests at risk.

Villa Del Sole – 2013 Sales Period

41. In 2013, Kotton and TEG were seeking to raise further funds and, in June and July 2013 (the "2013 PMI Sales Period"), TEG and Kotton sold a total of $7.125 million in PMIs in respect of Villa Del Sole (the "2013 PMIs"). Of the funds raised, approximately $3.74 million consisted of funds rolled-over from the 2012 PMIs (and some PEAs), and approximately $3.38 million consisted of new funds. The offering closed on August 2, 2013 (the "Closing").

42. Throughout the 2013 PMI Sales Period, TEG and Kotton continued to market and sell PMIs to investors based on the 2012 Appraisal Value. In addition, Kotton and TEG generally represented to investors that a new appraisal was anticipated that would reflect a significantly higher value than $15.5 million.

43. In that period, Kotton also represented to at least one Sales Agent that the new valuation for Villa Del Sole would be closer to $22 million with a 5.5% capitalization rate (i.e., the ratio of net operating income to the current market value of the asset). Kotton's prediction of valuation of $22 million was based on a one page income approach created by TEG (not a third party appraiser), and was based upon inputs that were less conservative than those used by third party appraisers.

44. This "valuation" was disseminated to existing investors who were considering whether to redeem their investment or to reinvest their funds in Villa Del Sole. At least 9 investors reinvested following receipt of this communication. Kotton and TEG effected these sales without knowing whether they would obtain a third party appraisal higher than the 2012 Appraisal Value and without disclosing the basis for Kotton's representations that the new valuation would be approximately $22 million.

45. On or around July 24, 2013, approximately 10 days prior to the Closing, Kotton caused a third mortgage to be registered on the property in favour of ELCC in the amount of $2 million (the "ELCC Mortgage"), resulting in increased mortgage obligations owing on Villa Del Sole and affecting the LTV of the property. This mortgage was not disclosed to prospective PMI investors.

46. On or around July 30, 2013, approximately four days prior to the Closing, an appraisal report was issued to TEG in respect of Villa Del Sole, reflecting a current market value "as if complete and fully occupied" of $11 million, and $10 million on an "as is" basis by subtracting operational losses and construction costs (the "July 2013 Appraisal").

47. At the Closing, TEG, at the direction and instruction of Kotton, prepared a package of documents for each investor entitled "Investor's Legal Documents" (the "Closing Documents") which included the 2012 Appraisal Letter, a participation agreement and commitment letter, a term sheet summarizing the project and the terms of the investment, and a disclosure document required to be completed for the sale of mortgage securities (the "Disclosure Document").

48. The July 2013 Appraisal was not included in the Closing Documents. The July 2013 Appraisal was an important fact not disclosed to the Sales Agents selling PMIs or to investors directly prior to the Closing.

49. Furthermore, because the Closing Documents only included the 2012 Appraisal Letter and not the 2012 Appraisal Report, investors were left with the impression that the 2012 Appraised Value was on an "as is" basis. The Closing Documents

also represented that a "new appraisal [was] nearing completion and income stabilized value should reflect significantly higher than $15.5 million", despite the fact that the July 2013 Appraisal suggested the contrary. The Closing Documents also omitted any reference to the increased obligations of Shan-Kael due to the ELCC Mortgage and falsely represented the LTV to be 85% when it was in fact closer to 100% based on the $15.5 million valuation. By not including the July 2013 Appraisal, the 2012 Appraisal Report or making reference to the ELCC Mortgage, Kotton and TEG dishonestly placed investors' pecuniary interests at risk.

Villa Del Sole – TREAD Note Sales

50. In addition to the PMI funds raised in connection with Villa Del Sole, Kotton and TEG raised funds from investors through the sale of TREAD Notes.

51. Between July 5, 2013 and March 7, 2014 (the "TREAD Note Sales Period"), TREAD issued an aggregate of approximately $3.5 million in TREAD Notes to 24 investors ("Villa Del Sole TREAD Notes"). Some of these investments were reinvestments or "rollovers" of previous PEA and PMI investments in Villa Del Sole that had matured.

52. The sales of the Villa Del Sole TREAD Notes created total obligations in connection with the property in excess of $19 million.

53. Early in the TREAD Note Sales Period, and within days of the July 2013 Appraisal, a further appraisal report was issued to TEG by the 2012 Appraiser. This report, dated August 2, 2013, reflected a current market value of $13.3 million ("the August 2013 Appraisal").

54. Following the receipt of the July and August 2013 Appraisals, TEG and Kotton continued to raise capital in respect of Villa Del Sole and caused TREAD to issue TREAD Notes that created obligations to investors beyond any appraised value known for Villa Del Sole at that time.

55. In effecting the sales of Villa Del Sole TREAD Notes, Kotton was aware that the most current appraised values for the property ranged from $10 – 13.3 million, and was aware that the sale of the Villa Del Sole TREAD Notes created total obligations on the property in excess of any known appraised value. The lower appraised values were important facts not disclosed to the Sales Agents or to investors directly prior to the distribution of the Villa Del Sole TREAD Notes. By not disclosing these lower appraised values and selling the TREAD Notes when the appraised value did not support the obligations on the property, Kotton and TEG dishonestly placed investors' pecuniary interests at risk.

(v) Breaches under the Act – Oxford on Bathurst

56. The Oxford on Bathurst was a development property located in Richmond Hill, Ontario, the registered owner of which was 10703 Bathurst. 10703 Bathurst acquired the property in October 2012 for $9 million.

57. TEG marketed the Oxford on Bathurst as a townhouse development project. Although certain zoning approvals were granted and certificates issued in respect of the planning and development of the Oxford on Bathurst, the property remained undeveloped during the Material Time.

58. Between 2012 and 2015, TEG and Kotton raised a total of approximately $12 million from, investors through the sale of PMIs, TREAD Notes, Preferred Shares and Short Term Loans in respect of Oxford on Bathurst.

59. As of the date of the Receivership in November 2015, the total obligations owing in respect of the property exceeded $24 million.

60. The sale of the Oxford on Bathurst was completed by the Receiver in November 2015 for $20 million. At the time of the sale, the equity in the Oxford on Bathurst was insufficient to repay investors. Investor losses on the Oxford on Bathurst are at least $6.6 million.

61. Of the almost $12 million raised from investors in connection with Oxford on Bathurst, approximately $5.61 million was raised from the sale of TREAD Notes.

62. A key feature of TEG's branding in respect of both the PMIs and the TREAD Notes was the "security" offered by these investments and their "asset backed" nature. For instance, the Titan Marketing and Promotional Materials contained general representations that TEG offers a wide variety of "asset backed investment vehicles" that "suit all investors by providing "true" security, rather than the "perceived" security that is often found in the marketplace".

63. In respect of the TREAD Note particularly, the Titan Marketing and Promotional Materials included representations that it was "secured against TITAN's own equity in the project". This was further described in certain of the promotional materials as follows:

> The TREAD Note is considered a higher risk than PMI investments because of two primary reasons; firstly, because the investment is not secured by way of a mortgage; and secondly, because there is no interest reserve set aside for the interest payments. It's important to note that while the TREAD note typically is not secured by a mortgage, it falls second only to mortgages secured against the property, which includes the TITAN PMI, and the construction financing, so this investment could be reasonably considered as a 3rd position on the property and takes priority over all subsequent positions or charges. Also, the interest payable on the TREAD note is paid at maturity. As such; there is no need for an interest reserve, as an investor's interest and principle will be returned in full upon the maturity of their investment.

64. When it became known to Kotton that there was insufficient credit support in place to effect the purported security, he took no steps to remedy that deficiency with respect to individuals who had purchased TREAD Notes prior to this point. By failing to do so, these investors were misled about the secured nature of their investment.

65. Further, contrary to TEG's representations to investors about the "asset backed" nature of their investment, Kotton caused the equity in Oxford on Bathurst to be eroded by costly short-term mortgage financings such that there was insufficient equity upon the sale of Oxford on Bathurst to repay TREAD Note-holders from the proceeds.

66. In a 13 month period between October 2014 and November 2015, Kotton eroded at least $3 million in equity by increasing the mortgage obligations on Oxford on Bathurst to pay, among others, creditors from other properties/projects.

67. More particularly, on October 16, 2014, $2.2 million was advanced to Kotton for which a third mortgage was registered against the property in the face amount of $3 million (the "Third Mortgage"). The Third Mortgage was at a rate of interest of 30% per annum and matured in 6 months on April 15, 2015.

68. Subsequently, on August 5, 2015, $4.75 million was advanced (the "New Third Mortgage") to pay out the existing Third Mortgage (which at that time was in default and notice of sale proceedings had been issued by the mortgagee) in the amount of $3.075 million and to allow Kotton to pay out a loan of $500,000, which funds had been advanced to Kotton in connection with a failed joint venture that was unrelated to Oxford on Bathurst or the other Properties. The New Third Mortgage carried interest at the rate of 24% and had a management fee of $750,000 for what was intended to be a 3 month mortgage. The balance of the proceeds, approximately $330,000, was used to pay other creditors.

69. Any equity that would otherwise have been available to satisfy obligations to the TREAD Note-holders upon the sale of Oxford on Bathurst was eroded by Kotton, resulting in losses to those investors.

70. By making representations about the "asset backed" nature of the TREAD Note in Titan Marketing and Promotional Materials as particularized above, Kotton and TEG made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

71. As the Third Mortgage had not been paid out by the maturity date, the mortgagee issued a Notice of Sale under the *Mortgages Act* (Ontario) on May 6, 2015, with a redemption date of June 12, 2015. While the redemption period was running, Kotton attempted to obtain institutional financing to pay out the Third Mortgage.

72. At that time, Kotton also began to solicit investors about a "short term investment opportunity" in the form of Short Term Loans that would be paid out upon securing refinancing to pay out the Third Mortgage.

73. As Kotton was aware, the highest and most current appraisal for Oxford on Bathurst was $18-19 million "as is" and $21 million "as approved", and the obligations owing to creditors and investors in connection with the property at that time exceeded $21 million.

74. Between May 19 2015 and July 6 2015, Kotton raised a total of $1.6 million by causing 10703 Bathurst to issue Short Term Loans to 8 investors, increasing the total obligations against the property to $23.5 million.

75. Although Kotton secured financing by way of the New Third Mortgage in August 2015, none of the investors in the Short Term Loans were repaid.

76. In September, Kotton agreed to sell the Oxford on Bathurst for $20 million and the sale was completed during the course of the Receivership, with a shortfall of at least $3.5 million in connection with investor obligations on the property.

77. In effecting the sales of the Short Term Loans, Kotton was aware that the most current appraised value for Oxford on Bathurst ranged from $18-21 million, at its highest, and was aware that the issuance of the Short Term Loans created obligations on the property in excess of any known appraised value for the property. By soliciting investors and causing 10703 Bathurst to issue the Short Term Loans when, as Kotton knew, the appraised value did not support the obligations owing in connection with the property, Kotton dishonestly placed investors' pecuniary interests at risk, contrary to s. 126.1(1)(b) of the Act.

