The Ontario Securities Commission

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 CSA Staff Notice 23-318 Withdrawal of Proposed Amendments Regarding Best Execution Disclosure under National Instrument 23-101 Trading Rules

CSA Staff Notice 23-318

Withdrawal of Proposed Amendments Regarding Best Execution Disclosure Under National Instrument 23-101 Trading Rules

July 6, 2017

On May 15, 2014, the Canadian Securities Administrators (the **CSA**) proposed amendments to National Instrument 23-101 *Trading Rules* (**NI 23-101**) that would mandate specific dealer disclosure relating to best execution policies.[1] The proposed amendments would add requirements that dealers disclose to their clients in writing, among other things, the factors that the dealer considers for the purpose of complying with the best execution requirement in Part 4 of NI 23-101, a description of the dealer's order handling and routing practices and whether the dealer received payment or other compensation for routing orders.

The CSA notice accompanying the proposed amendments noted that the best execution requirements in NI 23-101 do not apply to dealers subject to similar requirements established by the Investment Industry Regulatory Organization of Canada (**IIROC**). At the time, IIROC had best execution rules in its Universal Market Integrity Rules (**UMIR**) that applied to dealers trading on marketplaces regulated by IIROC (**Participants**). The UMIR best execution rules did not apply to IIROC dealer members that were not Participants, and did not contain any requirements for Participants to make disclosures with respect to best execution policies.[2]

In 2015 and again in 2016, IIROC proposed amendments to its best execution rules, which were approved or non-objected to by its recognizing regulators on June 28, 2017.[3] These amendments

(i) transfer the best execution requirements from UMIR to the IIROC Dealer Member Rules, making them applicable to all IIROC dealer members; and

(ii) impose requirements on dealer members to disclose to clients information concerning their best execution policies and procedures that are substantially similar to those proposed by the CSA.

In light of the IIROC amendments, the CSA is withdrawing the best execution disclosure rules proposed in 2014.

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[1] Proposed new section 4.4 of NI 23-101. *See* (2014), 37 OSCB 4873.

[2] The CSA proposal anticipated that similar changes would be made to the IIROC rules. IIROC had a fair pricing rule for over-the-counter securities that applied to all members.

[3] Available at www.osc.gov.on.ca.

Questions

Please refer your questions to any of the following:

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Electrovaya Inc. and Sankar Das Gupta – s.127

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

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

TAKE NOTICE THAT the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to section 127 of the *Securities Act*, RSO 1990, c S.5, at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on June 30, 2017 at 10:00 a.m., or as soon thereafter as the hearing can be held;

AND 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 as of June 19, 2017 between Electrovaya Inc., Sankar Das Gupta and Staff of the Commission (“Staff”);

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated June 28, 2017;

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 the 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, Ontario this 28th day of June, 2017.

“Grace Knakowski”

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

A. Introduction

1. Electrovaya Inc. (“Electrovaya” or the “Company”) issued unbalanced news releases and failed to update previously-announced forward-looking information.

2. During the period commencing in December 2015 and ending in September 2016, Electrovaya issued five unbalanced news releases, contrary to the public interest. Contrary to Ontario securities law, Electrovaya failed to: (a) update announced forward-looking information in its Management’s Discussion & Analysis (“MD&A”); and (b) provide an accurate description of its business in its annual information form (“AIF”). By authorizing, permitting or acquiescing in Electrovaya’s non-compliance, Dr. Sankar Das Gupta, the President and Chief Executive Officer of the Company and Chair of its board of directors (the “Board”), (“Das Gupta” and, together with Electrovaya, the “Respondents”) is deemed to have also failed to comply with Ontario securities law.

B. Respondents

3. Electrovaya designs, develops and manufactures energy storage systems for the automotive, utility and commercial sector, primarily focusing on lithium ion battery systems. It is a reporting issuer in Ontario, and its common shares (the “Shares”) are listed on the Toronto Stock Exchange under the trading symbol “EFL”. The Shares also trade on the OTCQX Best Market under the trading symbol “EFLVF”. Electrovaya also has outstanding stock options and warrants.

4. Das Gupta is the Chair of the Board, President and Chief Executive Officer of Electrovaya. He also serves on its Disclosure Committee.

C. Overview

5. The conduct at issue relates to news releases issued by Electrovaya, which contained unbalanced presentations of information, and the failure to disclose developments affecting previously-announced forward-looking information.

6. As a reporting issuer, Electrovaya is subject to continuous disclosure obligations under Ontario securities law. To assist reporting issuers in complying with their obligations, the Canadian Securities Administrators, including the Commission, have issued National Policy 51-201 *Disclosure Standards*. It provides guidance that, among other things, emphasizes the importance of announcements being factual and balanced, without exaggerated reports or promotional commentary.

7. Disclosure of forward-looking information is subject to the provisions of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”). Specifically, Part 4A requires, among other things, that the disclosure include the factors or assumptions used to develop the forward-looking information and risk factors that could cause actual results to differ from it. Furthermore, section 5.8 requires the reporting issuer to include in its MD&A (unless otherwise previously disclosed in a press release by the reporting issuer) disclosure of any events or circumstances that are reasonably likely to cause actual results to differ from the forward-looking information.

8. Requirements for timely, accurate and efficient disclosure of information are a primary means for achieving the purposes of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”).

9. Between May and September 2016, Electrovaya issued five news releases that announced significant new business relationships in unbalanced terms. Electrovaya also did not disclose in its MD&A that revenue estimates announced in two previously announced commercial arrangements would not be realized.

10. In 2015, Staff identified and discussed similar issues with Electrovaya, including five unbalanced news releases, which the Company had not updated. To address these issues, Electrovaya provided additional balancing disclosure and business updates in its MD&A for the year ended September 30, 2014 (the “2014 MD&A”). However, it did not reflect that information in its AIF for the year ended September 30, 2015 (the “2015 AIF”).

D. Details of Conduct

2015 Review

11. In 2015, Staff conducted a continuous disclosure review of Electrovaya (the "2015 Review") that revealed the issuance of unbalanced press releases. This included five specific press releases issued on or prior to November 2014, each of which made significant positive announcements, such as the announcement of a new contract or revenue opportunity. In most of these cases, the amount of revenue that the arrangement was expected to generate was not quantified in the announcement, but significant revenue potential was implied by the nature of the announced opportunity. None of these press releases contained an adequate discussion of risks, contingencies or barriers to crystalizing the arrangements, and some of the press releases did not discuss the revenue opportunity in sufficient detail in order for investors to be able to understand the nature of the opportunity and therefore the probability of realization. In some cases, the initiatives represented non-binding letters of intent, rather than non-cancellable contracts, which made the initial announcements incomplete in the absence of other disclosure outlining the risks, contingencies and barriers involved in realizing these amounts.

12. When events occurred which made it likely that the contracts and revenue opportunities originally announced in the five aforementioned press releases would not transpire (such as the potential customer's decision not to proceed with the arrangement) the Company failed to provide adequate disclosure in this regard. Following the review by Staff, Electrovaya provided additional business updates and balancing disclosure in its 2014 MD&A.

2016 Review

13. In 2016, in connection with a prospectus review, Staff reviewed Electrovaya's recent continuous disclosure (the "2016 Review"). The 2016 Review revealed that:

    (a) Subsequent to the 2015 Review, the Company continued to issue unbalanced press releases. Between May and September 2016 the Company issued five press releases, announcing significant new positive business relationships. In most cases, the amount of revenue which the Company expected to earn from these relationships was quantified and such amounts represented many multiples of the Company's historical annual revenues. None of the press releases contained balanced disclosure discussing the nature of the arrangements, which were often non-binding, including disclosure about any related risks, contingencies and barriers.

    (b) While some information contained in these five press releases represented forward looking information in the form of quantified anticipated future revenue amounts for specific customer arrangements, the Company did not provide material factors and assumptions underlying the forward looking statements.

    (c) The Company did not update forward looking information in its ongoing MD&A, in respect of two other customer arrangements, where anticipated revenue amounts had been previously disclosed and when events subsequent to their original announcement made it clear that these revenue estimates would not transpire.

    (d) As noted above, in response to the 2015 Review, the Company provided certain clarifying disclosure in the form of additional business updates in its 2014 MD&A. During the 2016 Review, Staff noted that these updates had not been carried forward to its 2015 AIF. As a result, the 2015 AIF provided overly optimistic information about the future potential of certain revenue arrangements.

14. Das Gupta authorized, permitted or acquiesced in the conduct of Electrovaya described above.

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

15. The specific allegations advanced by Staff are that, by engaging in the conduct described above:

    (a) Electrovaya issued unbalanced news releases, contrary to the public interest;

    (b) Electrovaya failed to update forward-looking information in its Q1 and Q3 2016 MD&A, contrary to section 5.8 of NI 51-102;

    (c) Electrovaya failed to provide an accurate description of the development of its business in its 2015 AIF, contrary to Item 4 of 51-102F2 *Annual Information Form*;

(d) Das Gupta, a director and officer of Electrovaya, authorized, permitted or acquiesced in Electrovaya's non-compliance with Ontario securities law, as set out in subparagraphs (b) and (c), above, and is deemed not to have complied with Ontario securities law under section 129.2 of the Act; and

(e) as set out in subparagraphs (a) through (d), above, the Respondents engaged in conduct contrary to the public interest.

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

DATED at Toronto, Ontario, June 28, 2017.

1.5 Notices from the Office of the Secretary

1.5.1 Pro-Financial Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
June 28, 2017

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

TORONTO – The Commission issued an Order in the above named matter which provides the pre-hearing conference is adjourned to July 13, 2017 at 10:00 a.m.

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

A copy of the Order dated June 28, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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1.5.2 Electrovaya Inc. and Sankar Das Gupta

FOR IMMEDIATE RELEASE
June 28, 2017

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

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 Electrovaya Inc., Sankar Das Gupta and Staff of the Commission in the above named matter.

The hearing will be held on June 30, 2017 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated June 28, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated June 28, 2017 are available at www.osc.gov.on.ca.

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GRACE KNAKOWSKI
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1.5.3 Electrovaya Inc. and Sankar Das Gupta

FOR IMMEDIATE RELEASE
June 30, 2017

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Electrovaya Inc., Sankar Das Gupta and Staff of the Commission.

A copy of the Order dated June 30, 2017, Settlement Agreement dated June 29, 2017 and Oral Reasons for Approval of Settlement dated June 30, 2017 are available at www.osc.gov.on.ca.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 TransCanada Corporation et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for exemptive relief to permit issuer and underwriters, acting as agents for the issuer, to enter into equity distribution agreements to make "at the market" (ATM) distributions of common shares over the facilities of the TSX, NYSE or other marketplace – ATM distributions to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions – issuer will issue a press release and file agreements on SEDAR – application for relief from prospectus delivery requirement – delivery of prospectus not practicable in circumstances of an ATM distribution – relief from prospectus delivery requirement has effect of removing two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus – application for relief from certain prospectus form requirements – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document – decision will terminate 25 months after the issuance of a receipt for the shelf prospectus. Decision and application also held in confidence by decision makers until the earlier of the entering into of an equity distribution agreement, waiver of confidentiality or 90 days from the date of the decision.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 71, 147.

Applicable Ontario Rules

National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
Form 44-101F1 Short Form Prospectus, Item 20.
National Instrument 44-102 Shelf Distributions, s. 6.7; Part 9, ss. 11.1; ss. 5.5 items 2 and 3, and s. 2.2 of Part 2 of Appendix A.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

June 23, 2017

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

AND

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

AND

IN THE MATTER OF
TRANSCANADA CORPORATION (the Issuer),
TD SECURITIES INC., BMO NESBITT BURNS INC. AND
J.P. MORGAN SECURITIES CANADA INC. (the Canadian Agents)
AND
TD SECURITIES (USA) LLC, BMO CAPITAL MARKETS CORP. AND
J.P. MORGAN SECURITIES LLC (the US agents and together with the Canadian Agents,
the Agents, and the Agents together with the Issuer, the Filers)

DECISION

Background

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

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

(b) that the requirement to include a forward-looking underwriter certificate in the form specified by section 2.2 of Appendix A to National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) does not apply to the Prospectus Supplement (as defined below);

(c) that the requirement to include a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in Item 20 of Form 44-101F1 *Short Form Prospectus* (**44-101F1**) does not apply to the Base Shelf Prospectus (as defined below); and

(d) that the requirement to include the statements specified by items 2 and 3 of section 5.5 of NI 44-102 does not apply to the Base Shelf Prospectus.

The Decision Makers have also received a request from the Filers for a decision that the Application and this decision (together, the **Confidential Material**) be held in confidence and not be made public until the earliest of (i) the date on which the Filers enter into an Equity Distribution Agreement, (ii) the date on which any of the Filers advise the Decision Makers that there is no longer any need for the Confidential Material to remain confidential, and (iii) the date that is 90 days after the date of this decision (the **Confidentiality Relief**).

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and the Yukon Territory; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, MI 11-102 or NI 44-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

The Issuer

1. The Issuer is a corporation incorporated under the *Canada Business Corporations Act*. The head office of the Issuer is in Calgary, Alberta.

2. The Issuer is a reporting issuer in each province and territory of Canada and is not in default of securities legislation in any jurisdiction of Canada.

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

4. The Issuer is subject to reporting obligations under the 1934 Act, and files its continuous disclosure documents with the SEC in the US.

The Agents

5. TD Securities Inc. is a corporation incorporated under the laws of the Province of Ontario with its head office in Toronto, Ontario.

6. BMO Nesbitt Burns Inc. is a corporation incorporated under the laws of Canada with its head office in Toronto, Ontario.

7. J.P. Morgan Securities Canada Inc. is a corporation incorporated under the laws of Canada with its head office in Toronto, Ontario.

8. Each of the Canadian Agents is registered as an investment dealer under the securities legislation in each province and territory of Canada, is a member of the Investment Industry Regulatory Organization of Canada, and is a participating organization of the TSX.

9. TD Securities (USA) LLC is a company formed under the laws of Delaware with its head office in New York, New York.

10. BMO Capital Markets Corp. is a corporation incorporated under the laws of Delaware with its head office in New York, New York.

11. J.P. Morgan Securities LLC is a company formed under the laws of Delaware with its head office in New York, New York.

12. Each of the US Agents is a broker-dealer registered with the SEC under the 1934 Act.

13. None of the Agents are in default of securities legislation in any jurisdiction of Canada.

Proposed ATM Distribution

14. Subject to mutual agreement on terms and conditions, the Filers propose to enter into Equity Distribution Agreements for the purpose of one or more ATM Distributions involving the periodic sale of Common Shares by the Issuer through the Agents, as agents, under the shelf prospectus procedures prescribed by Part 9 of NI 44-102.

15. Prior to making an ATM Distribution, the Issuer will have done all of the following:

    (a) filed in each province and territory of Canada a short form base shelf prospectus providing for the distribution from time to time of Common Shares (the **Base Shelf Prospectus**);

    (b) filed with the SEC a registration statement on Form F-10 under the multijurisdictional disclosure system providing for the distribution from time to time of Common Shares;

    (c) filed in each province and territory of Canada a prospectus supplement describing the terms of the ATM Distribution, including the terms of the Equity Distribution Agreements and otherwise supplementing the disclosure in the Base Shelf Prospectus (the **Prospectus Supplement**, and together with the Base Shelf Prospectus as supplemented or amended and including any documents incorporated by reference therein (which shall include any Designated News Release as defined below), the **Prospectus**);

    (d) filed with the SEC a prospectus supplement in substantially the same form as the Prospectus Supplement.

16. The Issuer will include in the Base Shelf Prospectus a forward-looking certificate of the Issuer in the form prescribed by section 1.1 of Appendix A to NI 44-102.

17. If an Equity Distribution Agreement is entered into, the Issuer will immediately do both of the following:

    (a) issue and file a news release announcing the Equity Distribution Agreement and indicating that the Base Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and specifying where and how purchasers of Common Shares under an ATM Distribution may obtain copies of each;

(b) file the Equity Distribution Agreement on SEDAR.

18. Under the proposed Equity Distribution Agreements the Issuer may conduct one or more ATM Distributions subject to the 10% limitation set out in subsection 9.1(1) of NI 44-102.

19. The Issuer will not, during the period that the final receipt for the Base Shelf Prospectus is effective, distribute by way of one or more ATM Distributions a total market value of Common Shares that exceeds 10% of the aggregate market value of Common Shares, such aggregate market value calculated in accordance with section 9.2 of NI 44-102 and as at the last trading day of the month before the month in which the first ATM Distribution is made.

20. The Issuer will conduct ATM Distributions only through one or more of the Agents (as agent) directly or via a Selling Agent, and only through (i) the TSX, (ii) the NYSE, or (iii) another marketplace as defined in National Instrument 21-101 *Marketplace Operation* upon which the Common Shares are listed, quoted or otherwise traded (each a **Marketplace**).

21. The Canadian Agents will act as the sole agents of the Issuer in connection with an ATM Distribution directly or through one or more Selling Agents on the TSX or any other Marketplace in Canada (a **Canadian Marketplace**), and will be paid an agency fee or commission by the Issuer in connection with such sales. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Canadian Agents. The Canadian Agents will each sign an agent's certificate, in the form set out in paragraph 38 below, in the Prospectus Supplement.

22. A purchaser's rights and remedies under applicable securities legislation against the Canadian Agents, as agents of an ATM Distribution through a Canadian Marketplace, will not be affected by a decision to effect the sale directly or through a Selling Agent.

23. The aggregate number of Common Shares sold on one or more Canadian Marketplaces pursuant to an ATM Distribution on any trading day will not exceed 25% of the trading volume of the Common Shares on all Canadian Marketplaces on that day.

24. The Equity Distribution Agreements will provide that, at the time of each ATM Distribution, the Issuer will represent to the Agents that the Prospectus contains full, true and plain disclosure of all material facts relating to the Issuer and Common Shares being distributed. The Issuer will, therefore, be unable to proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Issuer or the Common Shares.

25. After the date of the Prospectus Supplement and before the termination of any ATM Distribution, if the Issuer disseminates a news release disclosing information that, in the Issuer's determination, constitutes a "material fact" (as such term is defined in the Legislation), the Issuer will identify such news release as a "designated news release" for the purposes of the Prospectus. This designation will be made on the face page of the version of such news release filed on SEDAR (any such news release, a **Designated News Release**). The Prospectus Supplement will provide that any such Designated News Release will be deemed to be incorporated by reference into the Base Shelf Prospectus. A Designated News Release will not be used to update disclosure in the Prospectus by the Issuer in the event of a "material change" (as such term is defined in the Legislation).

26. If, after the Issuer delivers a sell notice to the Agents directing the Agents to sell Common Shares on the Issuer's behalf pursuant to an Equity Distribution Agreement (a **Sell Notice**), the sale of Common Shares specified in the Sell Notice, taking into consideration prior sales under all previous ATM Distributions, would constitute a material fact or material change, the Issuer will suspend sales under the Equity Distribution Agreement until either (i) it has filed a Designated News Release or material change report, as applicable, or amended the Prospectus, or (ii) circumstances have changed such that a sale would no longer constitute a material fact or material change.

27. In determining whether the sale of the number of Common Shares specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account a number of factors, including, without limitation:

(a) the parameters of the Sell Notice, including the number of Common Shares proposed to be sold and any price or timing restrictions that the Issuer may impose with respect to the particular ATM Distribution;

(b) the percentage of the outstanding Common Shares that the number of Common Shares proposed to be sold pursuant to the Sell Notice represents;

(c) sales under earlier Sell Notices;

(d) trading volume and volatility of the Common Shares;

(e) recent developments in the business, operations or capital of the Issuer; and

(f) prevailing market conditions generally.

28. It is in the interest of the Issuer and the Agents to minimize the market impact of sales under an ATM Distribution. Therefore, the Agents will closely monitor the market's reaction to trades made on any Marketplace pursuant to an ATM Distribution in order to evaluate the likely market impact of future trades. The Agents have experience and expertise in managing sell orders to limit downward pressure on trading prices. If the Agents have concerns as to whether a particular sell order placed by the Issuer may have a significant effect on the market price of the Common Shares, the Agents will recommend against effecting the sell order at that time.

Disclosure of Common Shares Sold in ATM Distribution

29. The Issuer will disclose the number and average price of Common Shares sold pursuant to ATM Distributions, as well as gross proceeds, commissions and net proceeds, in its annual and interim financial statements and management discussion and analysis filed on SEDAR.

Prospectus Delivery Requirement

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

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

32. The Prospectus will be filed and readily available electronically via SEDAR to all purchasers under ATM Distributions. As stated in paragraph 17 above, the Issuer will issue a news release that specifies where and how copies of the Base Shelf Prospectus and the Prospectus Supplement may be obtained.

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

Withdrawal Right and Right of Action for Non-Delivery

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

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

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

Modified Certificates and Statements

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

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

38. The Prospectus Supplement will include the following underwriter certificate:

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

39. A different statement of purchasers' rights than that required by the Legislation is necessary so that the Base Shelf Prospectus will accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, the Base Shelf Prospectus will state the following, with the date reference completed:

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Common Shares under an at-the-market distribution by the Issuer will not have the right to withdraw from an agreement to purchase the Common Shares and will not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus, because the prospectus, prospectus supplements relating to the Common Shares purchased by the purchaser and any amendment relating to Common Shares purchased by such purchaser will not be delivered as permitted under a decision dated •, 2017 and granted pursuant to National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Securities legislation in certain of the provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contains a misrepresentation, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of Common Shares under an at-the-market distribution by the Issuer may have against the Issuer or the Agents for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery and the decision referred to above.

A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory and the decision referred to above for the particulars of these rights or consult with a legal adviser.

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

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided:

(a) at least one of the following is true:

(i) during a 60-day period ending not earlier than 10 days prior to the commencement of the ATM Distribution, the Common Shares have traded, in total, on one or more Marketplaces, as reported on a consolidated market display:

(A) an average of at least 100 times per trading day, and

(B) with an average trading value of at least $1,000,000 per trading day;

(ii) at the commencement of the ATM Distribution, the Common Shares are subject to Regulation M under the 1934 Act and are an "actively-traded security" as defined thereunder;

(b) the Issuer complies with the disclosure requirements set out in paragraphs 29 and 37 through 40 above; and

(c) the Issuer and Agents respectively comply with the representations made in paragraphs 17, 19 through 21 and 23 through 28 above.

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

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

For the Alberta Securities Commission:

"Tom Cotter"
Vice Chair

"Ian Beddis"
Member

2.1.2 Buffalo Coal Corp.

Headnote

Relief from the requirements otherwise applicable to the Filer as a reporting issuer who is not a venture issuer – Filer is cross listed on the TSX Venture Exchange and the Alternative Exchange of the Johannesburg Stock Exchange – secondary listing on AltX only requires Filer to comply with TSXV requirements – relief granted subject to conditions, including that the Filer complies with the requirements of Canadian securities legislation applicable to a venture issuer

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, s. 19.1.
National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1.
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, s. 9.1.

June 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
BUFFALO COAL CORP.
(the "Filer")**

DECISION

Background

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

(a) the requirements otherwise applicable to the Filer as a reporting issuer who is not a venture issuer in each of the following instruments, including the forms thereof (collectively, the **"Instruments"**):

   (i) National Instrument 41-101 *General Prospectus Requirements*;

   (ii) National Instrument 51-102 *Continuous Disclosure Obligations*;

   (iii) National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

   (iv) National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings*;

   (v) National Instrument 52-110 *Audit Committees*; and

   (vi) National Instrument 58-101 *Disclosure of Corporate Governance Practices*;

(b) the formal valuation requirements under sections 4.3 and 5.4 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**"MI 61-101"**); and

(c) the minority approval requirements under section 5.6 of MI 61-101 (the **"Minority Approval Relief"**);

(collectively, the **"Exemption Sought"**).

Securities legislation imposes obligations for all reporting issuers. There are different obligations applicable to reporting issuers who are venture issuers and to those that are non-venture issuers. The Exemption Sought, if granted, would permit the Filer to comply with the obligations applicable to venture issuers notwithstanding that the Filer does not meet the criteria in the definition of "venture issuer".

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

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

(e) 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 provinces of 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 decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation governed by the *Business Corporations Act* with a head office located in Woodmead, Gauteng, South Africa. The Filer is a coal producer in southern Africa which holds a majority interest in two operating mines in South Africa.

2. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the **"Reporting Jurisdictions"**).

3. The common shares of the Filer (the **"Common Shares"**) are listed on the TSX Venture Exchange (the **"TSXV"**) under the symbol "BUF" and the Alternative Exchange of the Johannesburg Stock Exchange (the **"AltX"**) under the symbol "BUC".

4. The Common Shares were previously listed on the Toronto Stock Exchange (**"TSX"**) and the main board of the Johannesburg Stock Exchange (**"JSE"**). As a result of the Filer not meeting certain continued listing requirements, the Filer delisted from the TSX and listed the Common Shares on the TSXV effective December 17, 2015. Concurrent with the TSXV listing, the Filer delisted the Common Shares from the JSE and commenced trading on the AltX effective December 24, 2015. The Filer initially obtained a secondary listing on the JSE (and sought to maintain a listing on the AltX following the JSE delisting) to facilitate the trading in the Common Shares by its South African resident shareholders who may not otherwise be in a position to trade the Common Shares through the facilities of a Canadian stock exchange (given certain restrictions under applicable South African law).

5. In the Instruments, the definition of a "venture issuer" excludes a reporting issuer who, at the relevant time, has any of its securities listed or quoted on any of the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace or a marketplace outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc (the **"Venture Issuer Definition"**).

6. As the AltX is a marketplace and hence a "marketplace outside of Canada", the filer does not, subsequent to December 24, 2015, meet the criteria in the Venture Issuer Definition.

7. The Filer acknowledges that any right of action, remedy, penalty or sanction available to any person or company or to a securities regulatory authority against the Filer from December 24, 2015 until the date of this decision are not terminated or altered as a result of this decision.

8. The AltX is a venture capital market for small and medium-sized companies. A listing on the AltX is available as a secondary listing to the Filer since it is listed on the TSXV, and the Filer is only required to comply with the listing requirements of its primary exchange, being the TSXV, other than as specifically stated in the JSE's listing requirements, which are limited and relate mainly to compliance with the JSE's timetable requirements with regards to certain corporation actions.

9. The information provided by the Filer about the AltX and its status as a junior market for the purposes of review by staff of the principal regulator is accurate at the date of the decision.

10. The Filer is not in default of any securities legislation in any jurisdiction of Canada, except that from December 24, 2015 to the date of this decision, the Filer has been in default of securities legislation requirements in the Reporting Jurisdictions that apply to reporting issuers that are not venture issuers.

Decision

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

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

(a) the Filer complies with the conditions and requirements of Canadian securities legislation applicable to a venture issuer;

(b) the AltX is not restructured in a manner that makes it unreasonable to conclude that it is still a junior market and the representations in section 8, above, continue to be true;

(c) the Filer has Common Shares listed on the TSXV;

(d) the Filer does not have any of its securities listed or quoted on any of the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States other than the AltX, the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.;

(e) in the event an exemption under Canadian securities legislation applies to a requirement in the Instruments applicable to the Filer, and a condition to the exemption requires the issuer to be a venture issuer, the Filer may invoke the benefit of that exemption if the Filer meets the conditions required by the exemption except for the condition that the Filer be a venture issuer;

(f) in the event an exemption under Canadian securities legislation applies to a requirement applicable to the Filer as a reporting issuer who is not a venture issuer in the Instruments, and a condition to the exemption requires the issuer to not be a venture issuer, the Filer does not invoke the benefit of the exemption; and

(g) the Minority Approval Relief is granted further provided that, in addition to conditions (a) through (f) above, the Filer would be exempt from the minority approval requirements in section 5.6 of MI 61-101, but for the fact that it does not meet the requirements of subparagraph 5.7(1)(b)(i) of MI 61-101.

“Michael Balter”
Manager, Corporate Finance
Ontario Securities Commission

2.1.3 LOGiQ Growth and Income Class et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because merger does not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – a reasonable person may not consider the Terminating Fund and Continuing Fund to have substantially similar investment objectives – the merger will not be effected as a "qualifying transaction" or as a tax-deferred transaction – securityholders of Terminating Fund provided with timely disclosure regarding the merger.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 5.5(3), 5.6, 5.7.

June 22, 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
LOGiQ GROWTH AND INCOME CLASS
(the Terminating Fund)

AND

LOGiQ BALANCED MONTHLY INCOME CLASS
(the Continuing Fund, and together with the Terminating Fund, the Funds)

AND

LOGiQ CAPITAL 2016
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of LOGiQ Mutual Funds Limited and the Funds (each a class of LOGiQ Mutual Funds Limited) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting approval (the **Approval Sought**) under subsection 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) of the proposed merger of the Terminating Fund into the Continuing Fund (the **Merger**).

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

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

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

Interpretation

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

REPRESENTATIONS

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

The Filer

1. The head office of each of the Filer and the Funds is located in Toronto, Ontario. The Filer is the manager and investment advisor of the Funds.

2. The Filer is registered as an exempt market dealer and portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, and Quebec and as an investment fund manager in Newfoundland and Labrador, Ontario, and Quebec.

The Funds

3. Each Fund is a reporting issuer in each of the jurisdictions of Canada.

4. Neither the Filer nor the Funds is in default of securities legislation in any jurisdiction of Canada.

5. Securities of the Funds are currently qualified for sale by a simplified prospectus, annual information form and fund facts dated June 28, 2016, as amended, which have been filed and receipted in each of the jurisdictions of Canada.

6. Other than circumstances in which a securities regulatory authority has expressly exempted a Fund therefrom, the Funds follow the standard investment restrictions and practices set out in NI 81-102.

7. LOGiQ Mutual Funds Limited is a multi-class mutual fund corporation operating under the laws of Canada. LOGiQ Mutual Funds Limited offers each of the Funds.

8. The Terminating Fund offers series A, B, F and X shares.

9. The Terminating Fund's fundamental investment objective is to provide current income and long-term capital appreciation by investing primarily in a diversified portfolio of North American equity and income securities, including dividend paying or distribution paying equity and income securities such as corporate and government bonds. The Terminating Fund may also engage in option writing strategies to enhance income and manage risk and may, from time to time, engage in the short-selling of securities that its investment advisor believes are overvalued.

10. The Continuing Fund offers series A, B, F and X shares. The Continuing Fund is authorized to issue an unlimited number of shares of each such series.

11. The Continuing Fund's investment objective is to provide shareholders with consistent long term capital growth and the opportunity for income through the selection, management and strategic trading of long and short positions in securities of income trusts, common shares, preferred shares, derivatives and corporate and government debt. The Continuing Fund's investment advisor will also consider positioning the Continuing Fund's investment portfolio to reduce its correlation to Canadian equity and fixed-income indices.

The Merger

12. The Filer intends to hold, on or about June 27, 2017, a special meeting of the shareholders of the Terminating Fund (the **Shareholders**) to consider and, if thought fit, to approve, among other things, the Merger.

13. If approved by the Shareholders, the Filer currently expects to implement the Merger on or about June 30, 2017 (the **Effective Date**). If approval of the Shareholders is not obtained, the Terminating Fund will be terminated.

14. Pursuant to the Merger, each Shareholder will, on the Effective Date, receive shares of such series of the Continuing Fund equivalent, including in value, to the series of shares held by the Shareholder in the Terminating Fund.

15. The Filer examined its line-up of available funds and selected the Continuing Fund as the particular fund to propose merging the Terminating Fund into because it has a broader investment objective than the Terminating Fund and its

investments are not limited primarily to North American equity and income securities (as in the case of the Terminating Fund).

16. The broader investment mandate of the Continuing Fund provides it with a greater ability than the Terminating Fund to seek growth opportunities and reduce volatility in the following ways: (i) the Continuing Fund has greater flexibility to invest as it is not limited to the North American market; (ii) the ability to invest primarily outside of Canada and North America gives the Continuing Fund greater opportunity to invest in a wider range of large-cap issuers; and (iii) the ability to short equities and increased emphasis on options use allows the investment advisor to hedge exposures and reduce correlation to the Canadian markets to seek consistent risk-adjusted returns.

17. The Terminating Fund filed a press release and a material change report in respect of the proposed Merger on SEDAR on April 24, 2017.

18. As required under National Instrument 81-107 *Independent Review Committee for Investment Funds* (**"NI 81-107"**), on April 26, 2017, the Funds' Independent Review Committee (**IRC**) provided a positive recommendation for the Merger, after determining that in the IRC's opinion, having reviewed the Merger as a potential conflict of interest, the Merger achieves a fair and reasonable result for each of the Funds.

19. Regulatory approval of the Merger is required because the Merger does not satisfy all of the criteria for preapproved reorganizations and transfers as set out in section 5.6 of NI 81-102, namely because (i) a reasonable person may not consider the fundamental investment objectives of each of the Terminating Fund and the Continuing Fund to be "substantially similar" and (ii) the Merger will not proceed as a "qualifying exchange" or "tax deferred transaction". The Merger will otherwise comply with all the other criteria for pre-approved organizations and transfers set out in section 5.6 of NI 81-102.

20. The Filer has determined that the Merger will not be a material change to the Continuing Fund.

21. Notice of the meeting, a management information circular (the **Circular**) and proxy in connection with the special meeting of Shareholders of the Terminating Fund were mailed to the Shareholders on June 6, 2017 and concurrently filed via SEDAR.

22. The Circular of the Terminating Fund includes a brief comparison describing the similarities and differences between the Terminating Fund and the Continuing Fund, and includes information regarding fees, expenses, investment objectives, the manager, the portfolio advisor, and net asset value calculation, and discusses the income tax considerations applicable to the Merger. The Circular discloses where Shareholders can obtain the most recent simplified prospectus, annual information form, fund facts, interim and annual financial statements and annual management report of fund performance of the Terminating Fund and the Continuing Fund at no cost, and also includes the fund facts document for the applicable series of units of the Continuing Fund. Accordingly, Shareholders will have had an opportunity to consider this information prior to voting on the Merger.

23. A summary of the IRC's recommendation is included in the Circular sent to Shareholders as required by section 5.1(2) of NI 81-107.

24. The Funds will not bear any of the costs and expenses associated with the Merger. The Filer will pay for the costs of the Merger. These costs consist mainly of legal, proxy solicitation, printing, mailing and regulatory fees, as well as the costs of implementing the Merger, including any brokerage fees.

25. Following the Merger, the Continuing Fund will continue as a publicly offered open-end mutual fund.

26. The annual management fee (which includes any service fees) chargeable on the securities of each Fund are set out in the table below:

Fund	Fees
LOGiQ Balanced Monthly Income Fund	Series A: 2.00% (includes trailer of 0.75%) Series B: 2.00% (includes trailer of 1.00%) Series F: 1.00% Series X: 1.75% (includes trailer of 0.50%)
LOGiQ Growth and Income Fund	Series A: 2.00% (includes trailer of 0.75%) Series B: 2.00% (includes trailer of 1.00%) Series F: 1.00% Series X: 1.75% (includes trailer of 0.50%)

27. The Continuing Fund's net asset value as at June 6, 2017 was $27,638,304.78. The Terminating Fund's net asset value as at June 6, 2017 was $10,989,629.11.

28. As set out above, the fees of the applicable series of the Continuing Fund which Shareholders of the Terminating Fund will receive are the same as the fees of the applicable series of the Terminating Fund.

29. As a consequence of recent amendments to the *Income Tax Act* (Canada) (the "**Tax Act**") that relate to "switches" of shares of a mutual fund corporation, the exchange of shares of the Terminating Fund for shares of the Continuing Fund in connection with the Merger will be a disposition for purposes of the Tax Act and, accordingly, a Shareholder of the Terminating Fund will generally realize a capital gain or capital loss in connection with the Merger.

30. No sales charges will be payable by Shareholders of the Terminating Fund in connection with the Merger.

31. The valuation procedures for the Funds are substantially similar.

32. Shareholders will have the same purchase option and deferred sales charge schedule in the Continuing Fund as in the Terminating Fund. Shareholders will also have the same pre-authorized purchase plan available to them in the Continuing Fund as was available in the Terminating Fund.

33. Shareholders will have the same distribution arrangements available in the Continuing Fund as were available in the Terminating Fund, except (as referenced in the Circular) that the Terminating Fund expects to generate an annual distribution of approximately $0.264, payable as to $0.022 per share per month, whereas the Continuing Fund expects to generate an annual distribution of approximately $0.280, payable as to $0.023 per share per month. Investors who have elected to receive cash distributions in the Terminating Fund will receive cash distributions in the Continuing Fund.

34. Shareholders will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately before the Effective Date of the Merger, subject to the standard redemption charges as set out in the Terminating Fund's simplified prospectus.

35. The shares of the Continuing Fund are redeemable daily at a price based on the net asset value per share.

Procedure for the Merger

36. The proposed Merger will be structured according to the steps set out below:

    a. the Shareholders of the Terminating Fund will be asked to consider and, if thought fit, to approve Merger;

    b. upon the Merger, shares of the Terminating Fund will be exchanged for new shares of the Continuing Fund. The number of shares of a series of the Continuing Fund received will be determined by multiplying the number of shares of each applicable series of the Terminating Fund outstanding at the close of business prior to the effective date of the Merger by an exchange ratio (which will be equal to the net asset value per series of shares of the Terminating Fund on the business day prior to the effective date of the Merger, divided by the net asset value per the equivalent series of shares of the Continuing Fund on such date);

    c. All of the assets of LOGiQ Mutual Funds Limited notionally allocated to the Terminating Fund will become assets that are notionally allocated to the Continuing Fund. As such, there will be no pre-merger liquidation of any portion of the Terminating Fund's portfolio.

    d. the Terminating Fund will cease to exist and a notice pursuant to section 2.10 of NI 81-102 will be filed on the Terminating Fund's SEDAR profile.

Benefits of the Merger

37. The Filer believes that the Merger will be beneficial to shareholders of the Funds for the following reasons:

    a. there is little opportunity to reduce the fixed costs individually associated with, and currently paid by, the Terminating Fund and the Continuing Fund, including expenses such as audit, legal, trustee, custody, transfer agency, independent review committee, filing and fund accounting fees. The fixed costs associated with the Continuing Fund after the Merger will be less than the total fixed costs currently paid by the Terminating Fund and the Continuing Fund and will be spread over a larger number of shares;

b. the Continuing Fund is expected to have a larger asset base which will allow for greater portfolio diversification and a smaller proportion of assets set aside in the form of cash to fund redemptions. This may lead to the reduction of risk and increased returns;

c. the Continuing Fund had a lower MER (before waivers and absorptions) of 3.04% for the Series A share 3.02% for Series B shares, 2.03% for the Series F shares and 2.71% for Series X shares for the year-ended October 31, 2016. Comparatively, the Terminating Fund had a MER (before waivers and absorptions) of 3.17% for the Series A shares, 3.15% for Series B shares, 2.19% for the Series F shares and 2.88% for Series X shares for the year ended October 31, 2016;

d. Since the Filer will pay the costs of the Merger, the Merger will save the Terminating Fund the costs of a dissolution and wind-up, which would otherwise be borne by the Terminating Fund.

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 Approval Sought is granted, provided that the Filer obtains prior approval of the Shareholders of the Terminating Fund for the Merger at the meeting held for that purpose, or any adjournments thereof.

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

2.1.4 Excel Funds Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Variation of prior relief – mutual funds previously granted exemption from National Instrument 81-102 Investment Funds to permit investment in securities of underlying mutual funds which have adopted same investment objectives and investment strategies – mutual funds are clone funds – relief varied to remove restriction on other mutual funds investing in the mutual funds.

Rules Cited

National Instrument 81-102 Mutual Funds, s. 2.5(2)(a).

June 27, 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
EXCEL FUNDS MANAGEMENT INC.
(the Filer)**

AND

**IN THE MATTER OF
EXCEL INDIA BALANCED FUND AND
EXCEL NEW INDIA LEADERS FUND
(the Funds)**

AND

**IN THE MATTER OF
NEW LEADERS CLASS AND
GROWTH & INCOME CLASS
(the Underlying Funds)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) varying the decision issued to the Filer on April 21, 2016 (the **Prior Decision**). The variation requested is to eliminate condition (a) of the Prior Decision (the **Exemption Sought**).

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

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

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

Interpretation

Unless expressly defined herein, terms in this decision have the respective meanings given to them in MI 11-102, National Instrument 14-101 *Definitions* and National Instrument 81-102 *Investment Funds* (**NI 81-102**).

Representation

The decision is based on the facts set out under "Representations" in the Prior Decision and the following facts represented by the Filer:

1. The Prior Decision provides exemptive relief for the Funds from paragraph 2.5(2)(a) of NI 81-102 to permit each of the Funds to invest in securities of the New Leaders Class and the Growth & Income Class of shares of Excel Funds Mauritius Company Ltd. (the **Company**), a multi-class investment fund corporation.

2. Excel New India Leaders Fund is a "clone fund" (as defined in NI 81-102) as it has adopted a fundamental investment objective of tracking the performance of the Underlying Fund it invests in, namely, the New Leaders Class of shares of the Company.

3. Excel India Balanced Fund is a "clone fund" (as defined in NI 81-102) as it has adopted a fundamental objective of tracking the performance of the Underlying Fund it invests in, namely, the Growth & Income Class of shares of the Company.

4. Condition (a) of the Prior Decision provides that units of the Funds may not be sold to any mutual fund that is subject to NI 81-102. The Filer wishes to eliminate condition (a) of the Prior Decision to permit mutual funds subject to NI 81-102 to invest in the Funds.

5. All other conditions under the Prior Decision continue to apply to 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 the Exemption Sought is granted.

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

2.1.5 Sprott Asset Management LP and SPR & Co LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of manager of mutual funds — change of manager is not detrimental to unitholders or the public interest – change of manager to be approved by the funds' unitholders at a special meeting of unitholders.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(a), 5.5(3), 5.7.

June 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
SPROTT ASSET MANAGEMENT LP (SAM)**

AND

**SPR & CO LP
(the Purchaser, and together with SAM, the Filers)**

AND

**THE FUNDS
(as defined herein)**

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 approval of the proposed change of manager of the funds listed in Appendix "A" (the **Funds**) from SAM to the Purchaser (the **Change of Manager**) under section 5.5(1)(a) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval 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 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 all of the provinces and territories of Canada.

Interpretation

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

Representations

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

The Manager

1. SAM is a limited partnership established under the laws of the Province of Ontario with its head office in Toronto, Ontario. Sprott Asset Management GP Inc., the general partner of SAM, is a wholly-owned subsidiary of Sprott Inc., a public company incorporated under the laws of the Province of Ontario and listed on the Toronto Stock Exchange.

2. SAM is the manager and portfolio manager of each Fund. SAM is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador, as a portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan, as an exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec, and Saskatchewan and as a commodity trading manager in Ontario.

3. SAM is not in default of any requirements under applicable securities legislation.

The Funds

4. The trust funds as listed in Appendix “A” (the **Trust Funds**) are open-ended mutual fund trusts established pursuant to an amended and restated master trust agreement dated February 13, 2004, as amended, between SAM and RBC Investor Services Trust as trustee (**RBC**), pursuant to which RBC as trustee has delegated the management of the business, operations and affairs of the Trust Funds to SAM.

5. The corporate class funds as listed in Appendix “A” (the **Corporate Class Funds**, and together with the Trust Funds, collectively, the **Mutual Funds**) are open-ended mutual funds established pursuant to articles of incorporation under the laws of Ontario dated July 28, 2011, as amended. The management services are provided by SAM to the Corporate Class Funds pursuant to a master management agreement dated September 23, 2011 between the Corporation and SAM.