(vi) Conduct Contrary to s. 126.1(1)(b) of the Act – Kotton Cachet

78. Kotton Cachet consisted of four residential properties, each of which was occupied by a single-family detached home.

79. 230 Major Mack acquired the initial property on or about July 20, 2012 for $3 million and subsequently acquired the three adjoining properties on January 26, 2015 for $5.26 million.

80. Kotton and TEG raised funds in respect of Kotton Cachet through the sale of a various securities, including PMIs, TREAD Notes, and Preferred Shares. During the Material Time, Kotton and TEG raised a total of approximately $8 million from investors.

81. Although the Titan Group had completed its initial plans to remove the existing dwellings and to construct a series of detached and semi-detached homes, the property remained undeveloped during the Material Time.

82. Kotton Cachet was sold during the course of the Receivership for $14.25 million. At the time of the sale, the equity in Kotton Cachet was insufficient to fully repay the TREAD Note-holders and Preferred Shareholders.

83. In 2012, TEG, at the direction and instruction of Kotton, sold Preferred Shares in MM Holdings to raise funds in respect of Kotton Cachet. The Preferred Shares were marketed as "an equity investment" that was secured via an equity position in the property, with a defined term of 2 years, and a defined return of 14%.

84. In total, Kotton and TEG caused MM Holdings to issue approximately $3.1 million in Preferred Shares to approximately 18 investors. The Preferred Shares were sold on the basis that they could be redeemed upon maturity for the purchase price plus any accrued but unpaid dividends.

85. Kotton directed that the funds raised from the sale and issuance of the Preferred Shares be transferred to Executive and then used, among other things, for a loan to 230 Major Mack. As a result, MM Holdings had limited liquid assets. To satisfy its obligations to pay dividends, MM Holdings used a combination of subscription proceeds from a later Preferred Share issuance and subscription proceeds raised in connection with another property. Consequently, MM Holdings had a shareholders' deficiency and was insolvent.

86. Throughout the Material Time, MM Holdings had no income and no assets that would yield income until Kotton Cachet was completed and sold.

87. As was known to Kotton, the payment of dividends and the right to redeem the Preferred Shares was contingent upon on MM Holdings satisfying the solvency tests under the *Business Corporations Act* (Ontario).

88. Due to the structure of the Titan Group, the manner in which it raised funds, and the use of investor funds within the Titan Group, all of which was directed by Kotton, MM Holdings was at no time during the Material Time able to satisfy the corporate law solvency tests for the payment of redemption proceeds or dividends.

89. At no time during the Material Time, including at the time of sale or at the time of redemption in 2014, did Kotton or TEG disclose to investors that MM Holdings was insolvent and could not pay dividends or redemption proceeds. These were important facts that were not disclosed to investors. By not disclosing these facts to investors, Kotton and TEG dishonestly placed investors' pecuniary interests at risk, contrary to subsection 126.1(1)(b) of the Act

PART IV – NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

90. The Respondent acknowledges and admits that, during the Material Time :

(a) the Respondent made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information

necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;

(b) the Respondent engaged in or participated in acts contrary to section 126.1(1)(b) of the Act;

(c) the Respondent as an actual and/or *de facto* officer and director of each of the Titan Entities, authorized, permitted or acquiesced in the Titan Group's non-compliance with Ontario securities law and is responsible for same pursuant to section 129.2 of the Act; and

(d) as set out in sub-paragraphs (a) to (c), above, the Respondent engaged in conduct contrary to the public interest.

PART V – RESPONDENT'S POSITION

91. The Respondent intends to request that the panel at the Settlement Hearing (as defined below) consider the following mitigating circumstances:

(a) Kotton is a resident of the City of Toronto in the Province of Ontario and is currently 50 years of age;

(b) prior to the Material Time, Kotton had limited experience in the marketplace and limited knowledge of securities rules and regulations; and

(c) Kotton's educational background is as an auto mechanic.

92. For the purposes of this Settlement Agreement, Staff do not dispute the facts set out in paragraph 91. It is Staff's view, however, that these facts are not materially mitigating.

PART VI – STAFF'S POSITION

93. But for the appointment of the Receiver over the personal and business assets of Kotton for the benefit of the investors and other creditors of the Titan Group, Staff would be seeking significant monetary sanctions as against Kotton greater than the $100,000 administrative penalty and $25,000 in costs as contained in sub-paragraphs 94(h) and (i) below.

PART VII – TERMS OF SETTLEMENT

94. The Respondent agrees to the terms of settlement set forth below.

95. The Respondent consents to the Order, pursuant to which it is ordered that:

(a) this Settlement Agreement is approved;

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

(c) acquisition of any securities by Kotton be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(d) any exemptions contained in Ontario securities law not apply to Kotton permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;

(e) Kotton immediately resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

(f) Kotton be permanently prohibited from becoming or acting as an officer or director of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

(g) Kotton be permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(h) Kotton pay an administrative penalty in the amount of $100,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount 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

(i) Kotton pay costs in the amount of $25,000, pursuant to section 127.1 of the Act.

96. Nothing in this Settlement Agreement shall prevent Kotton from bringing an application pursuant to s. 144 of the Act to revoke or vary the terms listed in paragraph 95.

97. The Respondent acknowledges that failure to pay in full any monetary sanctions and/or costs ordered will result in the Respondent's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the Commission's website.

98. The Respondent consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph, other than sub-paragraphs 95 (h) and (i). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

99. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities- or derivatives-related activities, prior to undertaking such activities.

PART VIII – FURTHER PROCEEDINGS

100. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, with the exceptions of the terms set out in sub-paragraphs 95 (h) and (i) (a "Breach"). In the event that a Breach occurs, Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

101. The Respondent waives any defences to a proceeding referenced in paragraph 100 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART IX – PROCEDURE FOR APPROVAL OF SETTLEMENT

102. The parties will seek approval of this Settlement Agreement at a public hearing (the "Settlement Hearing") before the Commission, which shall be held on a date determined by the Secretary to the Commission in accordance with this Settlement Agreement and the Commission's Rules of Procedure (2014), 37 O.S.C.B. 4168.

103. The Respondent will attend the Settlement Hearing in person.

104. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

105. If the Commission approves this Settlement Agreement:

(a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and

(b) neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

106. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART X – DISCLOSURE OF SETTLEMENT AGREEMENT

107. If the Commission does not make the Order:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

108. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART XI – EXECUTION OF SETTLEMENT AGREEMENT

109. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

110. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

DATED at the City of _____, the Province of _____ , this _____ day of May, 2017.

"Maina Levin" *"Lance Kotton"*
Witness: LANCE KOTTON

DATED at the City of Toronto, the Province of Ontario, this 23rd day of May, 2017.

ONTARIO SECURITIES COMMISSION

By: *"Jeff Kehoe"*
Jeff Kehoe
Director, Enforcement Branch

Schedule "A"

IN THE MATTER OF
LANCE KOTTON

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

May 26, 2017

ORDER
(Sections 127 and 127.1 of the Securities Act R.S.O. 1990, c S.5)

THIS APPLICATION, made jointly by Staff of the Commission and Lance Kotton ("**Kotton**") for approval of a settlement agreement dated May 23, 2017 (the "**Settlement Agreement**"), was heard on May 26, 2017 at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON READING the Statement of Allegations dated May 23, 2017, the Joint Application Record for a Settlement Hearing dated May 23, 2017, including the Settlement Agreement, and on hearing the submissions of the representatives for Kotton and Staff;

IT IS ORDERED THAT:

(a) the Settlement Agreement is approved;

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

(c) acquisition of any securities by Kotton be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(d) any exemptions contained in Ontario securities law not apply to Kotton permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;

(e) Kotton immediately resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

(f) Kotton be permanently prohibited from becoming or acting as an officer or director of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

(g) Kotton be permanently prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(h) Kotton pay an administrative penalty in the amount of $100,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount 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

(i) Kotton pay costs in the amount of $25,000, pursuant to section 127.1 of the Act.

_____
Timothy Moseley

_____ _____
William Furlong Mark Sandler

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Danish Akhtar Soleja et al. – ss. 127(1), 127(10)

IN THE MATTER OF
DANISH AKHTAR SOLEJA,
DANSOL INTERNATIONAL INC.,
GRAPHITE FINANCE INC.,
PARKVIEW LIMITED PARTNERSHIP, and
1476634 ALBERTA LTD.

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

Citation: Re Soleja, 2017 ONSEC 19
Date: 2017-05-23

Hearing:	In Writing		
Decision:	May 23, 2017		
Panel:	D. Grant Vingoe	–	Vice-Chair and Chair of the Panel
Appearances:	Malinda N. Alvaro	–	For Staff of the Commission

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REASONS AND DECISION

I. INTRODUCTION

[1] The merits hearing in this proceeding was conducted as a written hearing before the Ontario Securities Commission (the **Commission**) to determine whether it is in the public interest to make an order imposing sanctions against Danish Akhtar Soleja (**Soleja**), Dansol International Inc. (**Dansol**), Graphite Finance Inc. (**Graphite**), Parkview Limited Partnership (**Parkview LP**), and 1476634 Alberta Ltd. (**1476 Ltd.**) (collectively, the **Respondents**).

[2] The Respondents were served with a Notice of Hearing issued December 19, 2016 and a Statement of Allegations dated December 14, 2016. Respondents did not participate in this proceeding, although properly served.

[3] These are the reasons for granting Staff's requested order.

II. THE ASC FINDINGS AND ORDER

[4] Between 2009 and 2014, Soleja caused Dansol, 1476 LTD., Graphite and Parkview LP to carry out various steps in relation to developing a real estate project in Alberta, known as the Watermere Resort. This included the acquisition of land, raising of capital, communications with investors through newsletters and other means and seeking regulatory approvals from local councils.

[5] On October 25, 2016, the Respondents entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the **ASC Settlement Agreement**).

[6] Accordingly, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

[7] Based upon the agreed facts contained within the ASC Settlement Agreement, the Respondents admitted as follows:

a. Each of Soleja, Dansol, Parkview LP, and Graphite breached section 92(4.1) of the Alberta Act, by making statements that they knew or reasonably ought to have known were misleading or untrue in a material respect, or which failed to state a fact necessary to make a statement not misleading, and which would reasonably be expected to have a significant effect on the market price or value of the aforementioned securities;

b. Dansol breached section 75 of the Alberta Act, by dealing in securities contrary to the Registration Requirement and without an exemption from that requirement; and

c. Soleja, Dansol, Parkview LP, Graphite and 1476 Ltd. breached section 110(1) of the Alberta Act, by distributing securities without having filed and received a receipt for a preliminary prospectus or a prospectus, and without an exemption from that requirement for some or all of those distributions.