6. The securities of the Mutual Funds are currently offered for sale in each Jurisdiction under simplified prospectuses, annual information forms and fund facts dated April 25, 2017, as amended from time to time, prepared in accordance with the requirements of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

7. Sprott Energy Opportunities Trust is a non-redeemable investment fund established as a trust pursuant to a trust agreement dated November 30, 2016 between SAM and RBC as trustee, pursuant to which RBC as trustee has delegated the management of the business, operations and affairs of Sprott Energy Opportunities Trust to SAM.

8. The securities of Sprott Energy Opportunities Trust were offered for sale in each Jurisdiction under a long form prospectus dated December 6, 2016 and prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**).

9. Sprott 2016-II Flow-Through Limited Partnership is a non-redeemable investment fund established as a limited partnership pursuant to an amended and restated limited partnership agreement dated September 22, 2016. The management services are provided by SAM to Sprott 2016-II Flow-Through Limited Partnership pursuant to a management agreement dated September 22, 2016 between Sprott 2016-II Flow-Through Limited Partnership and SAM.

10. The securities of Sprott 2016-II Flow-Through Limited Partnership were offered for sale in each Jurisdiction under a long form prospectus dated September 22, 2016 and prepared in accordance with the requirements of NI 41-101.

11. Sprott 2017 Flow-Through Limited Partnership is a non-redeemable investment fund established as a limited partnership pursuant to an amended and restated limited partnership agreement dated January 25, 2017. The management services are provided by SAM to Sprott 2017 Flow-Through Limited Partnership pursuant to a management agreement dated January 25, 2017 between Sprott 2017 Flow-Through Limited Partnership and SAM.

12. The securities of Sprott 2017 Flow-Through Limited Partnership were offered for sale in each Jurisdiction under a long form prospectus dated

January 25, 2017 and prepared in accordance with the requirements of NI 41-101.

13. Each Fund is a reporting issuer under the applicable securities legislation of each Jurisdiction and is not in default of any requirements under applicable securities legislation.

The Purchaser

14. The Purchaser is a newly established limited partnership which was established on April 25, 2017 under the laws of the Province of Ontario with its head office in Toronto, Ontario.

15. The Purchaser has applied for registration as an investment fund manager in Ontario, Quebec and Newfoundland & Labrador, as a portfolio manager in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland & Labrador, and as an exempt market dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland & Labrador and Quebec.

16. The Purchaser is not in default of any requirements under applicable securities legislation.

The Proposed Transaction

17. 2568004 Ontario Inc., the sole limited partner of the Purchaser and the sole shareholder of 2573322 Ontario Inc., the general partner of the Purchaser, has entered into a definitive asset purchase agreement (the **Purchase Agreement**) pursuant to which 2568004 Ontario Inc. has agreed to purchase from SAM the right to manage the Funds, along with certain related assets, in consideration for a payment of cash (the **Proposed Transaction**). Prior to Closing (defined below), 2568004 Ontario Inc. will assign its rights under the Purchase Agreement with respect to the right to manage the Funds to the Purchaser.

18. The Proposed Transaction is scheduled to close on the third business day following the day on which the conditions relating to the Proposed Transaction set out in the Purchase Agreement have been satisfied or waived (the **Closing**). This Proposed Transaction will result in the Change of Manager.

19. The Proposed Transaction is subject to the receipt of all necessary regulatory and securityholder approvals, securities registrations and the satisfaction or waiver of all other conditions to the Proposed Transaction.

20. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, a press release announcing the Proposed Transaction was issued on April 10, 2017 and subsequently filed on SEDAR. In addition, a material change report was filed on April 13, 2017 and details of the Proposed Transaction were included in the renewal simplified prospectuses, annual information forms and fund facts for the Mutual Funds, which were filed on April 25, 2017.

21. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**), SAM presented the Change of Manager to the IRC for a recommendation on April 24, 2017. The IRC reviewed the potential conflict of interest matters related to the Change of Manager and provided its recommendation for the Change of Manager, after determining whether the Change of Manager, if implemented, would achieve a fair and reasonable result for the Funds.

22. The approval of securityholders of the Funds is required under section 5.1(b) of NI 81-102. A special meeting of the securityholders of the Funds will be held on June 30, 2017 for securityholders to consider the Change of Manager (the **Meeting**). The notice of Meeting and the management information circular in respect of the Meeting (the **Circular**) was made available on SAM's website and copies thereof were filed on SEDAR in accordance with applicable securities legislation. The Circular contained sufficient information regarding the business, management and operations of the Purchaser, including details of its officers and directors, and all information necessary to allow securityholders to make an informed decision about the Proposed Transaction and the Change of Manager. Pursuant to exemptive relief obtained by SAM on October 27, 2016, SAM mailed a notice-and-access document to securityholders of the Funds on May 31, 2017 setting out how the Meeting Materials may be accessed by securityholders of the Funds, amongst other details. All other information and documents necessary to comply with applicable proxy solicitation requirements of securities legislation for the Meeting were mailed to securityholders of the Funds. The Change of Manager will not proceed with respect to a Fund unless securityholders of the Fund approve the Change of Manager at the Meeting.

Impact of Change of Manager of the Funds

23. Upon Closing, the Purchaser will become the investment fund manager and portfolio manager of the Funds.

24. RBC will remain the trustee of the Trust Funds and Sprott Energy Opportunities Trust and RBC will remain the custodian of the Funds.

25. SAM will be appointed sub-advisor for Sprott Resource Class, Sprott Gold Bullion Fund, Sprott Silver Bullion Fund, Sprott Gold and Precious Minerals Fund, Sprott Silver Equities Class, Sprott

2016-II Flow-Through Limited Partnership and Sprott 2017 Flow-Through Limited Partnership (the **Sub-Advised Funds**), pursuant to sub-advisory agreements (the **Sub-Advisory Agreements**) to be entered into between the Purchaser and SAM. The Sub-Advised Funds are expected to continue to have the same individuals principally responsible for the portfolio management of the Sub-Advised Funds upon Closing.

26. Each of the individuals principally responsible for the portfolio management of the Funds, other than the Sub-Advised Funds, will be offered a written offer of employment by the Purchaser to continue as an employee of the Purchaser effective as of the Closing.

27. The current members of the IRC of the Funds will cease to act as members pursuant to Section 3.10(1)(b) of NI 81-107 and it is anticipated that the Purchaser will appoint the current members of the IRC of the Funds as the IRC of the Funds upon Closing.

28. The individuals that are currently principally responsible for the investment fund management of the Funds will continue to be responsible for the investment fund management of the Funds upon Closing.

29. The Purchaser intends to manage and administer the Funds in a similar manner as SAM. There is no current intention to change the investment objectives, investment strategies or fees and expenses of the Funds.

30. The Transaction is not expected to have any material impact on the business, operations or affairs of the Funds or the securityholders of the Funds. The Funds will not bear any of the costs and expenses associated with the Proposed Transaction or Change of Manager.

31. The individuals that will continue to be principally responsible for the investment fund management of the Funds upon Closing have the requisite integrity and experience, as required under Section 5.7(1)(a)(v) of NI 81-102.

32. Except for the Sub-Advisory Agreements, all material agreements regarding the administration of the Funds will remain the same, other than with respect to any amendments required to reflect the Proposed Transaction.

33. Other than as required to reflect the Transaction, the Purchaser does not currently contemplate any changes to the material contracts of the Funds.

Decision

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

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

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

Appendix "A"

FUNDS

Trust Funds

Sprott Enhanced Balanced Fund
Sprott Small Cap Equity Fund
Sprott Canadian Equity Fund
Sprott Global Infrastructure Fund
Sprott Global Real Estate Fund
Sprott Diversified Bond Fund
Sprott Energy Fund
Sprott Gold Bullion Fund
Sprott Silver Bullion Fund
Sprott Gold and Precious Minerals Fund
Sprott Short-Term Bond Fund

Corporate Class Funds

Sprott Enhanced Equity Class
Sprott Enhanced U.S. Equity Class
Sprott Enhanced Balanced Class
Sprott Focused Global Dividend Class
Sprott Focused U.S. Dividend Class
Sprott Focused Global Balanced Class
Sprott Focused U.S. Balanced Class
Sprott Diversified Bond Class
Sprott Short-Term Bond Class
Sprott Silver Equities Class
Sprott Real Asset Class
Sprott Resource Class

Closed End Funds

Sprott Energy Opportunities Trust
Sprott 2016-II Flow-Through Limited Partnership
Sprott 2017 Flow-Through Limited Partnership

2.1.6 Manulife Asset Management Limited et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from paragraphs 2.5(2)(a) and 2.5(2)(c) of NI 81-102 to allow funds to invest up to 10% of net asset value in aggregate in underlying pooled funds that are not reporting issuers – underlying pooled funds to comply with Parts 2, 4 and 6 of NI 81-102, and calculate NAV in accordance with Part 14 of NI 81-106.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.5(2)(a) and (c), 19.1.

June 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
MANULIFE ASSET MANAGEMENT LIMITED
(the Filer)**

AND

**MANULIFE BALANCED PORTFOLIO,
MANULIFE CONSERVATIVE PORTFOLIO,
MANULIFE GROWTH PORTFOLIO,
MANULIFE MODERATE PORTFOLIO,
MANULIFE SIMPLICITY BALANCED PORTFOLIO,
MANULIFE SIMPLICITY CONSERVATIVE PORTFOLIO,
MANULIFE SIMPLICITY GLOBAL BALANCED
PORTFOLIO, MANULIFE SIMPLICITY GROWTH
PORTFOLIO AND MANULIFE SIMPLICITY
MODERATE PORTFOLIO
(the Initial Top Funds)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Initial Top Funds and such other mutual funds with similar investment objectives that are subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) as may be managed by the Filer or an affiliate or successor of the Filer from time to time (the "**Top Funds**" and individually, a "**Top Fund**") for a decision under the securities legislation of the Jurisdiction of the

principal regulator (the **Legislation**) for an exemption, pursuant to section 19.1 of NI 81-102, from:

i. the prohibition contained in paragraph 2.5(2)(a) of NI 81-102 against a mutual fund investing in another mutual fund that is not subject to NI 81-102 and National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**); and

ii. the prohibition contained in paragraph 2.5(2)(c) of NI 81-102 against a mutual fund investing in another mutual fund's securities where those securities are not qualified for distribution in the local jurisdiction (together with paragraph (i) above, the **Requested Relief**)

to permit each Top Fund to invest up to 10% of its net assets, taken at market value at the time of the investment, in units of the Underlying Pooled Funds (as defined below).

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

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

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

Interpretation

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

Manulife Portfolios means Manulife Balanced Portfolio, Manulife Conservative Portfolio, Manulife Growth Portfolio and Manulife Moderate Portfolio.

Underlying Pooled Funds means Manulife Asset Management Emerging Markets Corporate Debt Pooled Fund (the **Manulife Corporate Debt Pooled Fund**), Manulife Asset Management Emerging Markets Local Currency Debt Pooled Fund (the **Manulife Local Currency Debt Pooled Fund**), Manulife Asset Management Global Energy Pooled Fund (the **Manulife Energy Pooled Fund**), Manulife Asset Management Global Natural Resources Pooled Fund (the **Manulife Natural Resources Pooled Fund**), Manulife Asset Management Global Precious Metals Pooled Fund (the **Manulife Precious Metals Pooled Fund**) and Manulife Asset Management Global Small Cap Equity Pooled Fund (the **Manulife Small Cap Pooled Fund**).

Representations

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

The Filer

1. The Filer is a corporation with its head office located in Toronto, Ontario.

2. The Filer is registered as an investment fund manager in each of Ontario, Québec, and Newfoundland and Labrador, as a portfolio manager in each of the Jurisdictions, as a commodity trading manager in Ontario and as a derivatives portfolio manager in Québec.

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

4. The Filer or an affiliate is, or will be, the manager of each Top Fund and each Underlying Pooled Fund.

The Top Funds

5. Each Top Fund is, or will be, a "mutual fund", as such term is defined under the *Securities Act* (Ontario) (the **Act**).

6. Each Top Fund has, or will have, a simplified prospectus, annual information form and fund facts document prepared in accordance with NI 81-101, and securities of each Top Fund are, or will be, qualified for distribution in the Jurisdictions

7. Each Top Fund is, or will be, a reporting issuer under the securities legislation of one or more Jurisdictions and is or will be subject to NI 81-102.

8. None of the existing Top Funds is in default of securities legislation in any of the Jurisdictions.

9. The investment objective of Manulife Simplicity Balanced Portfolio is to generate long-term growth consistent with safety of capital. Manulife Simplicity Balanced Portfolio is a strategic asset allocation portfolio. It invests its assets in other mutual funds managed by the Filer focusing on Canadian equity and fixed income funds. It may also invest in foreign equity and money market funds within permitted ranges.

10. The investment objective of Manulife Simplicity Conservative Portfolio is to generate income with an emphasis on preserving capital. Manulife Simplicity Conservative Portfolio is a strategic asset allocation portfolio. It invests its assets in other mutual funds, focusing on Canadian fixed

income and money market funds. It may also invest in Canadian and foreign equity funds within permitted ranges.

11. The investment objective of Manulife Simplicity Global Balanced Portfolio is to generate long-term returns consistent with safety of capital. Manulife Simplicity Global Balanced Portfolio is a strategic asset allocation portfolio. It invests its assets in other mutual funds focusing on global equity and fixed income funds.

12. The investment objective of Manulife Simplicity Growth Portfolio is to achieve long-term capital growth and increased foreign content exposure. Manulife Simplicity Growth Portfolio is a strategic asset allocation portfolio. It invests its assets in other mutual funds managed by the Filer focusing on Canadian and foreign equity funds.

13. The investment objective of Manulife Simplicity Moderate Portfolio is to generate income and achieve long-term growth consistent with the preservation of capital. Manulife Simplicity Moderate Portfolio is a strategic asset allocation portfolio. It invests its assets in other mutual funds, focusing on Canadian fixed income and money market funds, with a portion in Canadian equity funds. It may also invest in foreign equity funds within permitted ranges.

14. The investment objective of Manulife Balanced Portfolio will be to provide a combination of long-term capital appreciation with a secondary focus on income generation. Its investment strategy allows it to invest up to 100% of its assets in other investment funds in order to gain indirect exposure to appropriate markets, sectors or asset classes.

15. The investment objective of Manulife Conservative Portfolio will be primarily to preserve capital with a secondary focus on income. Its investment strategy allows it to invest up to 100% of its assets in other investment funds in order to gain indirect exposure to appropriate markets, sectors or asset classes.

16. The investment objective of Manulife Growth Portfolio will be to achieve long-term capital appreciation. Its investment strategy allows it to invest up to 100% of its assets in other investment funds in order to gain indirect exposure to appropriate markets, sectors or asset classes.

17. The investment objective of Manulife Moderate Portfolio will be primarily to achieve long-term growth consistent with capital preservation along with a secondary focus on income. Its investment strategy allows it to invest up to 100% of its assets in other investment funds in order to gain indirect exposure to appropriate markets, sectors or asset classes.

18. The investment objectives and strategies of the Initial Top Funds and of any other Top Fund will allow the Top Funds to invest in securities of other mutual funds.

19. The investment objectives and strategies of each Top Fund would permit the Top Fund to invest in units of the Underlying Pooled Funds, subject to being granted the Requested Relief. Each Initial Top Fund has a specific target allocation to each of the asset classes in which the Underlying Pooled Funds primarily invest.

The Underlying Pooled Funds

20. The Underlying Pooled Funds are each a “mutual fund”, as such term is defined under the Act, formed as a trust under the laws of Ontario pursuant to a declaration of trust.

21. The Underlying Pooled Funds are not reporting issuers in any of the Jurisdictions and are not therefore subject to NI 81-102.

22. Units of the Underlying Pooled Funds are available for purchase only by investors who qualify to invest in the Underlying Pooled Funds pursuant to an exemption from the prospectus requirement, such as those that meet the definition of an “accredited investor” as set forth in National Instrument 45-106 *Prospectus Exemptions* and/or the Act, including by mutual funds managed by the Filer.

23. The investment objective of the Manulife Corporate Debt Pooled Fund is to provide income and the potential for capital appreciation by investing primarily in debt securities issued by corporations based in, or economically tied to, emerging market countries. Under normal market conditions, the Manulife Corporate Debt Pooled Fund will invest at least 80% of its net assets in fixed income instruments issued in or by emerging market countries, at time of purchase.

24. The investment objective of the Manulife Local Currency Debt Pooled Fund is to provide income and the potential for capital appreciation by investing primarily in local currency denominated debt securities issued by sovereign and/or corporate issuers located in, or economically tied to, emerging market countries. Under normal market conditions, the Manulife Local Currency Debt Pooled Fund will invest at least 80% of its net assets in fixed income instruments issued in the currency of emerging market countries, at time of purchase.

25. The investment objective of the Manulife Energy Pooled Fund is to provide long-term capital appreciation by investing primarily in equity securities of companies located anywhere in the world that are directly or indirectly involved in

exploration, development, production or distribution of energy, alternative energy or in related industries. Under normal market conditions, the Manulife Energy Pooled Fund will invest at least 80% of its net assets in equity securities of companies involved in directly or indirectly in the global energy, alternative energy or related industries or companies that supply goods and services to these industries.

26. The investment objective of the Manulife Natural Resources Pooled Fund is to provide long-term capital appreciation by investing primarily in equity securities of companies located anywhere in the world that are directly or indirectly engaged in or related to the energy, commodity and natural resources industries. Under normal market conditions, the Manulife Natural Resources Pooled Fund will invest at least 80% of its net assets in equity securities of companies that are directly or indirectly involved in global natural resources, energy or commodity industries, or that supply goods and services to these industries.

27. The investment objective of the Manulife Precious Metals Pooled Fund is to provide long-term capital appreciation by investing primarily in equity securities of companies located anywhere in the world that are directly or indirectly involved in exploration, mining, production and distribution of gold, silver and other precious and base metals. Under normal market conditions, the Manulife Precious Metals Pooled Fund will invest at least 80% of its net assets in equity securities of companies involved in directly or indirectly in exploration, mining, production and distribution of gold, silver and other precious and base metals, or companies that supply goods and services to these industries.

28. The investment objective of the Manulife Small Cap Pooled Fund is to seek to provide long-term capital appreciation by investing primarily in global equity securities of small capitalization companies. Under normal market conditions, the Manulife Small Cap Pooled Fund will invest at least 90% of its net assets in global equity securities of companies with a market capitalization of less than $5 billion (USD), at time of purchase.

29. While not subject to NI 81-102, the investment strategies and restrictions of the Underlying Pooled Funds are consistent with NI 81-102, and the Filer has managed the Underlying Pooled Funds in accordance with NI 81-102, as if it were applicable.

Investments in the Manulife Corporate Debt Pooled Fund

30. An investment by the Top Funds in the Manulife Corporate Debt Pooled Fund will be compatible with the investment objectives and strategies of those Top Funds that desire exposure to corporate debt securities of emerging market issuers.

31. The Filer believes that an investment in the Manulife Corporate Debt Pooled Fund will provide an efficient and cost effective way for the Top Funds to achieve diversification and obtain exposure to the markets and asset classes in which the Manulife Corporate Debt Pooled Fund invests. This is particularly important in emerging markets, which may be less efficient due to legal, regulatory, trading exchanges and accounting systems that are typically less advanced than those in developed markets. Allowing the Top Funds to invest in units of the Manulife Corporate Debt Pooled Fund will also allow them to leverage the expertise, research and investment style of the portfolio manager of the Manulife Corporate Debt Pooled Fund.

32. While it may be possible for the Filer to gain exposure to emerging markets corporate debt securities by investing in other mandates, the Filer believes it is in the best interests of the Top Funds to have the ability to invest in the Manulife Corporate Debt Pooled Fund. This is because the alternatives available to the Filer are not optimal relative to investing in the Manulife Corporate Debt Pooled Fund, as the Filer has gained comfort with the portfolio management approach used by its affiliated sub-advisor for the Manulife Corporate Debt Pooled Fund and prefers it over any peers in the marketplace.

33. The Filer has determined that passive exchange-traded funds (**ETFs**) generally do a sub-optimal job in replicating the returns of inefficient or specialized markets, particularly debt markets. Moreover, the Filer has determined that there are currently no Canadian actively-managed ETFs that would provide exposure to emerging markets corporate debt securities and that U.S. actively-managed ETFs are too costly an option for the Top Funds, with no comfort that the investment strategies and restrictions of such U.S. actively-managed ETFs are consistent with NI 81-102.

Investments in the Manulife Local Currency Debt Pooled Fund

34. An investment by the Top Funds in the Manulife Local Currency Debt Pooled Fund will be compatible with the investment objectives and strategies of those Top Funds that desire exposure to local currency denominated debt securities of emerging market sovereign and/or corporate issuers.

35. The Filer believes that an investment in the Manulife Local Currency Debt Pooled Fund will provide an efficient and cost effective way for the Top Funds to achieve diversification and obtain

exposure to the markets and asset classes in which the Manulife Local Currency Debt Pooled Fund invests. This is particularly important in emerging markets, which may be less efficient due to legal, regulatory, trading exchanges and accounting systems that are typically less advanced than those in developed markets. Allowing the Top Funds to invest in units of the Manulife Local Currency Debt Pooled Fund will also allow them to leverage the expertise, research and investment style of the portfolio manager of the Manulife Local Currency Debt Pooled Fund.

36. While it may be possible for the Filer to gain exposure to emerging markets local currency debt securities by investing in other mandates, the Filer believes it is in the best interests of the Top Funds to have the ability to invest in the Manulife Local Currency Debt Pooled Fund. This is because the alternatives available to the Filer are not optimal relative to investing in the Manulife Local Currency Debt Pooled Fund, as the Filer has gained comfort with the portfolio management approach used by its affiliated sub-advisor for the Manulife Local Currency Debt Pooled Fund and prefers it over any peers in the marketplace.