[8] Pursuant to the ASC Settlement Agreement, the Respondents agreed to be made subject to an order with the following terms:

a. that Soleja:

i. pay $65,000.00 to the ASC, inclusive of costs;

ii. except as specifically outlined in paragraph 7(a)(iii) below, refrain for a period of 7 years from the date of the ASC Settlement Agreement from:

(a) becoming or acting as a director or officer, or both, of any issuer that relies on any exemptions contained in Alberta securities laws or that distributes securities to the public;

(b) trading in or purchasing any securities or derivatives except trades that are made through a registrant who has first been given a copy of the Settlement Agreement;

(c) engaging in any investor relations activities;

(d) advising in securities or derivatives;

(e) becoming or acting as a registrant, investment fund manager or promoter; and

(f) acting in a management or consultative capacity in connection with activities in the securities market.

iii. Notwithstanding paragraph 7(a)(ii), Soleja may continue to act as a director and officer of the corporate Respondents:

(a) “for the sole purpose of marketing and selling the Watermere Lands on terms reasonably intended to maximize value to the limited partners of Parkview LP; but”

(b) “for only so long as is required to market, sell, and distribute net proceeds to the limited partners of Parkview LP.”

b. Based on the agreed facts and admitted breaches set out above, each of Dansol, 1476 Ltd., Parkview LP, and Graphite agreed and undertook to the ASC’s Executive Director to refrain for a period of 10 years from trading in or purchasing any securities or derivatives.

III. ORDER REQUESTED IN THE PUBLIC INTEREST

[9] Staff requests an order in the public interest in Ontario that imposes terms similar to the sanctions imposed by the ASC, to the extent possible under the Act. Staff submits that the following order should be issued:

a. against Soleja that:

i. trading in any securities by Soleja cease until October 25, 2023, pursuant to paragraph 2 of subsection 127(1) of the Act, except trades that are made through a registrant who has first been given a copy of the ASC Settlement Agreement, and a copy of the Order of the Commission in this proceeding, if granted;

ii. the acquisition of any securities by Soleja cease until October 25, 2023, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except purchases that are made through a registrant who has first been given a copy of the ASC Settlement Agreement, and a copy of the Order of the Commission in this proceeding, if granted;

iii. Soleja resign any positions that he holds as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act, except that:

(a) Soleja may continue to act as a director and officer of Dansol, Graphite, Parkview LP and 1476 Ltd. for the following sole purpose and time frame:

i marketing and selling the Watermere Lands (as described in the Settlement Agreement) on terms reasonably intended to maximize value to the limited partners of Parkview LP; and

ii only so long as is required to market, sell, and distribute net proceeds to the limited partners of Parkview LP;

iv. Soleja be prohibited from becoming or acting as a director or officer of any issuer until October 25, 2023, other than Dansol, Graphite, Parkview LP and 1476 Ltd. as provided in paragraph [9](a)(iii) above, pursuant to paragraph 8 of subsection 127(1) of the Act, and

v. Soleja be prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

b. against Dansol that:

i. trading in any securities or derivatives by Dansol cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

ii. the acquisition of any securities by Dansol cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

c. against Graphite that:

i. trading in any securities or derivatives by Graphite cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

ii. the acquisition of any securities by Graphite cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

d. against Parkview LP that:

i. trading in any securities or derivatives by Parkview LP cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

ii. the acquisition of any securities by Parkview LP cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

e. against 1476 Ltd. that:

i. trading in any securities or derivatives by 1476 Ltd. cease until October 25, 2026, pursuant to paragraph 2 of subsection 127(1) of the Act; and

ii. the acquisition of any securities by 1476 Ltd. cease until October 25, 2026, pursuant to paragraph 2.1 of subsection 127(1) of the Act.

IV. SHOULD AN ORDER BE MADE IN ONTARIO?

[10] Staff has established that the Respondents have agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements and thereby have established the threshold criteria set out in paragraph 5 of subsection 127(10) of the Act.

[11] Staff has requested that a public interest order be made to meet the purposes of the Act as described in section 1.1, that is, to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.

[12] In addition, the Act recognizes the importance of inter-jurisdictional co-operation. Paragraph 5 of section 2.1 provides that "the integration of capital markets is supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes."

[13] Staff submits that the following factors establish that it is in the public interest to make a protective order:

a. the Respondents admitted to breaches of Alberta securities law;

b. the conduct for which the Respondents were sanctioned in the ASC Order would likely have constituted contraventions of Ontario securities law, specifically, contraventions of subsections 25(1), 53(1), and 126.2(1) of the Act;

c. the terms of the proposed order are consistent with the fundamental principle that the Commission maintain high standards of fitness and business conduct to ensure honest and responsible conduct by market participants;

d. the terms of the proposed order align with the sanctions imposed in the ASC Settlement Agreement to the extent possible under the Act; and

e. the sanctions proposed by Staff are prospective in nature, and would impact the Respondents only if they attempted to participate in the capital markets of Ontario.

[14] Staff further submits that in determining sanctions, I should consider that the breaches of the Respondents are serious; involving unregistered trading, illegal distribution and making misleading statements to investors. I agree with Staff's submission; this Commission has held that registration serves "as a gate-keeping mechanism ensuring that only properly qualified and suitable individuals are permitted to be registrants and to trade with or on behalf of the public" and that the "prospectus requirements of the Act play a significant role in the overall scheme of investor protection" (*Re Limelight Entertainment Inc.* (2008) 31 OSCB 12030 at paras 135 and 139).

[15] Staff further submits that the order it requests serves the twin goals of specific and general deterrence (*Cartaway Resources Corp.*, 2004 SCC 52 at para 52). I agree that the order requested is proportionately appropriate to the misconduct of the Respondents and is required to protect Ontario investors and Ontario's capital market from similar harm by the Respondents or like-minded individuals.

V. CONCLUSION

[16] For the foregoing reasons, I will issue an order in the form requested by Staff.

Dated at Toronto this 23rd day of May, 2017.

"D. Grant Vingoe"

3.1.2 AAOption et al. – ss. 127(1), 127(10)

IN THE MATTER OF
AAOPTION,
GALAXY INTERNATIONAL SOLUTIONS LTD. and
DAVID ESHEL

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

Citation: Re AAOption et al, 2017 ONSEC 20
Date: 2017-05-26

Hearing:	In writing		
Decision:	May 26, 2017		
Panel:	Monica Kowal	–	Vice-Chair
Appearances:	Malinda Alvaro	–	For Staff of the Commission
	No one appearing for the Respondents		

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REASONS AND DECISION

I. STAFF'S REQUEST

[1] In this written hearing concerning a binary options trading platform, Staff of the Ontario Securities Commission seeks an enforcement order pursuant to subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), imposing restrictions on the respondents: AAOption, Galaxy International Solutions Ltd. ("**Galaxy**") and David Eshel ("**Eshel**").

[2] The Financial and Consumer Affairs Authority of Saskatchewan (the "**FCAA**") has made an Order imposing sanctions, conditions and restrictions on AAOption, Galaxy and Eshel (collectively, the "**Respondents**"). Accordingly, Staff relies on paragraph 4 of the inter-jurisdictional enforcement provision found in subsection 127(10) of the Act.

[3] The Commission conducted a written hearing to consider Staff's request. These are the reasons granting Staff's requested order, which will be issued separately.

II. PROCEDURE

[4] On October 26, 2016, Staff filed a Statement of Allegations against the Respondents. The Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting a hearing date of November 23, 2016. Staff attended on that date and the hearing was adjourned to December 7, 2016, on which date the hearing was adjourned again to January 19, 2017. Throughout the period of adjournments, Staff took continued steps to serve the Respondents, who are all located outside of Canada, as is often the case with firms and individuals involved in binary options trading platforms. Staff's steps included service:

a. by courier to a United Kingdom address provided on the Respondents' website, which courier was accepted and signed for;

b. by courier to another United Kingdom address listed on the "contact us" page of the Respondents' website, which courier package was refused and returned to Staff as undeliverable;[1]

c. by courier to an Anguilla, British West Indies address reflected on the Whois Data search report for the Respondents' website, which courier package was also returned as undeliverable; and

d. by e-mail to three addresses that were used for service in the FCAA proceeding, that appeared on the Respondents' website, and that were reflected on the Whois Data search report for the Respondents' website. One of the e-mails returned a delivery failure report indicating that the e-mail account did not exist.

[5] On January 19, 2017, the Respondents did not appear for the scheduled hearing. I found that service had been effected on all Respondents. They were properly served with the Statement of Allegations, the Notice of Hearing, Staff's disclosures and the Commission's preliminary Orders. Staff applied to continue the proceeding by way of written hearing. The Commission issued an Order granting Staff's request and setting a timetable (the "**January Order**"). Staff's materials were required to be served and filed no later than January 30, 2017. The Respondents were allowed until February 27, 2017 to serve and file responding materials, if any.

[6] Staff's materials were served and filed in accordance with the January Order. None of the Respondents filed responding materials although they were properly served with the Commission's January Order and with Staff's hearing materials.

[7] In March 2017, the Secretary to the Commission wrote to the parties to convey my request for additional submissions regarding the Commission's jurisdiction to make an inter-jurisdictional enforcement order against AAOption. In response, later that month, Staff filed and served supplemental materials. Again, there was no response from any of the Respondents.

[8] The Commission can proceed in the absence of a party where that party has received notice of a written hearing and fails to act or participate.[2] I am therefore authorized to proceed with this written hearing in the absence of the Respondents.

III. FCAA PROCEEDINGS

[9] The FCAA proceedings were commenced in November 2015. Staff of the FCAA filed a Statement of Allegations against the Respondents, alleging that they violated subsection 27(2) of *The Securities Act, 1988*, RSS 1988, c S-42.2 (the "**Saskatchewan Act**") by acting as dealers by engaging in the business of trading in securities or exchange contracts or holding themselves out as engaging in the business of trading in securities or exchange contracts in Saskatchewan. The Statement of Allegations stated that:

a. Galaxy was a corporate entity formerly registered with the Anguilla Corporations Branch and purported to be located in the United Kingdom;

b. AAoption was either an operating name used by, and therefore, one and the same as Galaxy, or alternatively, was an entity of unknown status or whereabouts related to Galaxy; and

c. Eshel was the individual behind Galaxy and an owner of the website "www.aaoption.com".

[10] At the subsequent hearing in April 2016, the FCAA Panel received evidence from an FCAA investigator and heard submissions from counsel for FCAA Staff. The FCAA Panel also received a live presentation of the then active AAOption website, a binary options trading platform. There were no appearances by the Respondents or anyone on their behalf, though proper notice had been given.

[11] After the hearing, the FCAA issued a Decision dated June 8, 2016 (the "**FCAA Decision**"). The FCAA Decision summarized the evidence presented to the FCAA Panel and found that the Respondents were engaging in the business of trading in securities, which required registration with FCAA, and that the Respondents had failed to register. The Panel noted that the matter was complicated by the appearance that the binary option trading in AAOption may not be a legitimate business. The FCAA characterized the facts as reprehensible and consistent with other binary option trading schemes, including a sophisticated on-line trading platform, a third party in a foreign country, and

[1] At para 17 of its Decision, the FCAA noted that this address was the same address that the FCAA Panel had seen in two other binary option hearing matters on which other FCAA panels had rendered decisions and determined that the binary option trading entities were in breach of securities laws.