37. The Filer has determined that passive ETFs generally do a sub-optimal job in replicating the returns of inefficient or specialized markets, particularly debt markets. Moreover, the Filer has determined that there are currently no Canadian actively-managed ETFs that would provide exposure to emerging markets local currency debt securities and that U.S. actively-managed ETFs are too costly an option for the Top Funds, with no comfort that the investment strategies and restrictions of such U.S. actively-managed ETFs are consistent with NI 81-102.

Investments in the Manulife Energy Pooled Fund

38. An investment by the Top Funds in the Manulife Energy Pooled Fund will be compatible with the investment objectives and strategies of those Top Funds that desire exposure to energy securities of global issuers.

39. The Filer believes that an investment in the Manulife Energy Pooled Fund will provide an efficient and cost effective way for the Top Funds to achieve diversification and obtain exposure to the markets and asset classes in which the Manulife Energy Pooled Fund invests. This is particularly important in global energy markets, which may be less efficient due to microeconomic legal, regulatory, or tax environments, geopolitical risk, trade barriers and the complex relationship between spot and futures prices not generally seen in developed markets. Allowing the Top Funds to invest in units of the Manulife Energy Pooled Fund will also allow them to leverage the expertise, research and investment style of the portfolio manager of the Manulife Energy Pooled Fund.

40. While it may be possible for the Filer to gain exposure to global energy securities by investing in other mandates, the Filer believes it is in the best interests of the Top Funds to have the ability to invest in the Manulife Energy Pooled Fund. This is because the alternatives available to the Filer are not optimal relative to investing in the Manulife Energy Pooled Fund, as the Filer is also the portfolio manager of the Manulife Energy Pooled Fund and is comfortable with its portfolio management approach and prefers it over any peers in the marketplace.

41. The Filer has determined that passive ETFs generally do a sub-optimal job in replicating the returns of inefficient or specialized markets. Moreover, the Filer has determined that there are currently no Canadian actively-managed ETFs that would provide exposure to global energy securities and that U.S. actively-managed ETFs are too costly an option for the Top Funds, with no comfort that the investment strategies and restrictions of such U.S. actively-managed ETFs are consistent with NI 81-102.

Investments in the Manulife Natural Resources Pooled Fund

42. An investment by the Top Funds in the Manulife Natural Resources Pooled Fund will be compatible with the investment objectives and strategies of those Top Funds that desire exposure to natural resources securities of emerging market issuers.

43. The Filer believes that an investment in the Manulife Natural Resources Pooled Fund will provide an efficient and cost effective way for the Top Funds to achieve diversification and obtain exposure to the markets and asset classes in which the Manulife Natural Resources Pooled Fund invests. This is particularly important in global natural resource markets, which may be less efficient due to microeconomic legal, regulatory, or tax environments, geopolitical risk, trade barriers and inventory requirements not generally seen in developed markets. Allowing the Top Funds to invest in units of the Manulife Natural Resources Pooled Fund will also allow them to leverage the expertise, research and investment style of the portfolio manager of the Manulife Natural Resources Pooled Fund.

44. While it may be possible for the Filer to gain exposure to global natural resources securities by investing in other mandates, the Filer believes it is in the best interests of the Top Funds to have the ability to invest in the Manulife Natural Resources Pooled Fund. This is because the alternatives

available to the Filer are not optimal relative to investing in the Manulife Natural Resources Pooled Fund, as the Filer is also the portfolio manager of the Manulife Natural Resources Pooled Fund and is comfortable with its portfolio management approach and prefers it over any peers in the marketplace.

45. The Filer has determined that passive ETFs generally do a sub-optimal job in replicating the returns of inefficient or specialized markets. Moreover, the Filer has determined that there are currently no Canadian actively-managed ETFs that would provide exposure to global natural resources securities and that U.S. actively-managed ETFs are too costly an option for the Top Funds, with no comfort that the investment strategies and restrictions of such U.S. actively-managed ETFs are consistent with NI 81-102.

Investments in Manulife Precious Metals Pooled Fund

46. An investment by the Top Funds in the Manulife Precious Metals Pooled Fund will be compatible with the investment objectives and strategies of those Top Funds that desire exposure to precious metals securities of global issuers.

47. The Filer believes that an investment in the Manulife Precious Metals Pooled Fund will provide an efficient and cost effective way for the Top Funds to achieve diversification and obtain exposure to the markets and asset classes in which the Manulife Precious Metals Pooled Fund invests. This is particularly important in global precious metals markets, which may be less efficient due microeconomic legal, regulatory, or tax environments, geopolitical risk, trade barriers and inventory requirements not generally seen in developed markets. Allowing the Top Funds to invest in units of the Manulife Precious Metals Pooled Fund will also allow them to leverage the expertise, research and investment style of the portfolio manager of the Manulife Precious Metals Pooled Fund.

48. While it may be possible for the Filer to gain exposure to global precious metals securities by investing in other mandates, the Filer believes it is in the best interests of the Top Funds to have the ability to invest in the Manulife Precious Metals Pooled Fund. This is because the alternatives available to the Filer are not optimal relative to investing in the Manulife Precious Metals Pooled Fund, as the Filer is also the portfolio manager of the Manulife Precious Metals Pooled Fund and is comfortable with its portfolio management approach and prefers it over any peers in the marketplace.

49. The Filer has determined that passive ETFs generally do a sub-optimal job in replicating the returns of inefficient or specialized markets. Moreover, the Filer has determined that there are currently no Canadian actively-managed ETFs that would provide exposure to global precious metals securities and that U.S. actively-managed ETFs are too costly an option for the Top Funds, with no comfort that the investment strategies and restrictions of such U.S. actively-managed ETFs are consistent with NI 81-102.

Investments in the Manulife Small Cap Pooled Fund

50. An investment by the Top Funds in the Manulife Small Cap Pooled Fund will be compatible with the investment objectives and strategies of those Top Funds that desire exposure to small cap equity securities of global issuers.

51. The Filer believes that an investment in the Manulife Small Cap Pooled Fund will provide an efficient and cost effective way for the Top Funds to achieve diversification and obtain exposure to the markets and asset classes in which the Manulife Small Cap Pooled Fund invests. This is particularly important with global small cap equity markets, which may be less efficient due to higher transaction costs, lower liquidity, wider bid-ask spreads, tax advantages for smaller companies and fewer sellside analysts covering the securities. Allowing the Top Funds to invest in units of the Manulife Small Cap Pooled Fund will also allow them to leverage the expertise, research and investment style of the portfolio manager of the Manulife Small Cap Pooled Fund.

52. While it may be possible for the Filer to gain exposure to global small cap equity securities by investing in other mandates, the Filer believes it is in the best interests of the Top Funds to have the ability to invest in the Manulife Small Cap Pooled Fund. This is because the alternatives available to the Filer are not optimal relative to investing in the Manulife Small Cap Pooled Fund, as the Filer has gained comfort with the portfolio management approach used by its affiliated sub-advisor for the Manulife Small Cap Pooled Fund and prefers it over any peers in the marketplace.

53. The Filer has determined that passive ETFs generally do a sub-optimal job in replicating the returns of inefficient or specialized markets. Moreover, the Filer has determined that there are currently no Canadian actively-managed ETFs that would provide exposure to the global small cap equity market and that U.S. actively-managed ETFs are too costly an option for the Top Funds, with no comfort that the investment strategies and restrictions of such U.S. actively-managed ETFs are consistent with NI 81-102.

General

54. The Underlying Pooled Funds are managed by the Filer and may also be sub-advised by affiliated

sub-advisors of the Filer. Accordingly, the Filer will benefit from understanding the investment style and approach of the portfolio managers of the Underlying Pooled Funds, thereby benefiting the Top Funds.

55. The Underlying Pooled Funds are managed in compliance with NI 81-102, and an investment in an Underlying Pooled Fund by the Top Funds will not expose the investors of the Top Funds to any investment strategies or risks that they are not currently exposed to by virtue of holding the Top Funds.

56. The Underlying Pooled Funds do not utilize leverage, do not short sell and otherwise comply with the investment and derivative requirements set out in NI 81-102. The Underlying Pooled Funds will also comply with the restrictions relating to illiquid assets (section 2.4 of NI 81-102) and investments in other investment funds (section 2.5 of NI 81-102) for so long as they are held by one of the Top Funds.

57. The portfolio of each Underlying Pooled Fund will consist primarily of publicly traded securities. Each Underlying Pooled Funds will not hold more than 10% of its net asset value in illiquid assets (as defined in NI 81-102).

58. Securities of the Underlying Pooled Funds are valued and redeemable on the same dates as securities of the Top Funds. An investment by a Top Fund in an Underlying Pooled Fund will be effected based on the Underlying Pooled Fund's net asset value, which is calculated in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

59. Each Top Fund will invest no more than 10% of its net assets in the Underlying Pooled Funds.

60. The Top Funds will otherwise comply fully with section 2.5 of NI 81-102 in their investments in the Underlying Pooled Funds and will provide all applicable disclosure mandated for mutual funds investing in other mutual funds.

61. Where applicable, a Top Fund's investment in an Underlying Pooled Fund will be disclosed to investors in such Top Fund's quarterly portfolio holding reports, financial statements and/or fund facts documents.

Decision

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

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

(a) each Underlying Pooled Fund complies with Parts 2, 4 and 6 of NI 81-102 and Part 14 of NI 81-106 for so long as it is held by one of the Top Funds;

(b) the prospectus of the Top Funds discloses, or will disclose in the next renewal or amendment thereto following the date of this decision, the fact that the Top Funds may invest in each Underlying Pooled Fund, which are pooled funds managed by the Filer; and

(c) a Top Fund will not invest in an Underlying Pooled Fund if, immediately after the investment, more than 10% of its net assets, in aggregate, taken at market value at the time of the investment, would consist of investments in the Underlying Pooled Funds.

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

2.2 Orders

2.2.1 Pro-Financial Asset Management Inc. et al.

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

AnneMarie Ryan, Commissioner and Chair of the Panel
Timothy Moseley, Commissioner
Mark Sandler, Commissioner

June 28, 2017

ORDER

WHEREAS on June 27, 2017, counsel for Mr. McKinnon and counsel for Staff of the Ontario Securities Commission ("Commission") informed the Commission that they consent to adjourning the pre-hearing conference scheduled for June 28, 2017 at 9:30 a.m.

IT IS ORDERED THAT the pre-hearing conference is adjourned to July 13, 2017 at 10:00 a.m.

"AnneMarie Ryan"

"Timothy Moseley"

"Mark Sandler"

2.2.2 Sprott Inc. – s. 6.1 of National Instrument 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase up to 5,000,000 of its common shares from a holding company controlled by a former director and officer of the Issuer – the voting shares of the holding company are held by the former director and officer of the Issuer – the non-voting shares of the holding company are held by the former director and officer, the former director and officer's family and another employee of the Issuer – if the Issuer purchased the subject shares directly from the former director and officer, such purchase would be exempt from the issuer bid requirements in reliance on the employee, executive officer, director and consultant exemption set out in section 4.7 of NI 62-104 – the independent directors of the Issuer determined that the purchase of subject shares was in the best interests of the Issuer and its shareholders and have no actual knowledge that the purchase of subject shares will be prejudicial to the interests of any of the Issuer's shareholders – proposed purchases of subject shares exempt from the issuer bid requirements in Part 2 of NI 62-104, subject to conditions, including that the subject shares purchased under the order, when aggregated with all other common shares acquired by the Issuer in reliance on the exemption set out in section 4.7 of NI 62-104 within any period of 12 months, will not exceed 5% of the issued and outstanding common shares at the beginning of such 12 month period, the purchase price per subject share paid in connection with purchases made pursuant to the order will not exceed the market price of the common voting shares on the date of such purchase, and the Issuer will report information relating to such purchase on SEDAR the day following such purchase.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
SPROTT INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the **"Application"**) of Sprott Inc. (the **"Issuer"**) to the Ontario Securities Commission (the **"Commission"**) for an order (the **"Order"**) pursuant to section 6.1 of National Instrument 62-104 Take-Over Bids and Issuer Bids (**"NI 62-104"**) exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the **"Issuer Bid Requirements"**) in respect of the

proposed purchase by the Issuer from 2176423 Ontario Ltd. (**"2176423"**), a holding company controlled by a former director and former officer of the Issuer, of up to 5,000,000 common shares of the Issuer (the **"Subject Shares"**);

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

AND UPON the Issuer (and 2176423 in respect of paragraphs 6, 7, 9 and 10 as they relate to 2176423) having represented to the Commission that:

1. The Issuer is a corporation existing under the *Business Corporations Act* (Ontario) (the **"OBCA"**) with its registered and head office located at Suite 2700, 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, Ontario, M5J 2J1.

2. The Issuer is a reporting issuer in each of the provinces and territories of Canada (the **"Jurisdictions"**) and is not in default of any requirement of the securities legislation in any of the Jurisdictions

3. The authorized share capital of the Corporation consists of an unlimited number of common shares (**"Common Shares"**), of which 248,762,875 Common Shares are issued and outstanding as of June 21, 2017.

4. The Common Shares are listed on the Toronto Stock Exchange under the symbol "SII".

5. To the knowledge of the Issuer, as at June 21, 2017, the only person who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares is Eric S. Sprott, who holds directly and indirectly, an aggregate of 61,598,078 Common Shares (the **"Sprott Shares"**) representing approximately 24.76% of the issued and outstanding Common Shares.

6. The Sprott Shares include 61,498,078 Common Shares, representing approximately 24.72% of the issued and outstanding Common Shares, which are held indirectly by Mr. Sprott through 2176423. Mr. Sprott formerly served as the Chair of the board of directors, as a director and as an officer of the Issuer.

7. 2176423 is a holding company that neither carries on any active business nor owns any material assets other than cash, Common Shares (being substantially all of the Sprott Shares) and securities of other public and private issuers. Mr. Sprott beneficially owns, directly, approximately 83.33% of the issued and outstanding voting shares of 2176423 (representing approximately 99.8% of the outstanding voting rights). The remaining approximately 16.67% of the issued and outstanding voting shares of 2176423 (representing approximately 0.2% of the outstanding voting rights) are beneficially owned, directly, by Mr. Sprott, as trustee of The Eric Sprott Family Trust, the beneficiaries of which are Mr. Sprott and his wife, subject to certain contingencies. The non-voting shares of 2176423 are directly held by Mr. Sprott, The Eric Sprott Family Trust and another family trust (the beneficiaries of which are Mr. Sprott, his wife, his children and present and future grandchildren, subject to certain contingencies) and by Peter Grosskopf, a director and an officer of the Issuer.

8. The Issuer has filed a preliminary short form prospectus for the secondary offering of 18,000,000 Common hares by 2176423 (the **"Offering"**) and obtained a receipt therefor from the Commission on June 8, 2017. Such prospectus discloses, among other things, that the Issuer proposes to make the Purchase (as defined below). The Issuer issued a press release on June 8, 2017 disclosing, among other things, the Offering and the Purchase. In its final short form prospectus dated June 21, 2017 relating to the Offering, the Issuer disclosed its intention to make the Purchase, the anticipated timing of the Purchase, and the anticipated pricing of the Purchase.

9. The Issuer proposes to enter into a share purchase agreement with 2176423 (the **"Purchase Agreement"**) pursuant to which, conditional upon receipt of this Order, the Issuer intends to purchase the Subject Shares, representing approximately 2.01% of the issued and outstanding Common Shares (the **"Purchase"**). The purchase price per Common Share (the **"Purchase Price"**) payable for the Subject Shares will equal the Offering price, provided that the Offering price does not exceed the market price of the Common Shares at the date of the Purchase, determined in accordance with section 1.11 of NI 62-104 (the **"Market Price"**). If the Offering price exceeds the Market Price, then the Purchase Price will be adjusted such that it is not greater than the Market Price.

10. Other than the Purchase Price, no additional fee or other consideration will be paid by the Issuer in connection with the Purchase.

11. The Purchase by the Issuer will constitute an "issuer bid" for the purposes of NI 62-104, to which the applicable Issuer Bid Requirements would apply. The Purchase cannot be made in reliance upon exemptions from the Issuer Bid Requirements contained in Part 4 of NI 62-104.

12. If the Subject Shares were held directly by Mr. Sprott and purchased by the Issuer from Mr. Sprott, such purchase would be exempt from the Issuer Bid Requirements in reliance on section 4.7 of NI 62-104 since Mr. Sprott is a former director and former officer of the Issuer.

13. For the purposes of the Purchase, all of the directors of the Issuer other than Peter Grosskopf (the **"Independent Directors"**) are independent directors within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. The Independent Directors have determined that the Purchase is in the best interests of the Issuer and its shareholders and is a prudent use of the Issuer's surplus cash given its current circumstances. In making this determination, the Independent Directors considered, among other things:

    (a) the Issuer's planned capital expenditures and anticipated future cash requirements;

    (b) the impact of the Purchase, including the reduction of concentration of ownership of the Issuer currently held directly and indirectly by Mr. Sprott; and

    (c) that after the Purchase, the Issuer will be in compliance with the solvency requirements set forth in section 30(2) of the OBCA, being that there are no reasonable grounds for believing that the Issuer is, or would after payment of the Purchase Price be, unable to pay its liabilities as they become due, or after payment of the Purchase Price, the realizable value of the Issuer's assets would be less than the aggregate of its liabilities and its stated capital of all classes.

14. The Independent Directors have no actual knowledge that the Purchase will be prejudicial to the interests of any of the Issuer's shareholders.

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

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

(a) the Issuer will report information regarding the Purchase, including the number Subject Shares purchased and the aggregate Purchase Price, on the System for Electronic Document Analysis and Retrieval (SEDAR) before 5:00 p.m. (Toronto time) on the business day following the completion of the Purchase;

(b) the number of Subject Shares purchased from 2176423 pursuant to this Order, when aggregated with all other Common Shares acquired by the Issuer within any period of 12 months in reliance on the employee, executive officer, director and consultant exemption set out in section 4.7 of NI 62-104, shall not exceed 5% of the issued and outstanding Common Shares at the beginning of such 12 month period;

(c) the Purchase Price per Subject Share paid in connection with the Purchase will not exceed the market price of the Common Shares at the date of the Purchase, determined in accordance with section 1.11 of NI 62-104; and

(d) at the time the Purchase Agreement is entered into, and at the time of the Purchase, neither the Issuer, Mr. Sprott nor 2176423 will be aware of any "material change" or "material fact" (each as defined in the *Securities Act* (Ontario)) in respect of the Issuer or the Common Shares that has not been generally disclosed.

DATED at Toronto, Ontario this 28th day of June, 2017.

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

2.2.3 Sirius XM Canada Holdings Inc.

Headnote

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

Applicable Legislative Provisions

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

June 28, 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
SIRIUS XM CANADA HOLDINGS INC.
(THE FILER)**

ORDER

Background

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

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

(a) 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 and Prince Edward Island.

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

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

2.2.4 Mood Media Corporation

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 of each of the provinces and territories of Canada - the securities of the issuer are beneficially owned by more than 50 persons and are not traded through any exchange or market – the issuer competed an arrangement under a plan of arrangement pursuant to which existing noteholders became the sole shareholders of the issuer; there is a de minimis number of Canadian securityholders holding a de minimis number of securities; the issuer is required to distribute quarterly and annual financial statements of the issuer under the new note indenture.

Applicable Legislative Provisions

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

June 28, 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
MOOD MEDIA CORPORATION
(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 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, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut.

Interpretation

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

Representations

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

1. The Filer is a corporation existing under the *Canada Business Corporations Act* (the **CBCA**) with its head office located in Austin, Texas and its registered office located in Toronto, Ontario.

2. The Filer is a reporting issuer in each of the provinces and territories of Canada and is not in default of any of its obligations under the securities legislation of any of the provinces and territories of Canada.

3. The authorized capital of the Filer consists of an unlimited number of common shares (the **Common Shares**) and an unlimited number of preferred shares. As at June 14, 2017, there were 183,694,082 Common Shares issued and outstanding and no issued or outstanding preferred shares.

4. The Filer previously issued US$350,000,000 aggregate principal amount of 9.25% senior notes due 2020 (the **Notes**) pursuant to a trust indenture dated October 19, 2012 (as amended and supplemented from time to time). The Notes were sold only outside of Canada pursuant to exemptions from applicable securities laws, and not pursuant to a prospectus, registration statement or similar instrument that would allow sales of the Notes to the general public.

5. Prior to the closing of the Transaction (as defined below), the Filer had no securities issued and outstanding other than the Common Shares and the Notes.

6. The Common Shares are listed on the Toronto Stock Exchange (the **TSX**) and will forthwith be delisted as further described below.

7. The Notes have never been listed on any exchange.

8. Although the Filer was a CBCA corporation (prior to the Continuance and Domestication (as defined below)) and is a reporting issuer in the Jurisdictions with its Common Shares listed on the

TSX, the Filer does not have any active operations or employees in Canada.

9. On April 12, 2017, the Filer entered into an arrangement agreement dated April 12, 2017 (the **Arrangement Agreement**), with affiliates of several of its key stakeholders, including an affiliate of certain funds managed by affiliates of Apollo Global Management, LLC (together with its consolidated subsidiaries, **Apollo**) and funds advised or sub-advised by GSO Capital Partners LP or its affiliates (**GSO Capital Partners LP**, together with its affiliates, **GSO**) to effect a comprehensive transaction pursuant to which, among other things, the following transactions have been completed:

   - the acquisition and redemption of all of the issued and outstanding Common Shares (the **Share Acquisition**) for C$0.17 in cash per Common Share (the **Share Cash-Out Consideration**);

   - the exchange of the Notes (the **Note Exchange**) for consideration, per US$1,000 principal amount, consisting of US$500 principal amount of newly-issued second lien notes of the Filer (New Company Notes) and up to 175 new common shares of the Filer (**New Company Shares**), as well as additional consideration, to the extent applicable, in connection with the New Equity Issuance described below;

   - the refinancing of the Filer's existing US$250 million first lien credit facility with the new first lien credit facility in an aggregate principal amount of US$315 million provided by funds and accounts managed by HPS Investment Partners, LLC (the **Credit Facility Refinancing**);

   - the redemption of the US$50 million aggregate principal amount 10% senior unsecured notes due 2023 of the Filer's subsidiary, Mood Media Group S.A., in accordance with the indenture governing their terms (the **MMGSA Note Redemption**); and

   - the redomiciliation of the Filer from Canada to Delaware (the **Continuance and Domestication**).