[2] *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 7(2) and Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168, r 7.1.

unsuccessful requests for refunds of initial investments and generated profits. The FCAA found that the Respondents should be permanently banned from the securities industry in Saskatchewan, pay a significant administrative penalty, reimburse investor losses and pay the FCAA's costs incurred because of the Respondents' wrongful acts.

[12] The next month, in July 2016, the FCAA issued its consequential Order against the Respondents reflecting the operative provisions of the FCAA Decision. The FCAA's Order provided that:

a. all of the exemptions in Saskatchewan securities laws do not apply to the Respondents, permanently;

b. the Respondents shall cease trading in any securities and derivatives in Saskatchewan, permanently;

c. the Respondents shall cease acquiring securities and derivatives, for and on behalf of residents of Saskatchewan, permanently;

d. the Respondents shall cease giving advice respecting securities and derivatives, for and on behalf of residents of Saskatchewan, permanently;

e. the Respondents shall pay an administrative penalty to the FCAA in the amount of $25,000;

f. the Respondents shall pay compensation to each person or company found to have sustained a financial loss as a result of the Respondents' contraventions of the Saskatchewan Act, in an amount to be determined; and

g. the Respondents shall pay the costs of the matter.

IV. ANALYSIS

[13] Under the subsection relied on by Staff (paragraph 4 of subsection 127(10) of the Act), the Commission may make an order under subsection 127(1) of the Act where a person or company is subject to an order made by a financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company. The subsection plays an important role, providing the Commission with a mechanism to issue protective and preventative orders to ensure conduct that took place in other jurisdictions will not be repeated in Ontario's capital markets.[3]

[14] I find that Staff established the threshold criteria under subsection 127(10) of the Act. In light of the FCAA's findings, and to the extent that AAOption is a company (either as an alias of Galaxy or as an entity related to Galaxy), the Respondents are subject to an Order made by the FCAA in Saskatchewan, which Order imposed sanctions and restrictions on them.

[15] In addition, I find that it is in the public interest to grant Staff's requested order. I am guided by the public interest mandate of the Act, to provide protection to investors from unfair, improper or fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets. While the Commission must make its own determination of what is in the public interest, it is also important that the Commission be aware of and responsive to an increasingly complex and interconnected cross-border securities industry. For comity to be effective and the public interest to be protected, the threshold for reciprocity must be low when the findings of a foreign jurisdiction qualify under subsection 127(10) of the Act.

[16] In my view, Staff's requested order is appropriate for the following reasons:

a. Staff requested trading bans and registrant bans that mirror the bans imposed by the FCAA, to the extent possible under the Act. Appropriately, Staff does not seek an order in Ontario that would require the payment of an additional administrative penalty or additional disgorgement;

b. The terms of Staff's proposed order are consistent with the fundamental principle that the Commission maintain high standards of fitness and business conduct to ensure honest and responsible conduct by market participants;

c. The sanctions proposed by Staff are prospective in nature, proportionate to the Respondents' conduct and will serve to deter similar wrongdoing in Ontario; and

d. Staff provided no evidence to suggest that the Respondents were soliciting investors in Ontario. But, if the Respondents' conduct had occurred in Ontario, it is almost certain that it would have constituted a breach of

[3] *Re Black* (2014), 37 OSCB 5847 at para 7.

subsection 25(1) of the Act in Ontario and would have been considered to be contrary to the public interest, such that it would have attracted similar sanctions.

[17] A specific nexus to Ontario is not a necessary pre-condition to the exercise of the Commission's jurisdiction under subsection 127(1), in reliance upon subsection 127(10). However, Staff submits that the Respondents' conduct warrants an order designed to protect Ontario investors from similar misconduct by the Respondents by preventing or limiting the Respondents' participation in Ontario's capital markets. I agree with that submission. The Commission is concerned about investor losses resulting from binary option trading and the requested inter-jurisdictional enforcement order will assist with efforts to stop illegitimate binary options schemes in Ontario.

V. DECISION

[18] Taking into consideration the evidence filed and the submissions of Staff and having found that it is in the public interest to do so, an Order will be issued imposing the following sanctions:

a. against AAOption and Galaxy:

i. trading in any securities or derivatives by Galaxy and AAOption cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

ii. trading in any securities of Galaxy and AAOption cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

iii. the acquisition of any securities by Galaxy and AAOption be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

iv. any exemptions contained in Ontario securities law do not apply to Galaxy and AAOption permanently, pursuant to paragraph 3 of subsection 127(1) of the Act; and

v. Galaxy and AAOption be prohibited permanently from becoming or acting as registrants, investment fund managers or promoters, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

b. against Eshel:

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

ii. the acquisition of any securities by Eshel be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

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

iv. Eshel be prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act.

Dated at Toronto this 26th day of May, 2017.

“Monica Kowal”

3.1.3 Krishna Sammy – s. 8(3)

IN THE MATTER OF
A REQUEST FOR A HEARING AND REVIEW OF
THE DECISION OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

IN THE MATTER OF
KRISHNA SAMMY

REASONS AND DECISION
(Subsection 8(3) of the Securities Act, RSO 1990, c S.5)

Citation: Sammy (Re), 2017 ONSEC 21
Date: 2017-05-29

Hearing:	May 3, 2017		
Decision:	May 29, 2017		
Panel:	Timothy Moseley	–	Commissioner and Chair of the Panel
	Monica Kowal	–	Vice-Chair of the Commission
	Robert Hutchison	–	Commissioner
Appearances:	David Mitchell	–	For Krishna Sammy
	Robert DelFrate Elissa Sinha	–	For Staff of the Investment Industry Regulatory Organization of Canada
	Christina Galbraith	–	For Staff of the Commission

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REASONS AND DECISION

I. INTRODUCTION

[1] In 2016, a hearing panel of the Investment Industry Regulatory Organization of Canada ("**IIROC**") made findings against Mr. Sammy, who had been an IIROC registrant until late 2012. The IIROC panel found that between 2009 and 2011, Mr. Sammy had, among other things, recommended the purchase of securities to several clients without using due diligence to ensure that the recommendations were in accordance with the clients' risk tolerance and within the bounds of good business practice. The panel fined Mr. Sammy $250,000, barred him from approval with IIROC for five years, and required him to pay costs of $75,000.

[2] Mr. Sammy asks the Commission to review the IIROC decision (the "**IIROC Decision**").[1] In his amended Notice of Application, Mr. Sammy alleged approximately ten errors in the IIROC proceeding. In the hearing before us, Mr. Sammy pursued only two. He submits that the IIROC panel erred:

a. by making its findings in the absence of records that Mr. Sammy says would have been in the possession of DWM Securities Inc. ("**DWM**"), the firm with which he was registered as a representative at the relevant time; and

b. in coming to its conclusions about the risk associated with various securities, by relying on the opinion evidence of an IIROC investigator who was not properly qualified to give expert evidence.

[3] At the end of the hearing, we dismissed this application with reasons to follow. These are our reasons. As we explain below, we find that there is no basis for either of Mr. Sammy's submissions. As a result, we have no reason to interfere with the IIROC Decision, and we confirm that decision.

II. STATUTORY FRAMEWORK

[4] Mr. Sammy brings this application under subsection 21.7(1) of the *Securities Act* ("**Act**"), which entitles him, as someone directly affected by the IIROC Decision, to apply for this hearing and review.[2]

[5] Subsections 8(3) and 21.7(2) of the Act provide that on a hearing and review such as this, the Commission may confirm the decision under review or may make such other decision as the Commission considers proper.

III. THE IIROC DECISION

[6] In the IIROC Decision, the IIROC panel found that Mr. Sammy had engaged in conduct unbecoming an employee of a member firm, in that he had failed to disclose a conflict of interest in which he had put himself. Mr. Sammy does not challenge that finding.

[7] The IIROC panel found a second type of misconduct, and it is this finding that Mr. Sammy challenges before us. The panel concluded that:

> … on many occasions, eight client accounts held significantly more risk than those clients stated, in their NAAFs [New Account Application Forms], that they were prepared to authorize. There can, therefore, be no doubt that the Respondent frequently failed to use due diligence to ensure that investments which he made for clients were in accordance with their risk tolerance.[3]

IV. ISSUES

[8] Mr. Sammy challenges the IIROC panel's finding on two bases.

[9] First, Mr. Sammy claims that there are "missing documents" relevant to the IIROC proceeding, which would have been in the possession of DWM, his former firm, but which were not produced to him by IIROC staff, or to the panel at the IIROC hearing. Mr. Sammy submits that these documents would have contradicted IIROC staff's submissions and would have contributed to his defence of the allegations against him. We must therefore determine the following issues:

a. What evidence is there about the existence of the documents described by Mr. Sammy?

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1 *Re Sammy,* 2016 IIROC 04 ("**IIROC Decision"**).
2 RSO 1990, c S.5.
3 IIROC Decision at para 54.

b. If there was some evidence that the documents had existed, did the IIROC panel err in making findings despite that evidence, and in the absence of the documents described by Mr. Sammy?

[10] Second, Mr. Sammy says that the IIROC panel reached conclusions about the risk associated with various securities he recommended to his clients, and that these conclusions were improperly based on opinion evidence of Mr. Chen, an IIROC investigator who was not qualified as an expert witness. To resolve this objection, we must consider the following issues:

a. What evidence was before the IIROC panel with respect to the risk associated with the securities at issue?

b. Does an IIROC panel require expert assistance in order to make a finding about the risk associated with a security?

c. To the extent that the IIROC panel in this matter relied on Mr. Chen's evidence, was that evidence an opinion of the kind that can be relied on only if from a qualified expert?

d. Is there evidence to suggest that IIROC's conclusions were incorrect?

[11] We address each of these issues in turn.

V. ANALYSIS

[12] We begin our analysis with Mr. Sammy's contention that there were missing documents not produced at the IIROC hearing.

A. Alleged missing documents

1. What evidence is there as to the existence of the documents described by Mr. Sammy?

[13] Mr. Sammy notes that many of the documents submitted by IIROC staff to the IIROC hearing panel originated from DWM,[4] and must have been obtained by IIROC staff during their investigation. These documents included New Account Application Forms ("**NAAFs**") and account statements. However, Mr. Sammy points out, as he did during the investigation, that there would have been additional documents at DWM relating to interactions between him and his clients. In particular, Mr. Sammy refers to notes kept by him or his staff and stored in the firm's "Maximizer" system, as well as appointment summary sheets.

[14] In written and oral submissions, Mr. Sammy attempted to raise concerns about the fact that not all documents were produced to the IIROC panel. In doing so, Mr. Sammy made no allegation of misconduct on the part of IIROC staff, and we saw no evidence to suggest that there had been any misconduct. Mr. Sammy notes that "we" do not know specifically who at IIROC requested documents from DWM, and further that "we do not know what the requests were."

[15] There is no evidence to contradict Mr. Sammy's assertion that at some point, there were other records in DWM's possession. However, there is no evidence, and there was none before the IIROC panel, about what happened to any such records following Mr. Sammy's departure from that firm in December 2011. At the hearing before us, Mr. Sammy's counsel advised that Mr. Sammy has never asked DWM whether the documents still exist. We were given no reason why Mr. Sammy has not.

[16] Mr. Sammy's counsel also confirmed that there was no evidence as to whether the notes referred to by Mr. Sammy still existed at the time that IIROC made its request(s) of DWM for documents.

2. Did the IIROC panel err in making findings despite the evidence that the documents existed, and in the absence of the documents?

[17] Given Mr. Sammy's uncontradicted evidence that there were other documents at DWM when Mr. Sammy was with the firm, we must consider whether the IIROC panel erred in reaching the conclusions it did, in the absence of those documents.

[18] We begin by noting that neither Mr. Sammy nor his representative objected to the IIROC hearing continuing in the absence of the documents. The panel was not asked to consider the parties' positions about the issue now being raised, nor to hear any evidence about who made what efforts to retrieve the missing documents.

[4] DWM was formerly known as Dundee Securities Corporation, and is often referred to in the record as "Dundee".

[19] Mr. Sammy submits that since he referred to the documents when he testified during the investigation, "IIROC Staff were on notice to deal with the issue." However, other than to say the IIROC panel erred under the circumstances, Mr. Sammy does not specify what he thinks ought to have happened differently in the IIROC proceeding.

[20] At the hearing before us, Mr. Sammy's counsel asserted that IIROC was in a position to demand the documents from DWM, but that Mr. Sammy was not. We reject that submission. Mr. Sammy could have made a request of DWM (which he did not), and if his request was ignored or he received an unsatisfactory answer, he could then have sought the assistance of IIROC staff to obtain documents from one of IIROC's member firms. Further, prior to the hearing before us Mr. Sammy could have asked the Commission to issue a summons directed to DWM. He made no such request.

[21] Mr. Sammy cannot now rely on his failure to try to obtain the documents, in support of a contention that the documents were available and that they should have been considered at the IIROC hearing.

[22] Because of that, and in the absence of any allegation or evidence of impropriety in IIROC's investigation or documentary disclosure, we see no basis to find an error by the IIROC panel with respect to this issue.

B. Risk ratings of various securities

[23] We turn now to Mr. Sammy's second ground; namely, that the IIROC panel improperly relied on unqualified expert evidence to reach its conclusions about the risk associated with the relevant securities. We begin by reviewing the evidence that was before the panel regarding those securities.

1. What evidence was before the IIROC panel about the risk associated with the securities at issue?

(a) Introduction

[24] Mr. Sammy submits that "the evidence that there were too many high risk investments in Mr. Sammy's clients' accounts … came from Mr. Chen [the IIROC investigator]." This is only partially true. After a brief discussion of risk tolerance generally, the IIROC panel began its analysis of the specific securities at issue in this case with the following:

> We have considered both the oral testimony of the Respondent's former clients and the substantial documentary evidence which is in the record. The documentary evidence includes records of the Respondent which were retrieved from the Member.[5]

[25] The documentary evidence, which exceeded 3000 pages, included Mr. Sammy's testimony both during the investigation and at the IIROC hearing.

[26] The panel then referred to the evidence given by Mr. Chen:

> We have also weighed the testimony of Yu Chen. Mr. Chen analysed client account statements and determined the conformity of client holdings to the risk tolerances in their NAAFs. We accept his opinion as to the risk categories into which the various holdings fell. We also accept the methodology by which he formed his opinion about the risk concentrations at different times in the client accounts.[6]

[27] Mr. Chen testified that DWM's procedure was to assign a risk rating of low, medium or high to every security that the firm dealt with. Mr. Chen stated that in determining the risk associated with the securities at issue in this case, he first checked to see if he could determine from the available records the rating assigned by DWM. In many cases he was able to do so. When he was unable to determine DWM's rating, he did his own research. That research included consulting the issuer's own public disclosure documents, including prospectuses.

[28] Each security that was held in an account of a client of Mr. Sammy's during the relevant time, and that was described in the record before the IIROC panel as being high-risk, fell into one or more of three categories:

a. Mr. Sammy explicitly admitted that the security was high-risk;

b. DWM categorized the security as high-risk; and/or

c. the security was described as high-risk in the issuer's public disclosure documents.

[29] We review each of these categories in turn.

[5] IIROC Decision at para 38.
[6] IIROC Decision at para 39.

(b) Securities that Mr. Sammy admitted were high-risk

[30] Five issuers accounted for a substantial portion of the holdings of Mr. Sammy's clients: Biosign Technologies Inc., Intertainment Media Inc., Mahdia Gold Corp., Northcore Technologies Inc., and Petroworth Resources Inc.

[31] On July 18, 2013, while testifying under oath during IIROC's investigation, Mr. Sammy was asked about each security individually, and explicitly stated that he regarded each of these five securities as being high-risk.

(c) Securities that DWM categorized as high-risk

[32] DWM categorized as high-risk each of the five securities referred to above, as well as at least fourteen other securities that were held by Mr. Sammy's clients.

[33] During his July 2013 testimony, the IIROC investigator asked Mr. Sammy whether he agreed with the risk level assigned by DWM, with respect at least to certain securities at certain points during the material time. Mr. Sammy confirmed in each instance that he did.

[34] At no time in the course of that testimony before the investigator, during the extensive discussion of DWM's risk rating methodology and the ratings assigned to specific securities, did Mr. Sammy suggest any flaw in DWM's methodology. Similarly, at no time did he suggest any disagreement with a rating that DWM has assigned to a security. In any event, at the hearing before us, Mr. Sammy's counsel confirmed that Mr. Sammy accepted DWM's high risk ratings in all cases.

(d) Securities that were described as high-risk in the issuer's public disclosure documents

[35] For several other securities, there was no evidence cited as to DWM's rating or Mr. Sammy's view of the security's risk. As Mr. Chen testified, each of the securities in this category was described by its own prospectus as high-risk and/or highly speculative.

2. Does an IIROC panel require expert assistance in order to make a finding about the risk associated with a security?

[36] As a specialist tribunal, an IIROC hearing panel will have less need for expert evidence on matters within its own expertise than would a court of general jurisdiction.[7]

[37] An IIROC hearing panel is well placed to determine whether there is an issue before it about which it would need expert evidence. The determination of risk associated with particular securities, in the context of assessing compliance with IIROC rules regarding suitability, falls squarely within the expertise of IIROC hearing panels. Mr. Sammy did not articulate a basis on which we could find that the IIROC panel in this case was not qualified to reach its own conclusion on the risk of the securities at issue.

3. To the extent that the IIROC panel in this matter relied on Mr. Chen's evidence, was that evidence an opinion of the kind that can be relied on only if from a qualified expert?

[38] Mr. Chen was not qualified as an expert witness at the IIROC hearing. Mr. Sammy submits that the IIROC panel therefore erred by relying on Mr. Chen's opinion as to the risk associated with various securities.

[39] In the paragraph of the IIROC Decision quoted at paragraph [26] above, the IIROC panel twice refers to Mr. Chen's "opinion": first, with respect to "the risk categories into which the various holdings fell"; and second, "about the risk concentrations at different times in the client accounts."

[40] Despite the IIROC panel's use of the word "opinion", we do not accept the submission that Mr. Chen's evidence constituted opinion evidence of the kind that can be received only from a qualified expert. We consider the use of the word "opinion" in this context to have been imprecise and somewhat unfortunate, in that it leads to the confusion that gives rise to Mr. Sammy's submission. However, in our view the use of the word is not determinative. We must look to the nature of the evidence itself.

[41] As reviewed above, Mr. Sammy himself agreed that virtually all the securities at issue (those in the first two categories) were high-risk. To the extent that Mr. Chen described those securities as high-risk, he was merely confirming what Mr. Sammy had explicitly admitted. As Mr. Sammy's counsel fairly conceded at the hearing before us, Mr. Sammy therefore presents no real controversy about those securities.

[7] *Re Northern Securities Inc.* (2013), 37 OSCB 161 at para 245; *Northern Securities Inc. v OSC,* 2015 ONSC 3641 at paras 32-33; *Re Lowe,* 2012 BCSECCOM 258 at para 57.

[42] For the remaining few securities, the issuers' own documents described the securities as high-risk or highly speculative. The IIROC panel's basis for adopting that conclusion was factual. Mr. Chen merely reported these facts to the IIROC panel, based on his investigation, and the panel accepted his evidence. It is significant that Mr. Chen did not offer, and the panel did not seek, his judgment-based analysis of the risk of a security. The methodology he used to discover the facts does not lead to the conclusion that he was expressing an opinion of the kind that could only come from an expert witness.

[43] Further, even though Mr. Sammy challenges the method by which the IIROC panel reached its conclusions, he offers no different rating for any security, no contrary evidence that might undermine the panel's conclusions, and no alternative method by which the risk should be assessed. The conclusion that each security is high-risk is amply justified and is uncontradicted.

4. Is there evidence to suggest that the IIROC panel's conclusions about risk concentration in client accounts were incorrect?

[44] Having determined that the securities referred to above were correctly described as being high-risk, we turn to considering the IIROC panel's conclusion that Mr. Sammy "was offside risk tolerance on many occasions".

[45] We begin by noting that in some cases, the risk tolerance recorded on a client's NAAF explicitly allowed for a variance of +/- 20% for each category (high, medium or low), which variance appeared to have been authorized by the client. Mr. Sammy's position that this allowance applied to each of his clients could not be substantiated in all cases by documentary evidence, but was uncontradicted.

[46] The IIROC panel reviewed charts prepared by IIROC staff showing in each account the concentration of the five securities referred to in paragraph [30] above, as well as the concentration of other high-risk securities. We reviewed the same charts.

[47] Even if only the five commonly-found securities are considered, and even assuming an allowable 20% variance in the case of every client, the concentration of high-risk securities regularly exceeded stated tolerances. This occurred in at least the following instances:

a. in client N.A.'s margin account, for 12 out of 24 month-ends during 2010 and 2011;

b. in client N.A.'s Registered Savings Plan ("**RSP**") account, for 18 out of 24 month-ends;

c. in client W.B.'s RSP account, for 8 out of 16 month-ends (there were no data available for some of the month-ends);

d. in client C.M.'s Locked-In Retirement Account ("**LIRA**"), for 13 out of 24 month-ends; and

e. in client J.P.'s margin account, for 12 out of 24 month-ends.

[48] The problems become more numerous and more severe once the other high-risk securities are taken into account. For example (there are other instances) the stated tolerance is exceeded:

a. in client N.A.'s margin account, for 14 out of 24 month-ends;

b. in client N.A.'s RSP account, for 19 out of 24 month-ends;

c. in client W.B.'s RSP account, for 14 out of 16 month-ends; and

d. in client C.M.'s LIRA, for 22 out of 24 month-ends.

[49] In many instances, the concentration of high-risk securities greatly exceeded the declared risk tolerance. For example:

a. in client N.A.'s RSP account, a tolerance of 40% high-risk was declared, but for 10 out of 24 month-ends, the concentration of high-risk securities exceeded 80%; and

b. client W.B.'s RSO account had a stated tolerance for high-risk securities of 40%, but for 6 out of 16 month-ends the actual concentration of high-risk securities exceeded 90%.