   All such transactions are collectively referred to as the **Transaction**.

10. In connection with the Transaction, eligible holders of Notes were provided with the opportunity to subscribe for and purchase their pro rata portion (as between eligible holders) of approximately US$40 million of additional post-Transaction New Company Shares (the **New Equity Issuance**).

11. Holders of Notes who participated in the New Equity Issuance have received 1,250 New Company Shares per US$1,000 of new equity capital contributed, which was comprised of 568 New Company Shares delivered as consideration for their new equity contribution and 682 New Company Shares delivered as additional consideration under the Transaction for their Notes.

12. Holders of Notes who participated in the New Equity Issuance have received US$500 principal amount of New Company Notes and 175 New Company Shares per US$1,000 principal amount of Notes pursuant to the Note Exchange, as well as the additional consideration described above. Holders of Notes who did not participate in the New Equity Issuance have received US$500 principal amount of New Company Notes and 150 New Company Shares per US$1,000 principal amount of Notes pursuant to the Note Exchange.

13. Immediately following the Continuance and Domestication, the New Company Notes were redeemed by delivery of a corresponding aggregate principal amount of second lien notes (having substantially the same terms as the New Company Notes) co-issued by certain Delaware subsidiaries of the Filer (the **Substituted New Company Notes**).

14. The indenture governing the Substituted New Company Notes includes customary reporting covenants providing for the distribution of quarterly and annual financial statements of the Filer and other reporting standard for debt securities.

15. The purpose of the Transaction was to permit the Filer to substantially reduce its outstanding indebtedness and annual cash interest payments, as well as extend the maturity date of the Filer's outstanding debt after completion of the Transaction, allowing the Filer to better position itself to pursue and take advantage of strategic initiatives. In the absence of the implementation of the Transaction, the Filer may not have had sufficient access to capital in the long-term to refinance its debt as it matures, and, as a result, there would have been a meaningful risk of the Filer having to pursue a filing for protection under the *Companies' Creditors Arrangement Act* (Canada) and/or parallel filings under the *United States Bankruptcy Code* or, in the absence of a restructuring under such filings, commencing an orderly liquidation process, any of which would have had a negative impact on the Filer, the securityholders of the Filer and the long-term value of the Filer's assets and operations.

16. Pursuant to the terms of the Arrangement Agreement, the Filer has used commercially reasonable efforts to take such actions and file such applications as are reasonably necessary to cause the Filer to cease to be a reporting issuer under applicable Canadian securities laws and its securities to be delisted from the TSX.

17. Pursuant to the Arrangement (as defined below), all Common Shares have been acquired, redeemed and cancelled by the Filer, are no longer outstanding and the former holders thereof have no rights as a holder of Common Shares other than to be paid the Share Cash-Out Consideration in accordance with the Arrangement. The Filer has submitted all requested documentation to the TSX and the TSX has confirmed that entitlements to the Share Cash-Out Consideration will be delisted two or three business days following the completion of the Arrangement.

18. The Share Acquisition, the Note Exchange and the New Equity Issuance were effected by means of a plan of arrangement (the **Arrangement**) under the Filer's governing corporate statute, the CBCA.

19. The Arrangement required the approval of the Ontario Superior Court of Justice (the Court) as well as the approval of at least two-thirds of the votes cast by holders of Common Shares and a majority of the votes cast by disinterested holders of Common Shares at a special meeting of shareholders held to consider the Transaction (the **Shareholder Meeting**). The Arrangement also required approval by holders of at least two-thirds of the aggregate principal amount of Notes represented in person, or by proxy, at a meeting of the holders of Notes (the **Noteholder Meeting** and together with the Shareholder Meeting, the **Meetings**).

20. The Arrangement was considered a "business combination" in respect of the Filer pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**) since the interest of a holder of a Common Share may have been terminated without the holder's consent and certain "related parties" (as defined in MI 61-101) of the Filer including, among others, Arbiter Partners Capital Management, LLC and its associates and affiliates (**Arbiter**) were entitled to receive a "collateral benefit" (as defined in MI 61-101) under the Arrangement. Accordingly, MI 61-101 required, in addition to the approval of the Arrangement by at least 66 2/3% of the votes cast by the holders of Common Shares, present in person or represented by proxy, at the Shareholder Meeting, the approval of the Arrangement by a simple majority of the votes cast by the holders of Common Shares, excluding votes cast in respect of Common Shares held by such related parties. As a result, a total of 52,925,634 Common Shares, representing approximately 28.8% of the issued and outstanding Common Shares, have been excluded from the majority of minority votes required under MI 61-101 to approve the Arrangement.

21. The Continuance and Domestication required the approval of at least two-thirds of the votes cast by holders of Common Shares at the Shareholder Meeting.

22. In addition to shareholder, noteholder and court approval, the Arrangement was conditional upon the Continuance and Domestication, Credit Facility Refinancing, the MMGSA Note Redemption and the satisfaction of certain other closing conditions customary for transactions of this nature.

23. Allen & Co. has provided opinions to the special committee of certain independent members of the board of directors of the Filer (the **Special Committee**) and to the board of directors of the Filer (the **Board**) to the effect that, as of April 12, 2017, the Share Cash-Out Consideration to be received by holders of Common Shares (other than Arbiter) pursuant to the Arrangement is fair, from a financial point of view, to such holders of Common Shares.

24. Origin Merchant Partners has provided opinions to the Special Committee and the Board to the effect that, as of April 12, 2017, (a) the Share Cash-Out Consideration to be received by the holders of Common Shares (other than Arbiter and its associates and affiliates) pursuant to the Arrangement is fair, from a financial point of view, to such holders; (b) the consideration to be received by the holders of Notes (other than Apollo, GSO and their respective associates and affiliates, including their respective affiliated investment funds) pursuant to the Arrangement and the other transactions contemplated by the Arrangement Agreement is fair, from a financial point of view, to such holders (fairness being determined on the basis that the value of the consideration to be received by the holders of Notes (other than Apollo, GSO and their respective associates and affiliates, including their respective affiliated investment funds) is greater than or equal to the value of the Notes held by such holders of Notes pre-Arrangement); (c) the Arrangement and the other transactions contemplated by the Arrangement Agreement are fair, from a financial point of view, to the Filer; and (d) the holders of Notes and the holders of Common Shares would be in a better financial position, respectively, under the Arrangement and the other transactions contemplated by the Arrangement Agreement than if the Filer were liquidated.

25. Origin Merchant Partners has provided a valuation to the Special Committee and the Board to the effect that, as of April 12, 2017, the fair market value of the Common Shares is in the range of nil to C$0.29 per Common Share.

26. On May 25, 2017, a management information circular relating to the Meetings and the Transaction (the **Information Circular**) was filed on SEDAR and mailed to the holders of Common Shares and holders of Notes.

27. The Information Circular disclosed that in the event that the Transaction was completed and the Filer ceased to be a reporting issuer, the New Company Shares and the New Company Notes issued under the Arrangement would be subject to certain resale restrictions under applicable Canadian securities legislation and that the holders of Notes who would receive New Company Shares and the New Company Notes under the Arrangement may not be able to freely resell the New Company Shares and the New Company Notes in Canada or to a Canadian resident, unless they can trade or resell the New Company Shares and the New Company Notes pursuant to an exemption from the prospectus requirements of applicable Canadian securities legislation.

28. The approval of the Arrangement was sought and obtained from the holders of Common Shares and the holders of Notes at their respective Meetings which took place on June 15, 2017. The approval of the Continuance and Domestication was also sought and obtained by the holder of Common Shares on such date.

29. The Filer obtained the final order of the Court approving the Arrangement on June 20, 2017.

30. The effective time of the Arrangement was 12:01 a.m. (Toronto time) on June 28, 2017 and the closing of the Transaction occurred on June 28, 2017.

31. Following the closing of the Transaction, the Filer has no outstanding securities other than New Company Shares held by the former holders of the Notes (the **Post-Closing Securityholders**). The aggregate number of Post-Closing Securityholders is a function of the number of the former holders of Notes who have received their pro rata share of the New Company Shares.

32. All of the former holders of the Notes who hold their *pro rata* share of the New Company Shares are sophisticated institutional investors.

33. Prior to the closing of the Transaction, the Filer engaged Ipreo and Broadridge Financial Solutions, Inc. (**Broadridge**) to ascertain the beneficial ownership of the Notes.

34. Ipreo's report (the **Ipreo Report**) provides proprietary information on the beneficial ownership levels of various constituencies holding the Notes as of March 14, 2017.

35. The Filer utilized geographic reports (the **Geographic Reports**) prepared by Broadridge to better understand the number of Canadian holders of the Notes. Broadridge's reports, comprised of a Canadian and a United States and international report as at May 17, 2017, contain the geographical holdings information gathered by Broadridge from financial intermediaries in Canada, the United States and offshore that hold beneficial interests in the Notes.

36. The Ipreo Report covers 99.44% of the outstanding principal amount of the Notes and reports a total of 18 "holders" of Notes (where accounts attributed to funds of the same "family" and understood to be under common management and control are aggregated), all of which are located outside of Canada.

37. The Geographic Report covers 97.34% of the outstanding principal amount of Notes and reports a total of 59 Noteholders holding US$340,692,350 principal amount of Notes, of which one (1) Noteholder is a resident of Canada holding US$1,030,000 principal amount of Notes (representing approximately 0.29% of the issued and outstanding Notes).

38. Therefore, based on diligent inquiries, the Filer has determined that, to the best of its knowledge, immediately following closing of the Transaction:

    (a) there are approximately 59 Post-Closing Securityholders in total, which number would be significantly reduced to up to approximately 18 noteholders if note-holder accounts attributed to funds of the same "family" and understood to be under common management and control are aggregated (as has been illustrated to the Filer in the Ipreo Report); and

    (b) only a single Post-Closing Securityholder is a resident in Canada (representing approximately 0.29% of the issued and outstanding New Company Shares).

39. The Order Sought has been applied for in all jurisdictions of Canada in which the Filer is currently a reporting issuer, and if it is granted, the Filer will cease to be a reporting issuer in all jurisdictions of Canada.

40. No securities of the Filer, including debt securities, are traded in Canada or another country on a "marketplace" (as that term is 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.

41. The Filer has no current intention to seek financing by way of public offering of securities in Canada or to distribute securities to the public in Canada.

42. The Filer is unable to rely on the simplified procedure set forth in NP 11-206, as the Filer's outstanding securities are beneficially owned, directly or indirectly, by more than 51 securityholders in total worldwide.

43. The Filer acknowledges that, in granting the Order Sought, the Decision Makers are not expressing any opinion or approval as to the terms of the Transaction.

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.

"Robert P. Hutchison"
Commissioner
Ontario Securities Commission

"Peter Currie"
Commissioner
Ontario Securities Commission

2.2.5 Canyon Services Group Inc.

Headnote

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

Applicable Legislative Provisions

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

June 20, 2017

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

AND

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

AND

**IN THE MATTER OF
CANYON SERVICES GROUP INC.
(the Filer)**

ORDER

Background

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

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Denise Weeres"
Manager, Legal
Corporate Finance

2.2.6 Mountain Lake Minerals Inc. – s. 144

Headnote

Application by an issuer for a full revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

June 28, 2017

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

AND

IN THE MATTER OF
MOUNTAIN LAKE MINERALS INC.

ORDER
(Section 144 of the Act)

WHEREAS the securities of Mountain Lake Minerals Inc. (the **"Applicant"**) are subject to a cease trade order dated April 11, 2016 issued by the Director of the Ontario Securities Commission (the **"OSC"**) pursuant to paragraph 2 of subsection 127(1) and subsection 127(4.1) 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 outlined below;

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

AND UPON the Applicant having represented to the OSC that:

1. The Applicant was duly incorporated under the *Business Corporations Act* (British Columbia) on May 16, 2012 and is a junior mineral exploration company.

2. The Applicant's head office is located at 1853 Sunken Lake Road, RR#2, Wolfville, Nova Scotia, B4P 2R2.

3. The Applicant is a reporting issuer in the Provinces of British Columbia, Ontario and Alberta (collectively, the **"Reporting Jurisdictions"**) and is not a reporting issuer in any other jurisdiction. The Applicant's principal regulator is British Columbia.

4. The Applicant's authorized capital consists of an unlimited number of common shares (**"Common Shares"**), of which 27,673,011 Common Shares were issued and outstanding as of the date hereof.

5. Other than outstanding incentive stock options exercisable for an aggregate of 2,125,000 Common Shares, no Common Shares are reserved for issuance pursuant to outstanding convertible securities.

6. Other than the Common Shares and the incentive stock options described in paragraphs 4 and 5 above, the Applicant has no securities (other than non-convertible debt securities) issued and outstanding.

7. The Ontario Cease Trade Order was issued as a result of the Applicant failing to file (a) audited annual financial statements for the year ended November 30, 2015, (b) management's discussion and analysis (**"MD&A"**) relating to the audited annual financial statements for the year ended November 30, 2015, and (c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**"NI 52-109"**) (collectively, the **"Annual Filings"**).

8. The Applicant was also subject to a cease trade order issued by the Executive Director of the British Columbia Securities Commission (**"BCSC"**) dated April 7, 2016 as a result of its failure to file (a) a comparative financial statement for its financial year ended November 30, 2015, as required under Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* (**"NI 51-102"**), and (b) a Form 51-102F1 *Management's Discussion and Analysis* for the period ended November 30, 2015, as required under Part 5 of NI 51-102 (the **"BC Cease Trade Order"** and together with the Ontario Cease Trade Order, the **"Cease Trade Orders"**).

9. The Applicant has concurrently applied to the BCSC for an order to revoke the BC Cease Trade Order.

10. The Common Shares are listed for trading on the Canadian Securities Exchange under the symbol "MLK", but trading in such securities was halted because of the Cease Trade Orders. The Applicant's securities are not listed or quoted on any other exchange or market in Canada or elsewhere.

11. On April 11, 2017, the Applicant filed in each of the Reporting Jurisdictions its annual audited financial statements, annual MD&A, and certification of annual filings pursuant to NI 52-109 for each of the years ended November 30, 2015 and 2016, as well as the interim financial reports, interim MD&A and interim certifications under NI 52-109 for the interim periods in the Applicant's financial year ended November 30, 2016.

12. The Applicant held an annual general meeting of its shareholders **("AGM")** on April 24, 2017 and has filed a management information circular with the Reporting Jurisdictions in respect of the AGM.

13. The Applicant was previously subject to orders of the Executive Director of the BCSC issued within the 12-month period before the date of the Ontario Cease Trade Order under section 164(1) of the *Securities Act* (British Columbia) ceasing all trading in the securities of the Applicant, as follows (collectively, the **"Previous Orders"**):

    a. an order dated April 13, 2015 in connection with a failure to file a comparative financial statement for its financial year ended November 30, 2014 and management's discussion and analysis for the period ended November 30, 2014, which order was revoked on June 17, 2015; and

    b. an order dated November 4, 2015 in connection with a failure to file an interim financial report for the financial period ended August 31, 2015 and management's discussion and analysis for the period ended August 31, 2015, which order was revoked on December 4, 2015.

14. As of the date hereof, the Applicant is (i) up-to-date with all of its continuous disclosure obligations, (ii) not in default of any of its obligations under the Cease Trade Orders, and (iii) not in default of any requirements under the Act or the rules and regulations made pursuant thereto, other than as set out in paragraph 15, below.

15. On February 21, 2017, the Applicant issued a news release announcing a private placement of units (each unit consisting of one Common Share and one Common Share purchase warrant). Staff of the Commission have advised that this may have been an act in furtherance of a trade in contravention of the Ontario Cease Trade Order. All prospective investors have been made aware of the Cease Trade Orders. Closing of the private placement remains subject to revocation of the Cease Trade Orders. Except for the announcement of the private placement, there have been no material changes in the business, operations or affairs of the Applicant since the issuance of the Cease Trade Orders.

16. As of the date hereof, the Applicant has paid all outstanding activity, participation and late filing fees that it is required to pay to the OSC and has filed all forms associated with such payments.

17. 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.

18. The Applicant has filed all outstanding continuous disclosure documents that are required to be filed in the Reporting Jurisdictions.

19. Other than the Cease Trade Orders and the Previous Orders, the Applicant has not previously been subject to a cease trade order issued by any securities regulatory authority.

20. The Applicant's failure to file the documents referred to in the Previous Orders and the Cease Trade Orders was the result of the Applicant's ongoing financial hardship and a change of the Applicant's auditors during 2016.

21. The Applicant is not considering, nor is it involved in any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

22. 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 UPON considering the application and the recommendation of the staff of the OSC; and

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 on this 28th day of June, 2017.

"Jo-Anne Matear"
Manager, Corporate Finance
Ontario Securities Commission

2.2.7 Western Areas Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by a reporting issuer for an order that it is not a reporting issuer – Based on diligence inquiry, residents of Canada (i) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the issuer worldwide, and (ii) do not directly or indirectly comprise more than 2% of the total number of shareholders of the issuer worldwide – Issuer has provided notice through a press release that it has submitted an application to cease to be a reporting issuer.

Applicable Legislative Provisions

Securities Act (Ontario) RSO 1990, c S.5, as am., s 1(10)(a)(ii).
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.

June 30, 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
WESTERN AREAS 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* 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 a company existing under the *Corporations Act 2001* (Australia) (the **Corporations Act**).

2. The Filer's registered office and principal place of business is located at Level 2, 2 Kings Park Road, West Perth, Western Australia 6005.

3. The Filer's authorized capital consists of an unlimited number of ordinary shares (**Ordinary Shares**), of which 272,276,625 were issued and outstanding as of March 2, 2017.

4. The outstanding Ordinary Shares are listed on a major foreign exchange, the Australian Securities Exchange (the **ASX**), under the trading symbol "WSA". The Ordinary Shares were previous listed on the Toronto Stock Exchange (the **TSX**) and were voluntarily delisted from the TSX on August 31, 2012.

5. The Filer is a nickel producer, with high grade nickel production assets in Australia and base metals development projects in Australia as well as investments in exploration and development stage companies that are active in Canada, Finland and Greeland.

6. The Filer is subject to all applicable corporate requirements of a company formed in Australia, applicable Australian securities laws and the rules of the ASX. The Filer is not in default of any requirements of Australian law or the rules or requirements of the ASX applicable to it.

7. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

8. The Filer qualifies as a "designated foreign issuer" under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**).

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

10. The Filer has no present connection to Canada other than a limited number of securityholders who are residents of Canada, the majority of whom are located in Ontario, and a 19.9% holding in Mustang Minerals Corp., which is listed on the TSX Venture Exchange and has two deposits in Manitoba.

11. In support of the representations set forth in paragraph 12 below concerning the percentage of outstanding securities and the total number of securityholders in Canada, the Filer has undertaken a thorough and diligent examination of its share register and has made inquiries to the Filer's share registry, Computershare Investor Services Australia. In addition, the Filer engaged the advisory services of Orient Capital who provide analysis of Canadian-resident beneficial owners by issuing tracing notices to the custodian and nominee companies listed on the Filer's share register. Orient Capital issued notices in accordance with s. 672 of the *Corporations Act* of Australia, which requires the recipient to disclose details of all persons who have a beneficial interest in the relevant shares. Disclosure is mandatory and must be made within the specified time period outlined in the tracing notice.

12. Based on the Filer's diligent inquiries described above, the aggregate beneficial ownership of the Ordinary Shares in Canada as at March 2, 2017 consists of 15 shareholders beneficially owning an aggregate of 4,509,304 Ordinary Shares, representing approximately 0.27% of the total number of shareholders of the Filer and approximately 1.66% of the total outstanding Ordinary Shares.

13. Accordingly, based on the foregoing, as of March 2, 2017, residents of Canada do not:

    a. directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the Filer worldwide; and

    b. directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.

14. In the 12 months preceding this application, the Filer has not taken any steps that indicate there is a market for its securities in Canada, including conducting a prospectus or private placement offering in Canada, establishing or maintaining a listing on an exchange in Canada or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported.

15. The Filer has provided advance notice, via a news release that was disseminated on May 8, 2017 and filed under the Filer's SEDAR profile, to Canadian-resident securityholders that it has applied for an order to cease to be a reporting issuer in British Columbia Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and that, if that order is made, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

16. All continuous disclosure required to be made by the Filer under applicable Australian securities laws and ASX requirements is publicly available to all of the Filer's securityholders through the Filer's website at www.westernareas.com.au and on the website of the ASX at www.asx.com.au. Given the Filer's status as a "designated foreign issuer" under NI 71-102, such disclosure will be substantially the same as the continuous disclosure to which Canadian-resident holders of Ordinary Shares currently have access.

17. The Filer has provided an undertaking that it will concurrently deliver to its Canadian resident securityholders all continuous disclosure documents that the Filer is required to deliver to its Australian-resident registered securityholders under applicable Australian laws and ASX requirements.

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.

"Mark J. Sandler"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.2.8 Sirius XM Canada Holdings Inc. – s. 1(6) of the OBCA

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
SIRIUS XM CANADA HOLDINGS INC.
(the "Applicant")

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of Class A voting shares (the "**Class A Shares**"), an unlimited number of Class B non-voting shares (the "**Class B Shares**") and an unlimited number of Class A preferred shares issuable in series, designated as an unlimited number of Series 1 Class A preferred shares (the "**Series 1 Preferred Shares**") and an unlimited number of Series 2 Class A preferred shares (the "**Series 2 Preferred Shares**") of which 4,975,125 Class A Shares, 6,135,987 Class B Shares, 412,990,963 Series 1 Preferred Shares and 177,958,942 Series 2 Preferred Shares are issued and outstanding as of the date hereof.

2. The Applicant has one debt security outstanding in the form of a promissory note issued to Sirius XM Radio Inc. (the "**Promissory Note**").

3. The Applicant has its head office at 400-135 Liberty Street, Toronto, Ontario, M6K 1A7.

4. Effective May 25, 2017, in accordance with a plan of arrangement under section 182 of the OBCA (the "**Arrangement**"), the predecessor Sirius XM

Canada Holdings Inc. ("**Old XSR**") became a wholly-owned subsidiary of 2517835 Ontario Inc. (the "**Purchaser**"), a newly-formed subsidiary of Sirius XM Radio Inc. ("**Sirius US**"). Immediately following the Arrangement, Old XSR amalgamated with the Purchaser, with the amalgamated company using the name "Sirius XM Canada Holdings Inc."

5. The Arrangement was approved at a special meeting of shareholders of Old XSR on August 30, 2016.

6. The Arrangement was approved by the Ontario Superior Court of Justice (Commercial List) on September 6, 2016.

7. The Class A subordinate voting shares of Old XSR, which traded under the symbol "XSR" on the Toronto Stock Exchange, were de-listed effective at the close of trading on May 26, 2017.

8. Effective June 26, 2017, the aggregate principal amount of $200,000,000, representing all of the outstanding 5.625% Senior Unsecured Notes of the Applicant issued pursuant to the terms of the indenture dated as of April 23, 2014 between Old XSR, Sirius XM Canada Inc. and TSX Trust Company, were redeemed by the Applicant.

9. The Applicant has no outstanding securities other than the Promissory Note, and the Class A Shares, the Class B Shares, the Series 1 Preferred Shares, the Series 2 Preferred Shares of which:

   a) all of the outstanding Class A Shares are beneficially owned, directly or indirectly, by Obelysk Media Inc., Slaight Communications Inc. and Sirius US;

   b) all of the outstanding Class B Shares are beneficially owned, directly or indirectly, by Sirius US;

   c) all of the outstanding Series 1 Preferred Shares are beneficially owned, directly or indirectly, by Sirius XM Holdings Inc. and Sirius US; and

   d) all of the outstanding Series 2 Preferred Shares are beneficially owned, directly or indirectly, by Sirius US.

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

11. On June 28, 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 is deemed to have ceased to be offering its securities to the public.

DATED at Toronto on this 30th day of June, 2017.

"Mark J. Sandler"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.3 Orders with Related Settlement Agreements

2.3.1 Electrovaya Inc. and Sankar Das Gupta – s. 127(1)

IN THE MATTER OF
ELECTROVAYA INC. AND
SANKAR DAS GUPTA

Philip Anisman, Commissioner and Chair of the Panel
William Furlong, Commissioner
Frances Kordyback, Commissioner

June 30, 2017

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

THIS APPLICATION, made jointly by Staff of the Commission and Electrovaya Inc. (“Electrovaya”) and Dr. Sankar Das Gupta (“Das Gupta” and, together with Electrovaya, the “Respondents”) for approval of a settlement agreement dated as of June 29, 2017 (the “Settlement Agreement”), was heard on June 30, 2017 at the offices of the Commission, at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON READING the Statement of Allegations dated June 28, 2017, the Settlement Agreement, an undertaking of the Respondents dated as of June 29, 2017 attached as Annex I to this Order and the terms of consultant review attached as Annex II to this Order, and on hearing the submissions of the representatives of the Respondents and Staff;

IT IS ORDERED THAT:

1. the Settlement Agreement be approved;

2. Electrovaya submit to a review by Hansell LLP (the “Consultant”) of: (a) Electrovaya’s corporate governance framework, including the position and role of the Chair of its Board of Directors and the composition of its Disclosure Committee; (b) Electrovaya’s disclosure policies; and (c) the policies, processes, reports and systems related to Electrovaya’s disclosure controls and procedures; and institute such changes as may be recommended by the Consultant and accepted by Staff in accordance with the process set forth in Annex II to this Order, pursuant to paragraph 4 of subsection 127(1) of the Act;

3. Das Gupta be reprimanded pursuant to paragraph 6 of subsection 127(1) of the Act;

4. Das Gupta be prohibited from becoming or acting as a director or officer of any reporting issuer, other than Electrovaya or an affiliate, for a period of one year commencing on the date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act; and

5. Das Gupta exclusively pay an administrative penalty in the amount of $250,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act.

“Philip Anisman”

“William Furlong”

“Frances Kordyback”

ANNEX I

UNDERTAKING

IN THE MATTER OF ELECTROVAYA INC. and SANKAR DAS GUPTA

UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION

1. This Undertaking is given in connection with the settlement agreement dated as of June 29, 2017 between Electrovaya Inc. and Dr. Sankar Das Gupta and Staff of the Commission (the "Settlement Agreement"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

2. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute a requirement that the Board have an independent director as Chair for a period of 20 months commencing from the date of the Order.

3. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute the following requirements with respect to Electrovaya's Disclosure Committee, which requirements shall be effective for a period of 20 months commencing from the date of the Order:

   (a) the Disclosure Committee shall be composed of four members, at least two of whom shall be independent directors of Electrovaya;

   (b) one of the independent members shall be the Chair;

   (c) all public disclosure made by Electrovaya shall be approved by the Disclosure Committee by majority vote;

   (d) where there is an equality of votes, the Chair shall cast a second or casting vote; and

   (e) notwithstanding subparagraph (c) above, where immediate disclosure is required and one of the independent members cannot reasonably be reached, the other three members may vote on the disclosure proposed to be made by Electrovaya, which shall be approved only if the remaining independent member votes in favour of it.

4. Das Gupta undertakes to exclusively pay the costs of Consultant's review, which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be between $85,000 and $100,000.

5. Das Gupta undertakes to participate in, and exclusively pay for, a corporate governance course on disclosure issues acceptable to Staff, the costs of which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be $2,500.

6. For greater certainty, Das Gupta undertakes to pay all of the amounts payable by him under the Settlement Agreement, the Order and this Undertaking from his personal assets, without recourse to any insurance, indemnification or similar provision.

7. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, disseminate and file a news release acceptable to Staff regarding the Settlement Agreement.

DATED at Toronto, Ontario as of the 29th day of June, 2017.

"Brad Moore"	*"Sankar Das Gupta"*
Witness: Brad Moore	SANKAR DAS GUPTA

ELECTROVAYA INC.

By: *"Sankar Das Gupta"*
Sankar Das Gupta
President and Chief Executive Officer

ANNEX II

CONSULTANT'S REVIEW

All terms shall have the same meanings herein as in the settlement agreement dated as of June 29, 2017 between Electrovaya Inc. and Dr. Sankar Das Gupta and Staff of the Commission.

A. Consultant's Mandate

1. To conduct a review of, and to deliver reports addressing: (a) Electrovaya's corporate governance framework, including the position and role of the Chair of the Board and the composition of its Disclosure Committee; (b) Electrovaya's disclosure policies; and (c) the policies, processes, reports and systems related to Electrovaya's disclosure controls and procedures.

B. Consultant's Obligations

2. The Consultant shall issue a report to Electrovaya's Board, Audit Committee and Disclosure Committee and Staff within three months of the date of the Order, provided that the Consultant may seek to extend the review period for one additional three-month term by requesting an extension from Staff. Staff, after consultation with Electrovaya, may grant the extension if Staff deems it reasonable and warranted.

3. The Consultant's report shall address the Consultant's review of the areas specified in Part A hereof and shall include a description of the review performed, the conclusions reached, the Consultant's recommendations for any changes or improvements as the Consultant reasonably deems necessary to conform to the law and best practices and a procedure for implementing the recommended changes or improvements.

4. Electrovaya shall adopt all recommendations contained in the Consultant's report, provided that within 30 days of receipt of the report, it may in writing advise the Consultant and Staff of any recommendation it considers unnecessary or inappropriate. Electrovaya need not adopt that recommendation but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose.

5. Electrovaya and the Consultant shall attempt in good faith to reach an agreement on the recommendations Electrovaya has notified the Consultant of its disagreement with in accordance with paragraph 4. In the event Electrovaya and the Consultant are unable to agree on an alternative proposal within 60 days of the issuance of the Consultant's report, Electrovaya shall abide by the Consultant's determination.

6. Electrovaya shall retain the Consultant for a period of twelve months from the date of the Order. After the Consultant's recommendations become final pursuant to paragraph 4 or 5 above, the Consultant shall oversee the implementation of the recommendations.

7. Twelve months after the date of the Order, the Consultant shall provide a report to Electrovaya's Board, Audit Committee and Disclosure Committee and Staff concerning the progress of the implementation. If not all of the Consultant's recommendations have been implemented in a manner satisfactory to Staff for at least two successive fiscal quarters, Electrovaya shall extend the Consultant's term of appointment until such time as all recommendations have been implemented in a manner satisfactory to Staff for at least two successive fiscal quarters.

8. At the conclusion of the 12-month period specified in paragraph 6 (or the extended period contemplated in paragraph 7), in addition to any requirements under applicable securities laws requiring disclosure related to this matter, Electrovaya shall disclose in each of its next interim MD&A and next annual MD&A a summary of:

(a) the Consultant's report specified in paragraph 3;

(b) if Electrovaya disagreed with any recommendations in the Consultant's report, the nature of the disagreement and its resolution, including the policy, procedure or system that was implemented; and

(c) the implementation of the balance of the Consultant's recommendations.

9. In addition to the reports identified above, the Consultant shall provide Electrovaya's Board, Audit Committee and Disclosure Committee and Staff with such documents or other information concerning the areas specified in Part A as any of them may request during the pendency or at the conclusion of the review.

C. Terms of Consultant's Retainer

10. The Consultant shall have reasonable access to all of Electrovaya's books and records and may meet privately with its personnel. Electrovaya shall instruct and otherwise encourage its directors, officers and employees to cooperate fully with the Consultant and inform its directors, officers and employees that failure to do so may be grounds for disciplinary action, dismissal or other appropriate actions.

11. The Consultant shall have the right, as reasonable and necessary in its judgment, to retain lawyers, accountants or other persons or firms, other than directors, officers or employees of Electrovaya, to assist in the discharge of its obligations. The reasonable fees and expenses (as reasonably documented) of any persons or firms retained by the Consultant shall be borne exclusively by Das Gupta.

12. The Consultant shall make and keep notes of interviews conducted, and keep a copy of documents gathered, in connection with the performance of its responsibilities, and require all persons and firms retained to assist the Consultant to do so as well. The Consultant shall provide Staff with such notes and documents as Staff may request during the pendency or at the conclusion of the review.

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

AMENDED AND RESTATED SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. This matter concerns unbalanced news releases issued by Electrovaya Inc. (“Electrovaya” or the “Company”) and its failure to update previously-announced forward-looking information.

2. The Ontario Securities Commission (the “Commission”) has issued a Notice of Hearing (the “Notice of Hearing”) to announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the “Act”), it is in the public interest for the Commission to make certain orders against Electrovaya and Dr. Sankar Das Gupta, the President and Chief Executive Officer of the Company and Chair of its board of directors (the “Board”), (“Das Gupta” and, together with Electrovaya, the “Respondents”), in respect of the conduct described herein.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission (“Staff”) recommend settlement of the proceeding (the “Proceeding”) against the Respondents commenced by the Notice of Hearing, in accordance with the terms and conditions set out in Part V of this Settlement Agreement. The Respondents consent to the making of an order (the “Order”) in the form attached as Schedule “A” based on the facts set out below.

4. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as 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

5. Das Gupta is the Chair of the Board, President and Chief Executive Officer of Electrovaya. He also serves on its Disclosure Committee.

6. Electrovaya designs, develops and manufactures energy storage systems for the automotive, utility and commercial sector, primarily focusing on lithium ion battery systems. It is a reporting issuer in Ontario, and its common shares (the “Shares”) are listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “EFL”. The Shares also trade on the OTCQX Best Market under the trading symbol “EFLVF”. Electrovaya also has outstanding stock options and warrants.

B. OVERVIEW

7. The conduct at issue relates to news releases issued by Electrovaya, which contained unbalanced presentations of information, and the failure to disclose developments affecting previously-announced forward-looking information.

8. As a reporting issuer, Electrovaya is subject to continuous disclosure obligations under Ontario securities law. To assist reporting issuers in complying with their obligations, the Canadian Securities Administrators, including the Commission, have issued National Policy 51-201 *Disclosure Standards* (“NP 51-201”). It provides guidance that, among other things, emphasizes the importance of announcements being factual and balanced, without exaggerated reports or promotional commentary.

9. Disclosure of forward-looking information is subject to the provisions of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”). Specifically, Part 4A requires, among other things, that the disclosure include the factors or assumptions used to develop the forward-looking information and risk factors that could cause actual results to differ from it. Furthermore, section 5.8 requires the reporting issuer to include in its Management’s Discussion & Analysis (“MD&A”) (unless otherwise previously disclosed in a press release by the reporting issuer) disclosure of any events or circumstances that are reasonably likely to cause actual results to differ from the forward-looking information.

10. Requirements for timely, accurate and efficient disclosure of information are a primary means for achieving the purposes of the Act.

11. Between May and September 2016, Electrovaya issued five news releases that announced significant new business relationships in unbalanced terms. Electrovaya also did not disclose in its MD&A that revenue estimates announced in two previously announced commercial arrangements would not be realized.

12. In 2015, Staff identified and discussed similar issues with Electrovaya, including five unbalanced news releases, which the Company had not updated. To address these issues, Electrovaya provided additional balancing disclosure and business updates in its MD&A for the year ended September 30, 2014 (the "2014 MD&A"). However, it did not reflect that information in its annual information form (the "AIF") for the year ended September 30, 2015 (the "2015 AIF").

13. This Settlement Agreement concerns Electrovaya's disclosure during the period commencing in December 2015 and ending in September 2016 (the "Material Time"). During the Material Time, Electrovaya issued five unbalanced news releases, contrary to the public interest. Contrary to Ontario securities law, Electrovaya failed to: (a) update announced forward-looking information in its MD&A; and (b) provide an accurate description of its business in its AIF. By authorizing, permitting or acquiescing in Electrovaya's non-compliance, Das Gupta, as a director and officer of Electrovaya, is deemed to have also failed to comply with Ontario securities law.

C. DETAILED FACTS

2015 Review

14. In 2015, Staff conducted a continuous disclosure review of Electrovaya (the "2015 Review") that revealed the issuance of unbalanced press releases. This included five specific press releases issued on or prior to November 2014, each of which made significant positive announcements, such as the announcement of a new contract or revenue opportunity. In most of these cases, the amount of revenue that the arrangement was expected to generate was not quantified in the announcement, but significant revenue potential was implied by the nature of the announced opportunity. None of these press releases contained an adequate discussion of risks, contingencies or barriers to crystalizing the arrangements, and some of the press releases did not discuss the revenue opportunity in sufficient detail in order for investors to be able to understand the nature of the opportunity and therefore the probability of realization. In some cases, the initiatives represented non-binding letters of intent, rather than non-cancellable contracts, which made the initial announcements incomplete in the absence of other disclosure outlining the risks, contingencies and barriers involved in realizing these amounts.

15. When events occurred which made it likely that the contracts and revenue opportunities originally announced in the five aforementioned press releases would not transpire (such as the potential customer's decision not to proceed with the arrangement) the Company failed to provide adequate disclosure in this regard. Following the review by Staff, Electrovaya provided additional business updates and balancing disclosure in its 2014 MD&A.

2016 Review

16. In 2016, in connection with a prospectus review, Staff reviewed Electrovaya's recent continuous disclosure (the "2016 Review"). The 2016 Review revealed that:

(i) Subsequent to the 2015 Review, the Company continued to issue unbalanced press releases. Between May and September 2016 the Company issued five press releases, announcing significant new positive business relationships. In most cases, the amount of revenue which the Company expected to earn from these relationships was quantified and such amounts represented many multiples of the Company's historical annual revenues. None of the press releases contained balanced disclosure discussing the nature of the arrangements, which were often non-binding, including disclosure about any related risks, contingencies and barriers.

(ii) While some information contained in these five press releases represented forward looking information in the form of quantified anticipated future revenue amounts for specific customer arrangements, the Company did not provide material factors and assumptions underlying the forward looking statements.

(iii) The Company did not update forward looking information in its ongoing MD&A, in respect of two other customer arrangements, where anticipated revenue amounts had been previously disclosed and when events subsequent to their original announcement made it clear that these revenue estimates would not transpire.

(iv) As noted above, in response to the 2015 Review, the Company provided certain clarifying disclosure in the form of additional business updates in its 2014 MD&A. During the 2016 Review, Staff noted that these updates had not been carried forward to its 2015 AIF. As a result, the 2015 AIF provided overly optimistic information about the future potential of certain revenue arrangements.

17. As a result of the 2016 Review, Electrovaya issued two clarifying press releases. The first clarifying press release did not address all of the deficiencies identified by Staff. Electrovaya also filed an amended and restated 2015 AIF.

18. Das Gupta authorized, permitted or acquiesced in the conduct of Electrovaya described above.

D. MITIGATING FACTORS

19. Das Gupta did not sell any common shares of Electrovaya during the Material Time.

20. In connection with the 2016 Review:

    (a) Electrovaya filed an amended and restated 2015 AIF;

    (b) Electrovaya revised its disclosure policy, including introducing external counsel review of all continuous disclosure;

    (c) the Respondents have represented to Staff that Electrovaya has arranged for external counsel to provide a seminar to its Disclosure Committee on its revised disclosure policy and disclosure obligations and standards generally;

    (d) the Respondents have represented to Staff that Das Gupta attended, via webinar, the OSC SME Institute seminar on Continuous Disclosure in December 2016;

    (e) the Respondents have represented to Staff that Electrovaya has hired an investor relations consultant with TSX-listed issuer experience; and

    (f) the Respondents have represented to Staff that an independent director has been appointed to Electrovaya's Disclosure Committee.

PART IV – BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

21. The Respondents acknowledge and admit that, during the Material Time:

    (a) Electrovaya issued unbalanced news releases, contrary to the public interest;

    (b) Electrovaya failed to update forward-looking information in its Q1 and Q3 2016 MD&A, contrary to section 5.8 of NI 51-102;

    (c) Electrovaya failed to provide an accurate description of the development of its business in its 2015 AIF, contrary to Item 4 of 51-102F2 *Annual Information Form*;

    (d) Das Gupta, a director and officer of Electrovaya, authorized, permitted or acquiesced in Electrovaya's non-compliance with Ontario securities law, as set out in subparagraphs (b) and (c), above, and is deemed not to have complied with Ontario securities law under section 129.2 of the Act; and

    (e) as set out in subparagraphs (a) through (d), above, the Respondents engaged in conduct contrary to the public interest.

PART V – TERMS OF SETTLEMENT

22. The Respondents agree to the terms of settlement set forth below.

23. The Respondents consent to the Order, pursuant to which it is ordered that:

    (a) this Settlement Agreement be approved;

    (b) Electrovaya submit to a review by Hansell LLP (the "Consultant") of: (i) Electrovaya's corporate governance framework, including the position and role of the Chair of the Board and the composition of its Disclosure Committee; (ii) Electrovaya's disclosure policies; and (iii) the policies, processes, reports and systems related to Electrovaya's disclosure controls and procedures; and institute such changes as may be recommended by the Consultant and accepted by Staff in accordance with the process set forth in Schedule "B" to this Settlement Agreement, pursuant to paragraph 4 of subsection 127(1) of the Act;

    (c) Das Gupta be reprimanded pursuant to paragraph 6 of subsection 127(1) of the Act;

    (d) Das Gupta be prohibited from becoming or acting as a director or officer of any reporting issuer, other than Electrovaya or an affiliate, for a period of one year commencing on the date of the Order, pursuant to paragraph 8 of subsection 127(1) of the Act; and

(e) Das Gupta exclusively pay an administrative penalty in the amount of $250,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act.

24. The amount set out in subparagraph 23(e) shall be paid by certified cheque prior to the issuance of the Order.

25. The Respondents have given an undertaking (the "Undertaking") to the Commission in the form attached as Schedule "C" to this Settlement Agreement, under which:

(a) Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute a requirement that the Board have an independent director as Chair for a period of 20 months commencing from the date of the Order;

(b) Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute the following requirements with respect to Electrovaya's Disclosure Committee, which requirements shall be effective for a period of 20 months commencing from the date of the Order:

(i) the Disclosure Committee shall be composed of four members, at least two of whom shall be independent directors of Electrovaya;

(ii) one of the independent members shall be the Chair;

(iii) all public disclosure made by Electrovaya shall be approved by the Disclosure Committee by majority vote;

(iv) where there is an equality of votes, the Chair shall cast a second or casting vote; and

(v) notwithstanding clause (iii) above, where immediate disclosure is required and one of the independent members cannot reasonably be reached, the other three members may vote on the disclosure proposed to be made by Electrovaya, which shall be approved only if the remaining independent member votes in favour of it;

(c) Das Gupta undertakes to exclusively pay the costs of Consultant's review, which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be between $85,000 and $100,000;

(d) Das Gupta undertakes to participate in, and exclusively pay for, a corporate governance course on disclosure issues acceptable to Staff, the costs of which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be $2,500; and

(e) Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, disseminate and file a news release acceptable to Staff regarding this Settlement Agreement.

26. Das Gupta 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 subparagraph 23(d). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law. The Respondents acknowledge 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 certain Canadian jurisdictions allow orders made in this matter to take effect in them automatically, without further notice to the Respondents. The Respondents should contact the securities regulator of any other jurisdiction in which the Respondents intend to engage in any securities-related activities, prior to undertaking such activities.