[50] Finally, we note that the characterization of Mr. Chen's testimony as impermissible opinion evidence was Mr. Sammy's only challenge to the IIROC panel's conclusions about the risk makeup of the client accounts. Mr. Sammy asserted no calculation or similar error.

[51] This is not a close call. The evidence fully supports the conclusion reached by the IIROC panel that "on many occasions" the high-risk securities in client accounts exceeded the allowable limit. We have no basis to conclude that the panel erred with respect to this issue.

VI. STANDARD OF REVIEW

[52] At a preliminary appearance, a panel of the Commission asked the parties to be prepared to make submissions regarding the standard of review to be applied by the Commission in respect of a decision of a self-regulatory organization such as IIROC. The panel observed that the decisions often relied on, which are typically traced back to *Re Canada Malting Co.*,[8] have not referred to either:

a. the 2012 decision of the Court of Appeal for Ontario in *Johal v. Board of Funeral Services*, in which the court considered statutory language similar to that applicable in this case, and concluded that the reviewing tribunal need show no deference to the inferior tribunal, given the reviewing tribunal's authority to "substitute its opinion" for that of the inferior tribunal;[9] or

b. section 2.1 of the Act, which states that in pursuing the purposes of the Act, the Commission shall have regard to the fundamental principle that the Commission "should, subject to an appropriate system of supervision, use the enforcement capability and regulatory expertise of recognized self-regulatory organizations."

[53] Mr. Sammy, IIROC staff, and Commission staff addressed the question in their written submissions. All parties took the position that the standard as set out in *Re Canada Malting Co.* should remain undisturbed.

[54] We appreciate the parties' submissions. However, given our conclusion that the IIROC panel did not err in its conduct of the hearing or in its decision, we need not revisit the circumstances under which the Commission would interfere with a decision of a self-regulatory organization, and we decline to consider that question.

VII. CONCLUSION

[55] We conclude that the IIROC panel made no error in its conduct of the proceeding or in the conclusions set out in the IIROC Decision. Mr. Sammy's application for a hearing and review of that decision is therefore dismissed.

Dated at Toronto this 29th day of May, 2017.

"Timothy Moseley"

"Monica Kowal"

"Robert Hutchison"

[8] (1986), 9 OSCB 3566.
[9] 2012 ONCA 785.

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE IS NOTHING TO REPORT THIS WEEK.

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Hunt Mining Corp.	05 May 2017	24 May 2017

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse

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	Date of Lapse
CHC Student Housing Corp.	05 May 2017	
Stompy Bot Corporation	04 May 2017	

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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 9

Legislation

9.1.1 Bill 70, Building Ontario Up for Everyone Act (Budget Measures), 2016

BILL 70, *BUILDING ONTARIO UP FOR EVERYONE ACT (BUDGET MEASURES), 2016*

Schedule 4 of the *Building Ontario Up for Everyone Act (Budget Measures), 2016* (Bill 70) contained one amendment to the *Commodity Futures Act*. Schedule 23 of Bill 70 contained two amendments to the *Securities Act*. Bill 70 received Royal Assent on December 8, 2016, and has become chapter 37, Statutes of Ontario, 2016.

Schedules 4 and 23 may be viewed on the Ontario Legislative Assembly's website at www.ontla.on.ca. The text of Schedules 4 and 23 are also reflected in the consolidated versions of the *Commodity Futures Act* and the *Securities Act*, respectively, available on the Ontario e-laws site at www.e-laws.gov.on.ca.

An explanation of these amendments follows.

SCHEDULE 4

COMMODITY FUTURES ACT

The *Commodity Futures Act* was amended by adding a new Part XII.1, which prohibits reprisals against employees for providing information about a possible contravention of Ontario commodity futures law, or a by-law or other regulatory instrument of a recognized self-regulatory organization, or for being involved in an investigation or proceeding related to the information provided.

This amendment came into force on December 8, 2016.

SCHEDULE 23

SECURITIES ACT

Formerly, under section 127 of the *Securities Act*, the Commission could not, without a hearing, make an order prohibiting a person or company from acquiring any securities. Subsection 127(5) was amended to authorize the Commission to make a temporary order for such a prohibition, if the length of time required to conclude a hearing could be prejudicial to the public interest. An amendment was also made to subsection 127(8) respecting the extension of the temporary order.

These amendments came into force on December 8, 2016.

9.1.2 Bill 127, Stronger, Healthier Ontario Act (Budget Measures), 2017

BILL 127, *STRONGER, HEALTHIER ONTARIO ACT (BUDGET MEASURES), 2017*

Schedule 5 of the *Stronger, Healthier Ontario Act (Budget Measures), 2017* (Bill 127) contained a number of amendments to the *Commodity Futures Act*. Schedule 28 of Bill 127 contained a number of amendments to the *Securities Act*. Bill 127 received Royal Assent on May 17, 2017, and has become chapter 8, Statutes of Ontario, 2017.

Schedules 5 and 28 may be viewed on the Ontario Legislative Assembly's website at www.ontla.on.ca. The text of Schedules 5 and 28 are also reflected in the consolidated versions of the *Commodity Futures Act* and the *Securities Act*, respectively, are expected to be available shortly on the Ontario e-laws site at www.e-laws.gov.on.ca.

An explanation of these amendments follows.

SCHEDULE 5

COMMODITY FUTURES ACT

The *Commodity Futures Act* was amended to make it mandatory for all clearing houses to be recognized by the Ontario Securities Commission before they carry on business in Ontario as a clearing house. This amendment comes into force on proclamation.

The Ontario Securities Commission was given the power to make an order that a person or company cease trading permanently or for a specified period. This amendment came into force on May 17, 2017.

Finally, the Act was amended to provide that no member, employee or agent of the Ontario Securities Commission shall be required in any civil proceeding, except a proceeding under the Act or a judicial review relating to a proceeding under the Act, to give testimony or to produce any book, record, document or thing respecting information obtained in the discharge of their duties under the Act. This amendment came into force on May 17, 2017.

SCHEDULE 28

SECURITIES ACT

The *Securities Act* was amended to establish a designation regime for information processors, which are defined as persons or companies that receive and provide information related to orders for and trades of securities. The designation regime amendment came into force on May 17, 2017.

The Act was amended to provide that the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada may file their orders with the Superior Court of Justice and have the orders be enforceable as orders of that court. This amendment came into force on May 17, 2017.

Amendments were made, effective on proclamation, to the definition of "clearing agency". Amendments were also made, effective May 17, 2017, to the powers of the Ontario Securities Commission to require electronic filing of applications to the Commission under the *Business Corporations Act*.

Finally, the Act was amended to provide that no member, employee or agent of the Ontario Securities Commission shall be required in any civil proceeding, except a proceeding under the Act or a judicial review relating to a proceeding under the Act, to give testimony or to produce any book, record, document or thing respecting information obtained in the discharge of their duties under the Act. This amendment came into force on May 17, 2017.

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
AGF Elements Conservative Portfolio Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to the Final Simplified Prospectus dated May 29, 2017
Received on May 29, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
-
Project #2596084

Issuer Name:
CIBC Asia Pacific Fund
CIBC Asia Pacific Index Fund
CIBC Balanced Fund
CIBC Balanced Growth Passive Portfolio
CIBC Balanced Index Fund
CIBC Balanced Passive Portfolio
CIBC Canadian Bond Fund
CIBC Canadian Bond Index Fund
CIBC Canadian Equity Fund
CIBC Canadian Equity Value Fund
CIBC Canadian Index Fund
CIBC Canadian Real Estate Fund
CIBC Canadian Resources Fund
CIBC Canadian Short-Term Bond Index Fund
CIBC Canadian Small-Cap Fund
CIBC Canadian T-Bill Fund
CIBC Conservative Passive Portfolio
CIBC Dividend Growth Fund
CIBC Dividend Income Fund
CIBC Emerging Markets Fund
CIBC Emerging Markets Index Fund
CIBC Energy Fund
CIBC European Equity Fund
CIBC European Index Fund
CIBC Financial Companies Fund
CIBC Global Bond Fund
CIBC Global Bond Index Fund
CIBC Global Equity Fund
CIBC Global Monthly Income Fund
CIBC Global Technology Fund
CIBC International Equity Fund
CIBC International Index Fund
CIBC International Small Companies Fund
CIBC Latin American Fund
CIBC Managed Aggressive Growth Portfolio
CIBC Managed Balanced Growth Portfolio
CIBC Managed Balanced Portfolio
CIBC Managed Growth Portfolio
CIBC Managed Income Plus Portfolio
CIBC Managed Income Portfolio
CIBC Managed Monthly Income Balanced Portfolio
CIBC Money Market Fund
CIBC Monthly Income Fund
CIBC Nasdaq Index Fund
CIBC Precious Metals Fund
CIBC Short-Term Income Fund
CIBC U.S. Broad Market Index Fund
CIBC U.S. Dollar Managed Balanced Portfolio
CIBC U.S. Dollar Managed Growth Portfolio
CIBC U.S. Dollar Managed Income Portfolio
CIBC U.S. Dollar Money Market Fund
CIBC U.S. Equity Fund
CIBC U.S. Index Fund
CIBC U.S. Small Companies Fund
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 17, 2017
NP11-202 Preliminary Receipt dated May 23, 2017
Offering Price and Description:
Class A, Class D, Class F and Class O Securities
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank Of Commerce
Project #2628240

Issuer Name:
Dynamic Power American Growth Fund
Dynamic Strategic Resource Class
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated May 24, 2017
Received on May 25, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
GCIC Ltd..
Promoter(s):
1832 Asset Management L.P.
Project #2540701

Issuer Name:
Franklin Target Return Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to the Final Long Form Prospectus dated May 24, 2017
Received on May 24, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Promoter(s):
FRANKLIN TEMPLETON INVESTMENTS CORP.
Project #2583151

Issuer Name:
Invesco Core Canadian Balanced Class
Invesco Emerging Markets Debt Fund
Invesco Global Real Estate Fund
Invesco Inactive Growth Portfolio
Invesco Inactive Growth Portfolio Class
Invesco Inactive Maximum Growth Portfolio
Invesco Inactive Maximum Growth Portfolio Class
Invesco Select Canadian Equity Fund
Trimark Canadian Class
Trimark Select Balanced Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Amended and Restated Simplified Prospectus and Amendment #4 to the AIF dated May 25, 2017
Received on May 26, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
-
Project #2494482

Issuer Name:
1. iShares Canadian Universe Bond Index ETF
2. iShares Canadian Short Term Bond Index ETF
3. iShares Core Canadian Short Term Corporate+Maple Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated May 19, 2017
Received on May 23, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
Promoter(s):
-
Project #2587867

Issuer Name:
Matco Balanced Fund
Matco Canadian Equity Fund
Matco Fixed Income Fund
Matco Global Equity Fund
Matco Small Cap Fund
Principal Regulator – Alberta
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 26, 2017
Received on May 26, 2017
Offering Price and Description:
A Series, F Series, N Series and O Series Shares and
A Series, F Series, N Series and O Series Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Matco Financial Inc.
Project #2631834