PART VI – STAFF AND COMMISSION

27. If the Commission approves this Settlement Agreement, Staff will not commence any other proceeding under Ontario securities law against the Respondents in relation to the facts set out in Part III of this Settlement Agreement, unless the Respondents fail to comply with any term in this Settlement Agreement or the Undertaking, in which case Staff may bring proceedings under Ontario securities law against the Respondents 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 or the Undertaking.

28. The Respondents waive any defences to proceedings referenced in paragraph 27 that are based on the limitations period in the Act.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

29. 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.

30. Das Gupta will attend the Settlement Hearing in person.

31. 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.

32. If the Commission approves this Settlement Agreement:

(a) the Respondents waive all rights to a full hearing, judicial review or appeal of this matter under the Act; and

(b) none of the parties will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

33. Whether or not the Commission approves this Settlement Agreement, the Respondents 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 VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

34. If the Commission does not make the Order:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the Settlement Hearing will be without prejudice to Staff and the Respondents; and

(b) Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations in respect of the Proceeding. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

35. 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 IX – EXECUTION OF SETTLEMENT AGREEMENT

36. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

37. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

[The remainder of this page is intentionally left blank.]

DATED at _______________, Ontario as of the 29th day of June, 2017.

______________________ ______________________
Witness: SANKAR DAS GUPTA

ELECTROVAYA INC.

By: ______________________
Sankar Das Gupta
President and Chief Executive Officer

DATED at Toronto, Ontario as of the 29th day of June, 2017.

ONTARIO SECURITIES COMMISSION

By: ______________________
Jeff Kehoe
Director, Enforcement Branch

SCHEDULE "A"

FORM OF ORDER

IN THE MATTER OF ELECTROVAYA INC. AND SANKAR DAS GUPTA

●, Chair of the Panel

●, Commissioner

●, Commissioner

[date]

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

THIS APPLICATION, made jointly by Staff of the Commission and Electrovaya Inc. ("Electrovaya") and Dr. Sankar Das Gupta ("Das Gupta" and, together with Electrovaya, the "Respondents") for approval of a settlement agreement dated as of [**date**] (the "Settlement Agreement"), was heard on [**date**] at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON READING the Statement of Allegations dated [**date**], the Settlement Agreement, an undertaking of the Respondents dated as of [**date**] attached as Annex I to this Order and the terms of consultant review attached as Annex II to this Order, and on hearing the submissions of the representatives of the Respondents and Staff;

IT IS ORDERED THAT:

1. the Settlement Agreement be approved;

2. Electrovaya submit to a review by Hansell LLP (the "Consultant") of: (a) Electrovaya's corporate governance framework, including the position and role of the Chair of the Board and the composition of its Disclosure Committee; (b) Electrovaya's disclosure policies; and (c) the policies, processes, reports and systems related to Electrovaya's disclosure controls and procedures; and institute such changes as may be recommended by the Consultant and accepted by Staff in accordance with the process set forth in Annex II to this Order, pursuant to paragraph 4 of subsection 127(1) of the Act;

3. Das Gupta be reprimanded pursuant to paragraph 6 of subsection 127(1) of the Act;

4. Das Gupta be prohibited from becoming or acting as a director or officer of any reporting issuer, other than Electrovaya or an affiliate, for a period of one year commencing on the date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act; and

5. Das Gupta exclusively pay an administrative penalty in the amount of $250,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act.

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ANNEX I

UNDERTAKING

IN THE MATTER OF ELECTROVAYA INC. and SANKAR DAS GUPTA

UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION

1. This Undertaking is given in connection with the settlement agreement dated as of June 29, 2017 between Electrovaya Inc. and Dr. Sankar Das Gupta and Staff of the Commission (the "Settlement Agreement"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

2. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute a requirement that the Board have an independent director as Chair for a period of 20 months commencing from the date of the Order.

3. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute the following requirements with respect to Electrovaya's Disclosure Committee, which requirements shall be effective for a period of 20 months commencing from the date of the Order:

(a) the Disclosure Committee shall be composed of four members, at least two of whom shall be independent directors of Electrovaya;

(b) one of the independent members shall be the Chair;

(c) all public disclosure made by Electrovaya shall be approved by the Disclosure Committee by majority vote;

(d) where there is an equality of votes, the Chair shall cast a second or casting vote; and

(e) notwithstanding subparagraph (c) above, where immediate disclosure is required and one of the independent members cannot reasonably be reached, the other three members may vote on the disclosure proposed to be made by Electrovaya, which shall be approved only if the remaining independent member votes in favour of it.

4. Das Gupta undertakes to exclusively pay the costs of Consultant's review, which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be between $85,000 and $100,000.

5. Das Gupta undertakes to participate in, and exclusively pay for, a corporate governance course on disclosure issues acceptable to Staff, the costs of which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be $2,500.

6. For greater certainty, Das Gupta undertakes to pay all of the amounts payable by him under the Settlement Agreement, the Order and this Undertaking from his personal assets, without recourse to any insurance, indemnification or similar provision.

7. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, disseminate and file a news release acceptable to Staff regarding the Settlement Agreement.

DATED at [**city**], [**province**] as of the [**date**] day of [**date**].

______________________	______________________
Witness: ●	SANKAR DAS GUPTA

ELECTROVAYA INC.

By: ______________________
Sankar Das Gupta
President and Chief Executive Officer

ANNEX II

CONSULTANT'S REVIEW

All terms shall have the same meanings herein as in the settlement agreement dated as of June 29, 2017 between Electrovaya Inc. and Dr. Sankar Das Gupta and Staff of the Commission.

A. Consultant's Mandate

1. To conduct a review of, and to deliver reports addressing: (a) Electrovaya's corporate governance framework, including the position and role of the Chair of the Board and the composition of its Disclosure Committee; (b) Electrovaya's disclosure policies; and (c) the policies, processes, reports and systems related to Electrovaya's disclosure controls and procedures.

B. Consultant's Obligations

2. The Consultant shall issue a report to Electrovaya's Board, Audit Committee and Disclosure Committee and Staff within three months of the date of the Order, provided that the Consultant may seek to extend the review period for one additional three-month term by requesting an extension from Staff. Staff, after consultation with Electrovaya, may grant the extension if Staff deems it reasonable and warranted.

3. The Consultant's report shall address the Consultant's review of the areas specified in Part A hereof and shall include a description of the review performed, the conclusions reached, the Consultant's recommendations for any changes or improvements as the Consultant reasonably deems necessary to conform to the law and best practices and a procedure for implementing the recommended changes or improvements.

4. Electrovaya shall adopt all recommendations contained in the Consultant's report, provided that within 30 days of receipt of the report, it may in writing advise the Consultant and Staff of any recommendation it considers unnecessary or inappropriate. Electrovaya need not adopt that recommendation but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose.

5. Electrovaya and the Consultant shall attempt in good faith to reach an agreement on the recommendations Electrovaya has notified the Consultant of its disagreement with in accordance with paragraph 4. In the event Electrovaya and the Consultant are unable to agree on an alternative proposal within 60 days of the issuance of the Consultant's report, Electrovaya shall abide by the Consultant's determination.

6. Electrovaya shall retain the Consultant for a period of twelve months from the date of the Order. After the Consultant's recommendations become final pursuant to paragraph 4 or 5 above, the Consultant shall oversee the implementation of the recommendations.

7. Twelve months after the date of the Order, the Consultant shall provide a report to Electrovaya's Board, Audit Committee and Disclosure Committee and Staff concerning the progress of the implementation. If not all of the Consultant's recommendations have been implemented in a manner satisfactory to Staff for at least two successive fiscal quarters, Electrovaya shall extend the Consultant's term of appointment until such time as all recommendations have been implemented in a manner satisfactory to Staff for at least two successive fiscal quarters.

8. At the conclusion of the 12-month period specified in paragraph 6 (or the extended period contemplated in paragraph 7), in addition to any requirements under applicable securities laws requiring disclosure related to this matter, Electrovaya shall disclose in each of its next interim MD&A and next annual MD&A a summary of:

(a) the Consultant's report specified in paragraph 3;

(b) if Electrovaya disagreed with any recommendations in the Consultant's report, the nature of the disagreement and its resolution, including the policy, procedure or system that was implemented; and

(c) the implementation of the balance of the Consultant's recommendations.

9. In addition to the reports identified above, the Consultant shall provide Electrovaya's Board, Audit Committee and Disclosure Committee and Staff with such documents or other information concerning the areas specified in Part A as any of them may request during the pendency or at the conclusion of the review.

C. Terms of Consultant's Retainer

10. The Consultant shall have reasonable access to all of Electrovaya's books and records and may meet privately with its personnel. Electrovaya shall instruct and otherwise encourage its directors, officers and employees to cooperate fully with the Consultant and inform its directors, officers and employees that failure to do so may be grounds for disciplinary action, dismissal or other appropriate actions.

11. The Consultant shall have the right, as reasonable and necessary in its judgment, to retain lawyers, accountants or other persons or firms, other than directors, officers or employees of Electrovaya, to assist in the discharge of its obligations. The reasonable fees and expenses (as reasonably documented) of any persons or firms retained by the Consultant shall be borne exclusively by Das Gupta.

12. The Consultant shall make and keep notes of interviews conducted, and keep a copy of documents gathered, in connection with the performance of its responsibilities, and require all persons and firms retained to assist the Consultant to do so as well. The Consultant shall provide Staff with such notes and documents as Staff may request during the pendency or at the conclusion of the review.

SCHEDULE "B"

CONSULTANT'S REVIEW

All terms shall have the same meanings herein as in the settlement agreement dated as of June 29, 2017 between Electrovaya Inc. and Dr. Sankar Das Gupta and Staff of the Commission.

A. Consultant's Mandate

1. To conduct a review of, and to deliver reports addressing: (a) Electrovaya's corporate governance framework, including the position and role of the Chair of the Board and the composition of its Disclosure Committee; (b) Electrovaya's disclosure policies; and (c) the policies, processes, reports and systems related to Electrovaya's disclosure controls and procedures.

B. Consultant's Obligations

2. The Consultant shall issue a report to Electrovaya's Board, Audit Committee and Disclosure Committee and Staff within three months of the date of the Order, provided that the Consultant may seek to extend the review period for one additional three-month term by requesting an extension from Staff. Staff, after consultation with Electrovaya, may grant the extension if Staff deems it reasonable and warranted.

3. The Consultant's report shall address the Consultant's review of the areas specified in Part A hereof and shall include a description of the review performed, the conclusions reached, the Consultant's recommendations for any changes or improvements as the Consultant reasonably deems necessary to conform to the law and best practices and a procedure for implementing the recommended changes or improvements.

4. Electrovaya shall adopt all recommendations contained in the Consultant's report, provided that within 30 days of receipt of the report, it may in writing advise the Consultant and Staff of any recommendation it considers unnecessary or inappropriate. Electrovaya need not adopt that recommendation but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose.

5. Electrovaya and the Consultant shall attempt in good faith to reach an agreement on the recommendations Electrovaya has notified the Consultant of its disagreement with in accordance with paragraph 4. In the event Electrovaya and the Consultant are unable to agree on an alternative proposal within 60 days of the issuance of the Consultant's report, Electrovaya shall abide by the Consultant's determination.

6. Electrovaya shall retain the Consultant for a period of twelve months from the date of the Order. After the Consultant's recommendations become final pursuant to paragraph 4 or 5 above, the Consultant shall oversee the implementation of the recommendations.

7. Twelve months after the date of the Order, the Consultant shall provide a report to Electrovaya's Board, Audit Committee and Disclosure Committee and Staff concerning the progress of the implementation. If not all of the Consultant's recommendations have been implemented in a manner satisfactory to Staff for at least two successive fiscal quarters, Electrovaya shall extend the Consultant's term of appointment until such time as all recommendations have been implemented in a manner satisfactory to Staff for at least two successive fiscal quarters.

8. At the conclusion of the 12-month period specified in paragraph 6 (or the extended period contemplated in paragraph 7), in addition to any requirements under applicable securities laws requiring disclosure related to this matter, Electrovaya shall disclose in each of its next interim MD&A and next annual MD&A a summary of:

(a) the Consultant's report specified in paragraph 3;

(b) if Electrovaya disagreed with any recommendations in the Consultant's report, the nature of the disagreement and its resolution, including the policy, procedure or system that was implemented; and

(c) the implementation of the balance of the Consultant's recommendations.

9. In addition to the reports identified above, the Consultant shall provide Electrovaya's Board, Audit Committee and Disclosure Committee and Staff with such documents or other information concerning the areas specified in Part A as any of them may request during the pendency or at the conclusion of the review.

C. Terms of Consultant's Retainer

10. The Consultant shall have reasonable access to all of Electrovaya's books and records and may meet privately with its personnel. Electrovaya shall instruct and otherwise encourage its directors, officers and employees to cooperate fully with the Consultant and inform its directors, officers and employees that failure to do so may be grounds for disciplinary action, dismissal or other appropriate actions.

11. The Consultant shall have the right, as reasonable and necessary in its judgment, to retain lawyers, accountants or other persons or firms, other than directors, officers or employees of Electrovaya, to assist in the discharge of its obligations. The reasonable fees and expenses (as reasonably documented) of any persons or firms retained by the Consultant shall be borne exclusively by Das Gupta.

12. The Consultant shall make and keep notes of interviews conducted, and keep a copy of documents gathered, in connection with the performance of its responsibilities, and require all persons and firms retained to assist the Consultant to do so as well. The Consultant shall provide Staff with such notes and documents as Staff may request during the pendency or at the conclusion of the review.

SCHEDULE "C"

FORM OF UNDERTAKING

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION

1. This Undertaking is given in connection with the settlement agreement dated as of June 29, 2017 between Electrovaya Inc. and Dr. Sankar Das Gupta and Staff of the Commission (the "Settlement Agreement"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

2. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute a requirement that the Board have an independent director as Chair for a period of 20 months commencing from the date of the Order.

3. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, institute the following requirements with respect to Electrovaya's Disclosure Committee, which requirements shall be effective for a period of 20 months commencing from the date of the Order:

(a) the Disclosure Committee shall be composed of four members, at least two of whom shall be independent directors of Electrovaya;

(b) one of the independent members shall be the Chair;

(c) all public disclosure made by Electrovaya shall be approved by the Disclosure Committee by majority vote;

(d) where there is an equality of votes, the Chair shall cast a second or casting vote; and

(e) notwithstanding subparagraph (c) above, where immediate disclosure is required and one of the independent members cannot reasonably be reached, the other three members may vote on the disclosure proposed to be made by Electrovaya, which shall be approved only if the remaining independent member votes in favour of it.

4. Das Gupta undertakes to exclusively pay the costs of Consultant's review, which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be between $85,000 and $100,000.

5. Das Gupta undertakes to participate in, and exclusively pay for, a corporate governance course on disclosure issues acceptable to Staff, the costs of which (without limiting Das Gupta's liability to pay the entirety of the costs) are estimated to be $2,500.

6. For greater certainty, Das Gupta undertakes to pay all of the amounts payable by him under the Settlement Agreement, the Order and this Undertaking from his personal assets, without recourse to any insurance, indemnification or similar provision.

7. Electrovaya undertakes to, and Das Gupta undertakes to cause Electrovaya to, disseminate and file a news release acceptable to Staff regarding the Settlement Agreement.

DATED at [**city**], [**province**] as of the [**date**] day of [**date**].

______________________ ______________________
Witness: ● SANKAR DAS GUPTA

ELECTROVAYA INC.

By: ______________________
Sankar Das Gupta
President and Chief Executive Officer

2.4 Rulings

2.4.1 Evolution Markets Futures LLC – s. 38 of the CFA

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. As an introducing broker, the Applicant will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada and are cleared through clearing corporations located outside of Canada, including block trades, to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Applicable Legislative Provisions

Statutes Cited

Commodity Futures Act , R.S.O. 1990, c. C.20, as am., ss. 22, 33, 38.
Securities Act , R.S.O. 1990, c. S.5, as am.

Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

June 27, 2017

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

AND

**IN THE MATTER OF
EVOLUTION MARKETS FUTURES LLC**

**RULING
(Section 38 of the CFA)**

UPON the application (the **Application**) of Evolution Markets Futures LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for:

(a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA (as defined below) or the trading restrictions in the CFA (as defined below) in connection with trades in Exchange-Traded Futures (as defined below) on Non-Canadian Exchanges (as defined below), including Block Trades (as defined below) on Non-Canadian Exchanges, where the Applicant is acting as agent in such trades to, from or on behalf of Permitted Clients (as defined below); and

(b) a ruling of the Commission, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges, where the Applicant acts in respect of trades in Exchange-Traded Futures on behalf of the Permitted Client pursuant to the above ruling;

AND WHEREAS for the purposes of this ruling (the **Decision**):

(i) the following terms shall have the following meanings:

"Block Trade" means a trade in a large quantity of Exchange-Traded Futures entered into between ECPs (in this case, via an introducing broker) pursuant to a privately negotiated transaction that, pursuant to the applicable rules of a Non-Canadian Exchange, are permitted to be executed on the Non-Canadian Exchange apart from the public auction market established by the Non-Canadian Exchange subject to meeting specified quantity thresholds (which are

different large amounts depending on the particular Non-Canadian Exchange) and provided that the price of the trade is entered and reported on the Non-Canadian Exchange within a specified time period following the trade;

“CFTC” means the U.S. Commodity Futures Trading Commission;

“dealer registration requirement in the CFA” means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

“ECP” means eligible contract participant as that term is defined in the U.S. Commodity Exchange Act;

“Exchange-Traded Futures” means commodity futures contracts or commodity futures options that trade on one or more organized exchanges located outside of Canada and that are cleared through one or more clearing corporations located outside of Canada;

“FINRA” means the Financial Industry Regulatory Authority in the U.S.;

“IDE” means the international dealer exemption in section 8.18 of NI 31-103;

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

“NFA” means the National Futures Association in the U.S.;

“Non-Canadian Exchange” means an exchange located outside Canada;

“OSA” means the *Securities Act* (Ontario);

“Permitted Client” means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of NI 31-103;

“SEC” means the U.S. Securities and Exchange Commission;

“specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*;

“trading restrictions in the CFA” means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA; and

“U.S.” means United States of America; and

(ii) terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

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

1. The Applicant is a limited liability corporation formed under the laws of the State of Delaware. Its main office is located at 10 Bank Street, 4th Floor, White Plains, New York. The Applicant also maintains branch offices at 180 Madison Avenue, New York, New York; 10370 Richmond Avenue, Houston, Texas and 20 Sunnyside Avenue, Mill Valley, California.

2. The Applicant is not registered in any capacity under the CFA or the OSA. The Applicant does not rely on any exemption from registration in Canada.

3. The Applicant is an approved member of the NFA (NFA ID: 0410195) and is registered as an "introducing broker" with the CFTC.

4. The Applicant is not a broker-dealer registered with the SEC and does not conduct a securities business in the U.S.

5. The Applicant is not a member of any exchange, but it is considered to be a "broker participant" by and has entered into a broker clearing agreement with each of the following U.S. exchanges: Intercontinental Exchange (ICE), CME Group (which includes the CME and NYMEX exchanges), and the Nodal Exchange.

6. Subject to the ruling requested, the Applicant is not in default of securities legislation or commodity futures legislation in any jurisdiction in Canada or under the CFA. The Applicant is in compliance in all material respects with U.S. commodity futures laws.

7. The principal business of the Applicant is providing:

   a. brokerage services for over-the-counter and futures transactions in energy and environmental commodities to various financial institutions and utilities; and

   b. in relation to customers who are deemed "US Persons", as defined under applicable U.S. law, introducing services for ECPs.

8. Pursuant to its registrations and memberships, the Applicant is authorized to act as an introducing broker in the U.S. to handle customer orders, to effect Block Trades and, if applicable, to introduce customers to an executing broker registered as a futures commission merchant. The rules of the CFTC and NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions including confirmations and statements, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, client identification, account-opening requirements, suitability requirements, anti-money laundering checks, dealing and handling customer order obligations, including managing conflicts of interests and best execution. These rules require the Applicant to treat Permitted Clients consistently with the Applicant's U.S. customers with respect to transactions made on exchanges in the U.S. In respect of Exchange-Traded Futures, the Applicant does not provide direct execution, except to effect Block Trades, or clearing services and is not authorized to receive or hold client money in any jurisdiction.

9. The Applicant proposes to offer certain of its Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures, primarily through Block Trades, and in connection with such trades the Applicant would act as an introducing broker and effect trades in Exchange-Traded Futures, including Block Trades, on Non-Canadian Exchanges.

10. The Applicant will handle the negotiation of the Exchange-Traded Futures, match buyers and sellers at the best possible price, execute trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it would carry out these activities on behalf of its U.S. clients, all of which are ECPs. The Applicant will follow the same know-your-customer, suitability and order handling procedures that it follows in respect of its U.S. clients. Permitted Clients in Ontario will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of the regulators, self-regulatory organizations and exchanges located in the U.S. Permitted Clients in Ontario will have the same contractual rights against the Applicant as U.S. clients of the Applicant.

11. In transacting Block Trades for its customers, the Applicant, as the introducing broker, will match a buyer and a seller (both ECPs) in a privately negotiated trade for a large quantity of Exchange-Traded Futures. Pursuant to the rules of the applicable Non-Canadian Exchange, the trade is permitted to be executed apart from the public auction market established by the Non-Canadian Exchange. Once the terms of the trade are agreed upon between the buyer and the seller, the trade is submitted by the Applicant to the Exchange to be publicly reported within the required time period for Block Trades. Once submitted to the Non-Canadian Exchange, the clearing and settlement process by and through the customer's futures commission merchant will commence independent of the Applicant's involvement in the transaction.

12. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

13. The Applicant will introduce trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients.

14. The Applicant will only offer Permitted Clients in Ontario the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

15. The Exchange-Traded Futures to be traded by Permitted Clients in Ontario will be limited to Exchange-Traded Futures for energy and environmental products.

16. Permitted Clients of the Applicant will be able to execute trades in Exchange-Traded Futures through the Applicant by contacting the Applicant's client order handling desk.