Issuer Name:
Pender Canadian Opportunities Fund (formerly, Pender Canadian Equity Fund)
Pender Corporate Bond Fund
Pender Small Cap Opportunities Fund
Pender Strategic Growth and Income Fund (formerly, Pender Balanced Fund)
Pender US All Cap Equity Fund
Pender Value Fund
Principal Regulator – British Columbia
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 19, 2017
NP 11-202 Preliminary Receipt dated May 24, 2017
Offering Price and Description:
Class O, Class H and Class I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
PENDERFUND CAPITAL MANAGEMENT LTD.
Project #2629946

Issuer Name:
VPI Canadian Balanced Pool
VPI Canadian Equity Pool
VPI Foreign Equity Pool
VPI Income Pool
VPI Mortgage Pool
VPI Value Pool
Principal Regulator – Manitoba
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 24, 2017
Received on May 24, 2017
Offering Price and Description:
Series O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Value Partners Investments Inc.
Project #2630401

Issuer Name:
Beutel Goodman American Equity Fund
Beutel Goodman Balanced Fund
Beutel Goodman Canadian Dividend Fund
Beutel Goodman Canadian Equity Fund
Beutel Goodman Corporate/Provincial Active Bond Fund
Beutel Goodman Fundamental Canadian Equity Fund
Beutel Goodman Global Dividend Fund
Beutel Goodman Global Equity Fund
Beutel Goodman Income Fund
Beutel Goodman International Equity Fund
Beutel Goodman Long Term Bond Fund
Beutel Goodman Money Market Fund
Beutel Goodman North American Focused Equity Fund
Beutel Goodman Short Term Bond Fund
Beutel Goodman Small Cap Fund
Beutel Goodman Total World Equity Fund
Beutel Goodman World Focus Equity Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 23, 2017
NP 11-202 Receipt dated May 24, 2017
Offering Price and Description:
Class B Units, Class D Units, Class F Units and Class I Units @ net asset value
Underwriter(s) or Distributor(s):
Beutel, Goodman & Company Ltd.
Promoter(s):
-
Project #2615578

Issuer Name:
Brompton Resource Class
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 26, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
Series A, Series B and Series F shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brompton Funds Limited
Project #2613778

Issuer Name:
Capital Group Canadian Core Plus Fixed Income Fund (Canada)
Capital Group Canadian Focused Equity Fund (Canada)
Capital Group Emerging Markets Total Opportunities Fund (Canada)
Capital Group Global Balanced Fund (Canada)
Capital Group Global Equity Fund (Canada)
Capital Group International Equity Fund (Canada)
Capital Group U.S. Equity Fund (Canada)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 25, 2017
NP 11-202 Receipt dated May 29, 2017
Offering Price and Description:
Series A, T4, B, D, E, F, F4, H, I and O Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CAPITAL INTERNATIONAL ASSET MANAGEMENT (CANADA) INC.
Project #2612895

Issuer Name:
Counsel Conservative Portfolio
Counsel Balanced Portfolio
Counsel Balanced Portfolio Class
Counsel Growth Portfolio
Counsel Growth Portfolio Class
Counsel Retirement Preservation Portfolio
Counsel Retirement Foundation Portfolio
Counsel Retirement Accumulation Portfolio
Counsel Retirement Income Portfolio Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated May 9, 2017
NP 11-202 Receipt dated May 24, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Counsel Portfolio Services Inc.
Project #2534094

Issuer Name:
Counsel Canadian Balanced Portfolio
Counsel Canadian Conservative Portfolio
Counsel Canadian Growth Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 19, 2017
NP 11-202 Receipt dated May 24, 2017
Offering Price and Description:
Series A, D and I securities @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Counsel Portfolio Services Inc.
Project #2602626

Issuer Name:
Franklin Target Return Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated May 24, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Promoter(s):
FRANKLIN TEMPLETON INVESTMENTS CORP.
Project #2583151

Issuer Name:
Horizons Absolute Return Global Currency ETF
Horizons Morningstar Hedge Fund Index ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated May 17, 2017
NP 11-202 Receipt dated May 23, 2017
Offering Price and Description:
Class E Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #2610644

Issuer Name:
iShares Canadian Universe Bond Index ETF
iShares Canadian Short Term Bond Index ETF
iShares Core Canadian Short Term Corporate + Maple Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated May 19, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
Promoter(s):
-
Project #2587867

Issuer Name:
LOGiQ Global Resource Fund
LOGiQ High Income Fund
LOGiQ Millennium Fund
LOGiQ Strategic Yield Fund
LOGiQ Total Return Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 12, 2017
NP 11-202 Receipt dated May 25, 2017
Offering Price and Description:
Series A, B, TA6, F, UF, TF6, I and Y units
Underwriter(s) or Distributor(s):
Aston Hill Asset Management Inc.
Promoter(s):
-
Project #2611300

Issuer Name:
Sun Life Multi-Strategy Target Return Fund
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated May 19, 2017
NP 11-202 Receipt dated May 23, 2017
Offering Price and Description:
Series A Units, Series F Units, Series I Units and Series O Units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
May 24, 2017
Project #2608911

Issuer Name:
Tradex Bond Fund
Tradex Equity Fund Limited
Tradex Global Equity Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 15, 2017
NP 11-202 Receipt dated May 23, 2017
Offering Price and Description:
Mutual fund securities at net asset value
Underwriter(s) or Distributor(s):
Tradex Management Inc.
Promoter(s):
-
Project #2611258

NON-INVESTMENT FUNDS

Issuer Name:
Antibe Therapeutics Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 24, 2017
NP 11-202 Preliminary Receipt dated May 24, 2017
Offering Price and Description:
Maxiumum Offering: $5,000,000.00 (* Units)
Minimum Offering: $3,000,000.00 (* Units)
Price: $* per Unit
Underwriter(s) or Distributor(s):
BLOOM BURTON SECURITIES INC.
DOMINICK INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #2630197

Issuer Name:
Antibe Therapeutics Inc.
Principal Regulator – Ontario
Type and Date:
Amendment dated May 26, 2017 to Preliminary Short Form Prospectus dated May 24, 2017
NP 11-202 Preliminary Receipt dated May 26, 2017
Offering Price and Description:
Maximum Offering: $5,000,000.00 – 50,000,000 Units
Minimum Offering: $3,000,000.00 – 30,000,000 Units
Price: $0.10 per Unit
Underwriter(s) or Distributor(s):
BLOOM BURTON SECURITIES INC.
DOMINICK INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #2630197

Issuer Name:
Atrium Mortgage Investment Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 29, 2017
NP 11-202 Preliminary Receipt dated May 29, 2017
Offering Price and Description:
$22,000,000.00 – 5.30% Convertible Unsecured Subordinated Debentures due June 30, 2024.
Offering Price: $1,000.00 per Debenture
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.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
INDUSTRIAL ALLIANCE SECURITIES INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2629899

Issuer Name:
Auxico Resources Canada Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Long Form Prospectus dated May 25, 2017
Received on May 25, 2017
Offering Price and Description:
No securities are being offered pursuant to this Prospectus.
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2631343

Issuer Name:
Bento Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 29, 2017
NP 11-202 Preliminary Receipt dated May 29, 2017
Offering Price and Description:
$* – * Subordinate Voting Shares
Price: $* per Subordinate Voting Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project #2632300

Issuer Name:
Falco Resources Ltd. (formerly Falco Pacific Resource Group Inc.)
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 24, 2017
NP 11-202 Preliminary Receipt dated May 24, 2017
Offering Price and Description:
$25,000,200.00 – 19,380,000 Units
Price: $1.29 per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
DESJARDINS SECURITIES INC.
HAYWOOD SECURITIES INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
BEACON SECURITIES LIMITED
Promoter(s):
-
Project #2628515

Issuer Name:
Jamieson Wellness Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 26, 2017
NP 11-202 Preliminary Receipt dated May 26, 2017
Offering Price and Description:
$* – (* Common Shares)
Price: $* per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
Promoter(s):
-
Project #2631555

Issuer Name:
Phivida Holdings Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated May 26, 2017
NP 11-202 Preliminary Receipt dated May 26, 2017
Offering Price and Description:
Up to $5,000,000.00
Underwriter(s) or Distributor(s):
EIGHT CAPITAL
CANACCORD GENUITY CORP.
Promoter(s):
JOHN-DAVID BELFONTAINE
KYLE JOHNSTON
Project #2631818

Issuer Name:
Pro Real Estate Investment Trust
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 29, 2017
NP 11-202 Preliminary Receipt dated May 29, 2017
Offering Price and Description:
$20,025,000.00 – 8,900,000 Trust Units
Price: $2.25 per Trust Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
HAYWOOD SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
RAYMOND JAMES LTD.
LEEDE JONES GABLE INC.
Promoter(s):
-
Project #2629851

Issuer Name:
RYU Apparel Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 24, 2017
NP 11-202 Preliminary Receipt dated May 24, 2017
Offering Price and Description:
Up to $* – Up to * Units
Price: $0.09 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #2630574

Issuer Name:
Brio Gold Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated May 25, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
$80,001,000.00 – 26,667,000 COMMON SHARES at a price of $3.00 per Offered Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Eight Capital
Raymond James Ltd.
Promoter(s):
Yamana Gold Inc.
Project #2625676

Issuer Name:
Builders Capital Mortgage Corp.
Principal Regulator – Alberta
Type and Date:
Final Long Form Prospectus dated May 24, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Builders Capital Management Corp.
Project #2568613

Issuer Name:
Drone Delivery Canada Corp. (formerly Asher Resources Corporation)
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated May 25, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
Up to 31,144,000 Units Issuable upon Exercise of Special Warrants
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Promoter(s):
-
Project #2621636

Issuer Name:
Firm Capital American Realty Partners Corp. (formerly Delavaco Residential Properties Corp.)
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated May 19, 2017
NP 11-202 Receipt dated May 23, 2017
Offering Price and Description:
U.S.$3,198,000.00 – U.S.$7.50 per Unit
C$4,288,102 – C$10.24 per 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:
Final Shelf Prospectus dated May 19, 2017
NP 11-202 Receipt dated May 23, 2017
Offering Price and Description:
Up to $2,000,000,000 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:
Final Shelf Prospectus dated May 19, 2017
NP 11-202 Receipt dated May 23, 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:
Kinder Morgan Canada Limited
Principal Regulator – Alberta
Type and Date:
Final Long Form Prospectus dated May 25, 2017
NP 11-202 Receipt dated May 25, 2017
Offering Price and Description:
$1,750,014,000.00 – 102,942,000 Restricted Voting Shares at a price of $17.00 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:
Loblaw Companies Limited
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated May 24, 2017
NP 11-202 Receipt dated May 25, 2017
Offering Price and Description:
$2,000,000,000.00 – Debentures (unsecured)
Second Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2628073

Issuer Name:
Mogo Finance Technology Inc.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated May 24, 2017
NP 11-202 Receipt dated May 24, 2017
Offering Price and Description:
Up to $15,000,000.00 10% Convertible Senior Secured Debentures at a price of $1,000 per Debenture
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Cormark Securities Inc.
Canaccord Genuity Corp.
Haywood Securities Inc.
M Partners Inc.
Promoter(s):
-
Project #2623119

Issuer Name:
Victory Capital Corp.
Principal Regulator – Ontario
Type and Date:
Final CPC Prospectus dated May 24, 2017
NP 11-202 Receipt dated May 26, 2017
Offering Price and Description:
Minimum Offering: $400,000.00 or 2,000,000 Common Shares
Maximum Offering: $2,200,000.00 or 11,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Gravitas Securities Inc.
Promoter(s):
-
Project #2622643

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Bimcor Inc.	Investment Fund Manager and Portfolio Manager	May 23, 2017
New Registration	Sustainable Growth Advisers, LP	Portfolio Manager	May 24, 2017
Voluntary Surrender	Wolverton Securities Ltd.	Investment Dealer	May 25, 2017
New Registration	Calvert Home Mortgage Investment Corporation	Exempt Market Dealer	May 26, 2017
New Registration	LaSalle Investment Management Distributors, LLC	Exempt Market Dealer	May 26, 2017
New Registration	TWMG Inc.	Mutual Fund Dealer	May 26, 2017

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Nasdaq CXC Limited – Notice of Proposed Changes and Request for Comment

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Nasdaq CXC Limited (NCXL) has announced plans to implement the change described below in September 2017 for the Nasdaq CXD (CXD) trading facility subject to regulatory approval. NCXL is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto (ATS Protocol). Pursuant to the ATS Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by June 22, 2017 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Fax 416 595 8940
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Nasdaq CXC Limited
130 King St., W, Suite 2105
Toronto, ON M5X 1E3
Email: matthew.thompson@nasdaq.com

Comments received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGES

NCXL has announced plans to implement the change described below in September, 2017 for the CXD trading facility subject to regulatory approval. NCXL is publishing this Notice of Proposed Changes in accordance with the requirements set out in the ATS Protocol.

Summary of Proposed Changes

NCXL is proposing to introduce the Minimum Quantity (MQ) order for CXD. The MQ is an order that will only execute if there is sufficient demand or supply to satisfy the minimum quantity instruction or the entire order in the case of All-Or-None.

Example 1

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12		
CXD Buy Order 2	1,000	10.12		
CXD Buy Order 3	500	10.12		
Total Bid Size	**(2,500)**			

Action: A MQ sell order for 5,500 shares is entered on CXD at 10.12 with a minimum quantity specified of 2,500 shares.

Result: The aggregate of all buy orders on CXD at 10.12 (2,500 shares) meets the minimum quantity specified for the MQ order therefore resulting in a trade of 2,500 shares at 10.12. The remaining size of the MQ order is offered at 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	3,000 (MQ)

Example 2

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12		
CXD Buy Order 2	1,000	10.12		
Total Bid Size	**(2,000)**			

Action: A MQ sell order for 5,500 shares is entered at 10.12 with a minimum quantity specified of 2,500 shares.

Result: The aggregate of all buy orders on CXD at 10.12 (2,000 shares) does not meet the minimum quantity specified for the MQ order. Consequently no trade occurs and the MQ order locks the market at 10.12 in the dark.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12	10.12	5,500 (MQ)
CXD Buy Order 2	1,000	10.12		
Total Bid Size	**(2,000)**			

Example 3

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD Buy Order 1	1,000	10.12	10.12	5,500 (MQ)
CXD Buy Order 2	1,000	10.12		
Total Bid Size	**(2,000)**			

Action: Using the order book from Example 2 reproduced above a buy order is entered on CXD for 1,000 at 10.12.

Result: The aggregate of all buy orders on CXD at 10.12 (3,000 shares) now exceeds the 2,500 minimum quantity specified for the MQ order resulting in a trade of 3,000 shares at 10.12. This leaves a quantity of 2,500 remaining for the MQ order which is offered at 10.12.

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	2,500 (MQ)

Example 4

	BID Size	BID	ASK	Ask Size
NBBO		10.10	10.14	
CXD			10.12	2,500 (MQ)

Action: Using the order book from Example 3 and reproduced above a buy order is entered for 2,500 on CXD at 10.12.

Result: The buy order for 2,500 meets the 2,500 minimum quantity specified for the MQ order resulting in an execution of the remaining 2,500 shares at 10.12.

Expected Date of Implementation

Subject to regulatory approval we are expecting to introduce this feature in September 2017.

Rationale and Relevant Supporting Analysis

The MQ is being introduced on CXD to provide CXD subscribers an additional trading tool to assist them in meeting their trading objectives. This order can be used to decrease information leakage for large orders. In this way the MQ will complement CXD's Minimum Acceptable Order (MAQ).[1] However, whereas the MAQ specifies a share threshold that must be met in order to be eligible to trade on an order-by-order basis, the MQ allows users to specify a share threshold that must be met for an order to trade based on the aggregate of all shares at a price level.

Expected Impact on Market Structure Impact of the Changes

NCXL is introducing this change in response to customer consultation where subscribers have expressed the desire to have more tools available to execute their dark trading strategies. We expect that the MQ order will assist them in this regard.

Consultation and Review

This change is being made in response to requests by subscribers.

[1] The MAQ order will be available for use on CXD on July 18th 2017.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

The specifications for using the MQ with each of the Nasdaq CXC (CXC) and Nasdaq (CX2) trading facilities have already been available and in use for some time. Given CXD will employ these same specifications it is therefore anticipated that very little time will be required by either subscribers or vendors.

Discussion of any alternatives considered

No alternatives were considered.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

The proposed significant change will not introduce a new feature into the market. Almost all lit marketplace support special settlement instructions for orders.

Any questions regarding these changes should be addressed to
Matt Thompson, Nasdaq CXC Limited: matthew.thompson@nasdaq.com, T: 416-647-6242

13.2.2 TSX – Amendments to TSX Company Manual – Request for Comments

TORONTO STOCK EXCHANGE

REQUEST FOR COMMENTS

AMENDMENTS TO TORONTO STOCK EXCHANGE COMPANY MANUAL

Toronto Stock Exchange ("**TSX**") is publishing certain proposed amendments (the "**Amendments**") to the TSX Company Manual (the "**Manual**"). The Amendments provide for public interest changes to TSX Reporting Form 4 – *Personal Information Form* (the "**PIF**"), TSX Reporting Form 4B – *Declaration* (the "**Declaration**"), and TSX Listing Application (the "**Listing Application**"). The Amendments are being published for public comment for a thirty (30) day period.

The Amendments will only become effective following public notice and comment, and approval by the Ontario Securities Commission (the "**OSC**"). Comments should be in writing and delivered by July 4, 2017 to:

Joanne Sanci
Legal Counsel, Regulatory Affairs
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4461
Email: tsxrequestforcomments@tsx.com

A copy should also be provided to:

Susan Greenglass
Director
Market Regulation
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
Email: marketregulation@osc.gov.on.ca

Comments will be publicly available unless confidentiality is requested.

Overview

TSX is seeking public comment on the Amendments. This Request for Comments explains the reasons for, and objectives of, the Amendments. Following the comment period, TSX will review and consider the comments received and determine whether to proceed with the Amendments as proposed or as modified as a result of comments.

Summary of the Proposed Amendments

	Section of the Manual	Amendment
1.	PIF	As a result of automating the PIF, amend language to remove the requirement to have a PIF notarized by a public notary and to permit an individual to apply a digital signature to the document.
2.	Declaration	As a result of automating the Declaration, amend language to remove the requirement to have a Declaration notarized by a public notary and to permit an individual to apply a digital signature to the document.
3.	Listing Application	Amend language to remove the requirement to have a Listing Application notarized by public notary.

For the text of the Amendments, please see the TSX website at
http://tmx.complinet.com/en/display/display.html?rbid=2072&element_id=1092.

Rationale for the Proposed Amendments

PIF Amendments

TSX seeks to improve its client experience, reduce regulatory burden and revolutionize how it connects with its clients. TSX anticipates that it will be automating and making the PIF digitally available online in the future.

Currently, the PIF, as well as any attachments to the PIF (including any photocopies of identification of the individual) is required to be notarized. The PIF also requires an individual to manually sign the PIF and expressly prohibits mechanical or electronic signatures.

In order to provide a complete digital experience to TSX customers, both the requirement for a notarial seal and a manual signature must be removed from the PIF.

The proposed amendments to the PIF seek to reduce the regulatory burden on TSX issuers by improving and simplifying the manner and process by which an individual completes and submits a PIF to TSX, reflects changes in technology and the increasing acceptance of digital signatures. In addition to improving the customer experience by going digital, the removal of the notary requirement may ultimately translate into time and cost savings for insiders. Moreover, the removal of the notary requirement will better align the PIF with the personal information form used by the Canadian Securities Administrators, which is substantially similar to the PIF and is not required to be notarized.

Questions

In responding to any of the questions below, please explain your response.

1. Is it appropriate to remove the requirement to have a PIF notarized?

2. Is it appropriate to permit an individual to apply a digital signature to a PIF?

Declaration Amendments

If within 36 months of submitting a PIF, an insider is required to submit another PIF, such person is permitted to submit a Declaration in lieu of a PIF.

Similar to a PIF, the Declaration, as well as any photocopies of identification of the individual, is required to be notarized. In addition, Declarations are currently manually signed.

Similar to the PIF, the proposed amendments to the Declaration seek to reduce the regulatory burden on TSX issuers by improving and simplifying the manner and process by which an individual completes and submits a Declaration to TSX, reflects changes in technology and the increasing acceptance of digital signatures. In addition to improving the customer experience by going digital, the removal of the notary requirement may ultimately translate into time and cost savings for insiders.

Questions

In responding to any of the questions below, please explain your response.

1. Is it appropriate to remove the requirement to have a Declaration notarized?

2. Is it appropriate to permit an individual to apply a digital signature to a Declaration?

Listing Application Amendments

Currently, the Listing Application is required to be notarized.

The proposed amendments to the Listing Application seek to reduce the regulatory burden on TSX issuers, and may ultimately translate into time and cost savings. There are no current plans to automate and digitize the Listing Application.

Questions

In responding to any of the questions below, please explain your response.

1. Is it appropriate to remove the requirement to have a Listing Application notarized?

TSX is publishing the Amendments for a thirty (30) day comment period, which expires July 4, 2017. The Amendments will only become effective following public notice and comment, and the approval by the OSC.

13.3 Clearing Agencies

13.3.1 CDS – Material Amendments to CDS Procedures Related to the Continuous Net Settlement Default Fund – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS PROCEDURES RELATED TO THE CONTINUOUS NET SETTLEMENT DEFAULT FUND

The Ontario Securities Commission is publishing for 30 day public comment material amendments to the CDS Procedures relating to CDS's CNS Default Fund. The purpose of the proposed procedure amendments is to introduce a new methodology to calculate the size of the Default Fund.

The comment period ends on June 30, 2017.

A copy of the CDS Notice is published on our website at http://www.osc.gov.on.ca.

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