17. In the case of a trade in Exchange-Traded Futures that is a Block Trade involving a Permitted Client as a buyer or a seller, the Applicant, as the introducing broker, will match the Permitted Client in a privately negotiated trade, which will be executed apart from the public auction market established by the applicable Non-Canadian Exchange and submitted for public reporting to the Non-Canadian Exchange within the required time period applicable for Block Trades. Once submitted to the Non-Canadian Exchange, the clearing and settlement process by and through the Permitted Client's futures commission merchant in accordance with the rules and customary practices of the exchange will commence independent of the Applicant's involvement in the transaction. In no case will the Applicant enter into a give-up agreement with any executing broker registered as a futures commission merchant or clearing broker unless such firm is registered with the applicable regulatory bodies in the jurisdiction in which it executes the trades in Exchange-Traded Futures, and as with any executing broker registered as a futures commission merchant or clearing broker located in the U.S., unless such firm is registered with the SEC and/or CFTC, as applicable.

18. In the case of a trade in Exchange-Traded Futures that is not a Block Trade involving a Permitted Client, the Applicant will perform introducing functions, as the introducing broker, and will arrange to have the Permitted Client's order executed on the relevant Non-Canadian Exchange by an executing broker registered as a futures commission merchant in accordance with the rules and customary practices of the exchange. The executing broker will act to "give-up" the transacted trades to the Permitted Client's clearing broker. In such circumstances, the Permitted Client would be a client of both the Applicant and the executing broker. The Applicant will not enter into a give-up agreement with any executing broker registered as a futures commission merchant or clearing broker unless such firm is registered with the applicable regulatory bodies in the jurisdiction in which it executes the trades in Exchange-Traded Futures, and as with any executing broker registered as a futures commission merchant or clearing broker located in the U.S., unless such firm is registered with the SEC and/or CFTC, as applicable. Where the Applicant is listed as the executing broker in the relevant give-up agreement, the Applicant would remain responsible for all executions on the relevant Non-Canadian Exchange.

19. Clearing brokers and executing brokers will be subject to the rules of the exchanges of which each is a member and any relevant regulatory requirements, including requirements under the CFA, as applicable. Under an industry standard give-up agreement, an executing broker and the Permitted Client's clearing broker will represent that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's trades in Exchange-Traded Futures will be executed and cleared. The Permitted Client will enter into such give-up agreement.

20. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures for Permitted Client orders that are submitted to the exchange in the name of the recognized exchange member and clearing broker. A Permitted Client of the Applicant is responsible to its clearing broker for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Permitted Client's clearing broker is in turn responsible to the clearing corporation/division for payment.

21. Permitted Clients will pay commissions for trades to the Applicant for its role as introducing broker and Permitted Clients will be responsible to pay any commissions to the executing brokers or clearing brokers directly, if applicable.

22. Absent this Decision, the trading restrictions in the CFA apply with respect to the Applicant's trades in Exchange-Traded Futures unless, among other things, an Exchange-Traded Future is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no Non-Canadian Exchanges have been recognized or registered under the CFA.

23. If the Applicant were registered under the CFA as a "futures commission merchant", it could rely upon certain exemptions from the trading restrictions in the CFA to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to granting the ruling requested;

IT IS RULED, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicant is acting as agent in such trades to, from or on behalf of Permitted Clients provided that:

a. the Applicant only acts as agent in trades in Exchange-Traded Futures to, from or on behalf of clients in Ontario who are Permitted Clients;

b. the executing broker and clearing broker have each represented to the Applicant, and the Applicant has taken reasonable steps to verify, that it is appropriately registered under the CFA, or has been granted exemptive

relief from the registration requirements in the CFA, in connection with the Permitted Client effecting trades in Exchange-Traded Futures; provided that these requirements will not apply in the context of a Block Trade if the Applicant does not know and cannot reasonably determine the identity of the executing broker or the clearing broker at the time of the trade and would not have an opportunity to obtain such representations or take such steps;

c. the Applicant only introduces and enters trades in Exchange-Traded Futures for Permitted Clients in Ontario on Non-Canadian Exchanges;

d. at the time trading activity is engaged in, the Applicant:

   (i) has its head office or principal place of business in the U.S.;

   (ii) is registered in the category of introducing broker with the CFTC;

   (iii) is a member of the NFA; and

   (iv) engages in the business of an introducing broker in Exchange-Traded Futures in the U.S.;

e. the Applicant has provided to the Permitted Client in Ontario the following disclosure in writing:

   (i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;

   (ii) a statement specifying the location of the Applicant's head office or principal place of business;

   (iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

   (iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and

   (v) the name and address of the Applicant's agent for service of process in Ontario;

f. the Applicant has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A" hereto;

g. the Applicant notifies the Commission of any regulatory action initiated after the date of this ruling in respect of the Applicant, or any predecessors or specified affiliates of the Applicant, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of such action;

h. if the Applicant does not rely on the IDE by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 Fees as if the Applicant had relied on the IDE;

i. by December 1st of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement in the CFA granted pursuant to this ruling; and

j. this Decision will terminate on the earliest of:

   (i) the expiry of any such transition period as may be provided by law, after the effective date of the repeal of the CFA;

   (ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirement in the CFA or the trading restrictions in the CFA; and

   (iii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges where the Applicant acts in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients pursuant to the above ruling.

June 27, 2017

"D. Grant Vingoe"
Vice Chair
Ontario Securities Commission

"Monica Kowal"
Vice Chair
Ontario Securities Commission

APPENDIX A

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE *COMMODITY FUTURES ACT*, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:
   E-mail address:
   Phone:
   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _______________

____
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _______________ [*Insert name of International Firm*] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: ____________________

____
(Signature of the Agent for Service or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

		Yes	No
a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	___	___
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	___	___
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	___	___
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	___	___
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	___	___
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	___	___
(g)	Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	___	___

   If yes, provide the following information for each action:

Name of entity	
Type of action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm:
Name of firm’s authorized signing officer or partner
Title of firm’s authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission’s Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

2.4.2 J.P. Morgan Securities LLC and J.P. Morgan Securities PLC. – s. 38 of the CFA and s. 6.1 of Rule 91-502 Trades in Recognized Options

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (**CFA**) for a ruling that the Applicants be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. Applicants will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada and cleared through clearing corporations located outside of Canada to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 Trades in Recognized Options (Rule 91-502), exempting the Applicants and their Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside Canada.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33, 38.
Securities Act, R.S.O. 1990, c. S.5, as am.

Rule Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss. 3.1, 6.1.

Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

June 28, 2017

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

AND

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

AND

**IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 91-502 TRADES IN RECOGNIZED OPTIONS
(Rule 91-502)**

AND

**IN THE MATTER OF
J.P. MORGAN SECURITIES LLC AND
J.P. MORGAN SECURITIES PLC.**

**RULING & EXEMPTION
(Section 38 of the CFA and Section 6.1 of Rule 91-502)**

UPON the application (the **Application**) of J.P. Morgan Securities LLC (**JPMSLLC**) and J.P. Morgan Securities plc (**JPMSPLC**) (collectively, the **Applicants**) to the Ontario Securities Commission (the **Commission**) for:

(a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicants are not subject to the dealer registration requirements in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-

Traded Futures (as defined below) on exchanges located outside Canada (**Non-Canadian Exchanges**) where the Applicants are acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below);

(b) a ruling of the Commission, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirements in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges, where the Applicants act in respect of the trades in Exchange-Traded Futures on behalf of the Permitted Client pursuant to the above ruling; and

(c) a decision of the Director, pursuant to section 6.1 of Rule 91-502, exempting the Applicants and their salespersons, directors, officers and employees (the **Representatives**) from section 3.1 of Rule 91-502 in connection with trades in Exchange-Traded Futures;

AND WHEREAS for the purposes of this ruling and exemption (collectively, the **Decision**):

(i) **"CEA"** means the U.S. *Commodity Exchange Act*;

"CFTC" means the U.S. Commodity Futures Trading Commission;

"dealer registration requirements in the CFA" means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

"EEA" means European Economic Area;

"EEA Member States" means Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

"Exchange Act" means the U.S. *Securities Exchange Act of 1934*;

"Exchange-Traded Futures" means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and that is cleared through one or more clearing corporations located outside of Canada;

"FCA" means the Financial Conduct Authority in the United Kingdom;

"FINRA" means the Financial Industry Regulatory Authority in the U.S.;

"JPMSCI" means J.P. Morgan Securities Canada Inc.;

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

"NFA" means the National Futures Association in the U.S.;

"Permitted Client" means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of NI 31-103;

"PRA" means the Prudential Regulation Authority in the United Kingdom;

"SEC" means the U.S. Securities and Exchange Commission;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*;

"trading restrictions in the CFA" means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA;

"U.S." means the United States of America; and

(ii) terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Applicants having represented to the Commission and the Director as follows:

1. JPMSLLC is a limited liability company incorporated under the laws of the State of Delaware. Its head office is located at 383 Madison Avenue, New York, NY 10179, U.S.

2. JPMSLLC is a wholly owned subsidiary of J.P. Morgan Broker-Dealer Holdings LLC, a Delaware limited liability company, and an indirect wholly owned subsidiary of JPMorgan Chase & Co. (**JPM Chase**), a Delaware corporation.

3. JPMSLLC provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending and derivatives dealing for governments, corporate and financial institutions.

4. JPMSLLC is a member of major international securities and commodity futures exchanges and clearing houses, including but not limited to the NASDAQ, the NYSE Euronext (NYSE), the CME Group Exchanges (including the Chicago Mercantile Exchange, the Board of Trade of the City of Chicago, the Commodities Exchange, the New York Mercantile Exchange), ICE Clear U.S., ICE Futures Europe, ICE Clear Europe and the Options Clearing Corporation.

5. JPMSLLC is a broker dealer registered with the SEC, a member of FINRA, a registered futures commission merchant (**FCM**) with the CFTC and a member of the NFA.

6. JPMSLLC is relying on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**) and the international adviser exemption in section 8.26 of NI 31-103 in the following jurisdictions in Canada: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan, and Yukon. JPMSLLC is not registered pursuant to securities or commodity futures legislation in any jurisdiction of Canada.

7. JPMSPLC is a company incorporated under the laws of England. Its head office is located at 25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (**U.K.**).

8. JPMSPLC provides security brokerage services and is a wholly-owned subsidiary of JPMorgan Chase Bank, N.A., a national banking association, and an indirect wholly owned subsidiary of JPM Chase.

9. JPMSPLC is a member of major international securities and commodity futures exchanges and clearing houses, including but not limited to the London Stock Exchange, the London Metal Exchange, the Eurex Exchange, ICE Futures Europe, LCH.Clearnet S.A., LCH Clearnet Ltd. and ICE Clear Europe.

10. JPMSPLC is authorized by the PRA under the U.K. *Financial Services and Markets Act 2000* (as amended, including those amendments introduced by the *Financial Services Act 2012*) (the **FSMA**) to carry on a range of regulated activities within the U.K. and is subject to "dual regulation" by the FCA and the PRA. JPMSPLC is currently licensed in the U.K. to deal with eligible counterparties, professional clients and retail clients with respect to its permitted activities. JPMSPLC is currently authorized to carry on certain regulated activities in the U.K. in relation to certain specified investments, including the following: (a) arranging (bringing about) deals in futures; (b) dealing in futures as agent; (c) dealing in futures as principal; (d) making arrangements with a view to transactions in futures; (e) managing futures, (f) safeguarding and administration of assets in relation to futures (without arranging); and (g) arranging safeguarding and administration of assets in relation to futures. As is the case with all firms authorized in the U.K., JPMSPLC's current U.K. regulatory status remains subject to variation and the possible imposition of regulatory limitations or requirements and is described as at the date of the Application.

11. JPMSPLC has "passported" its U.K. registration into the EEA Member States. In relation to JPMSPLC's futures services, JPMSPLC utilizes its EEA passport to the extent that it may provide commodity futures services into other EEA Member States, and currently conducts such commodity futures activities out of its head office in London.

12. JPMSPLC is an Exempt Foreign Broker under CFTC rules (17 CFR 30) and is able to conduct brokerage activities for U.S. customers on non-U.S. exchanges without having to register with the CFTC as a FCM. As a result, JPMSPLC is a member of the NFA and is approved by the NFA as an exempt foreign firm under CFTC Regulation 30.10 under the CEA.

13. JPMSPLC is relying on the IDE in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan. JPMSPLC is not registered pursuant to securities or commodity futures legislation in any jurisdiction of Canada.

14. The Applicants provide FCM services, which include commodity clearing and execution services, to various institutional customers.

15. The Applicants are not in default of securities legislation in any jurisdiction in Canada or under the CFA, subject to the matter to which this Decision relates. The Applicants are in compliance in all material respects with U.S. and U.K. securities and commodity futures laws, as applicable.

16. JPMSCI is an affiliate of the Applicants and is a wholly owned subsidiary of J.P. Morgan Overseas Capital Corporation, a Delaware corporation, and an indirect wholly owned subsidiary of JPM Chase. JPMSCI is registered as an investment dealer in each of the provinces of Canada, as a futures commission merchant in Ontario, as a derivatives dealer in Québec, and is a dealer member of the Investment Industry Regulatory Organization of Canada.

17. Pursuant to its registrations and memberships, JPMSLLC is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the U.S. Rules of the CFTC and NFA require JPMSLLC to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, account-opening requirements, suitability requirements, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits and initial and maintenance margins. These rules require JPMSLLC to treat Permitted Clients materially the same as its U.S. customers with respect to transactions made on U.S. exchanges. With respect to transactions made on U.S. exchanges, in order to protect customers in the event of the insolvency or financial instability of JPMSLLC, JPMSLLC is required to ensure that customer securities and monies be separately accounted for, segregated at all times from their own securities and monies (including the securities and monies of their affiliates) and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the CEA and the rules promulgated by the CFTC thereunder (collectively, the **JPMUS Approved Depositories**). JPMSLLC is further required to obtain acknowledgements from any JPMUS Approved Depository holding customer funds or securities related to U.S.-based transactions or accounts that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against JPMSLLC's obligations or debts.

18. Pursuant to its authorizations and approvals, JPMSPLC may trade in securities and Exchange-Traded Futures in the U.K. and in all EEA Member States, and conduct brokerage activities for U.S. customers on non-U.S. exchanges without having to register with the CFTC as a FCM. Rules of the FCA and the PRA, as applicable, require JPMSPLC to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, client identification and account-opening requirements, suitability requirements, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits, dealing and handling customer order obligations including managing conflicts of interests and best execution rules. These rules require JPMSPLC to treat Permitted Clients materially the same as JPMSPLC's U.K., EEA and U.S. customers with respect to transactions made on exchanges in the U.K. and the EEA Member States. In order to protect customers in the event of insolvency or financial instability of JPMSPLC, JPMSPLC is required to ensure that customer securities and monies be separately accounted for and segregated from the securities and monies of JPMSPLC. JPMSPLC is subject to the FCA's Client Asset Rules, which impose a general duty to segregate client assets and require JPMSPLC to place client assets exclusively with counterparties selected and approved in compliance with the criteria set out in the FCA's Client Asset Rules (the **JPMSPLC Approved Depositories**, and together with the JPMUS Approved Depositories, the **JPM Approved Depositories**).

19. The Applicants propose to offer certain of their Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures through the Applicants.

20. JPMSLLC will execute and clear trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it executes and clears trades on behalf of its U.S. clients, all of which are "Eligible Contract Participants" as defined in the CEA. JPMSLLC will follow the same know-your-customer and segregation of assets procedures that it follows in respect of its U.S. clients. Permitted Clients will be afforded the benefits of compliance by JPMSLLC with the requirements of the CEA and the regulations thereunder, and the Exchange Act and the regulations thereunder. Permitted Clients in Ontario will have the same contractual rights against JPMSLLC as U.S. clients of JPMSLLC.

21. JPMSPLC will execute and clear trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it executes and clears trades on behalf of its U.K. clients, EEA clients and U.S. clients. JPMSPLC

will follow the same know-your-customer and segregation of assets procedures that it follows in respect of its U.K. clients, EEA clients and U.S. clients. Permitted Clients will be afforded the benefits of compliance by JPMSPLC with the requirements of the FSMA and the statutory and other requirements of the U.K. regulators, recognized investment exchanges and applicable European law and regulations. Permitted Clients in Ontario will have the same contractual rights against JPMSPLC as U.K. clients of JPMSPLC.

22. JPMSPLC is required under U.K. securities laws to categorize its clients using three categories (who are afforded a descending level of regulatory protection): (1) retail clients; (2) professional clients; and (3) eligible counterparties. Permitted Clients would generally fall into the categories of "professional clients" and "eligible counterparties". The levels of regulatory protection afforded to these categories of clients are substantially similar to those afforded to Permitted Clients.

23. The Applicants will not maintain an office, sales force or physical place of business in Ontario.

24. The Applicants will solicit trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients.

25. Permitted Clients of the Applicants will only be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

26. The Exchange-Traded Futures to be traded by Permitted Clients will include, but will not be limited to, Exchange-Traded Futures for equity index, interest rate, foreign exchange, bond, energy, agricultural and other commodity products.

27. Permitted Clients of the Applicants will be able to execute Exchange-Traded Futures orders through the Applicants by contacting their global execution desks. Permitted Clients may also be able to self-execute Exchange-Traded Futures orders electronically via an independent service vendor and/or other electronic trading routing. Permitted Clients may also be able to execute Exchange-Traded Futures orders through third party brokers and then "give up" the transaction for clearance through the Applicants.

28. The Applicants may execute a Permitted Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders. The Applicants will remain responsible for all executions when the Applicants are listed as the executing broker of record on the relevant Non-Canadian Exchange.

29. The Applicants may perform both execution and clearing functions for trades in Exchange-Traded Futures or may direct that a trade executed by them be cleared through a carrying broker if the Applicants are not clearing members of the Non-Canadian Exchange on which the trade is executed and cleared. Alternatively, the Permitted Client of the Applicants will be able to direct that trades executed by the Applicants be cleared through clearing brokers not affiliated with the Applicants in any way (each a **Non-JPM Clearing Broker**).

30. If the Applicants perform only the execution of a Permitted Client's Exchange-Traded Futures order and "give-up" the transaction for clearance to a Non-JPM Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under the CFA as applicable. Each such Non-JPM Clearing Broker will represent to the Applicants in an industry-standard give-up agreement, that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's Exchange-Traded Futures order will be executed and cleared. The Applicants will not enter into a give-up agreement with any Non-JPM Clearing Broker located in (i) the U.S. unless such clearing broker is registered with the CFTC and/or the SEC, as applicable, or (ii) the U.K. unless such clearing broker is authorized by the PRA or FCA, as required.

31. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures and Permitted Client orders that are submitted to the exchange in the name of the Non-JPM Clearing Broker or the Applicants or, on exchanges where the Applicants are not members, in the name of another carrying broker. The Permitted Client of an Applicant is responsible to that Applicant for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Applicant, the carrying broker or the Non-JPM Clearing Broker is in turn responsible to the clearing corporation/division for payment.

32. Permitted Clients that direct the Applicants to give up transactions in Exchange-Traded Futures for clearance and settlement by Non-JPM Clearing Brokers will execute the give-up agreements described above.

33. Permitted Clients will pay commissions for trades to the Applicants. In the event that the Applicants need to utilize a Non-JPM Clearing Broker for clearing or execution services in relation to such trades, the Applicants will generally pay commissions to the Non-JPM Clearing Broker.

34. The trading restrictions in the CFA apply unless, among other things, an Exchange-Traded Future is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no Non-Canadian Exchanges have been recognized or registered under the CFA.

35. If the Applicants were registered under the CFA as “futures commission merchants”, they could rely upon certain exemptions from the trading restrictions in the CFA to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

36. Section 3.1 of Rule 91-502 provides that no person shall trade as agent in, or give advice in respect of, a recognized option, as defined in section 1.1 of Rule 91-502, unless he or she has successfully completed the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).

37. All Representatives of JPMSLLC who trade options in the U.S. have passed the National Commodity Futures Examination (Series 3), being the relevant futures and options proficiency examination administered by FINRA.

38. All Representatives of JPMSPLC who trade futures and options in the U.K. need to have attained and maintain a level of skills, knowledge and expertise to discharge their responsibilities in accordance with the FCA’s Training and Competency Handbook. Ordinarily, Representatives who trade futures and options will have passed examinations in U.K. Financial Regulation and Securities and/or Derivatives administered by the Chartered Institute for Securities & Investment (CISI) under its Capital Markets Programme.

39. Under the U.K. Senior Managers & Certification Regime, these Representatives will be classified by JPMSPLC as certified individuals. Although these Representatives will not be subject to direct approval by the FCA or the PRA, JPMSPLC must take reasonable care to ensure that a Representative does not perform a certification function without having first been certified as fit and proper to do so. This certification must be renewed on an annual basis.

AND UPON the Commission and Director being satisfied that it would not be prejudicial to the public interest to grant the exemptions requested;

IT IS RULED, pursuant to section 38 of the CFA, that the Applicants are not subject to the dealer registration requirement set out in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicants are acting as principal or agent in such trades to, from or on behalf of Permitted Clients provided that:

(a) each client effecting trades in Exchange-Traded Futures is a Permitted Client;

(b) any Non-JPM Clearing Broker has represented and covenanted to the Applicants that it is appropriately registered or exempt from registration under the CFA;

(c) the Applicants only execute and clear trades in Exchange-Traded Futures for Permitted Clients on Non-Canadian Exchanges;

(d) at the time trading activity is engaged in, JPMSPLC:

    (i) has its head office or principal place of business in the U.K.;

    (ii) is authorized by the PRA and is regulated by the FCA and the PRA;

    (iii) is a member firm of the NFA and is approved by the NFA as an exempt foreign firm;

    (iv) engages in the business of an authorized firm in Exchange-Traded Futures in the U.K.;

(e) at the time trading activity is engaged in, JPMSLLC:

    (i) has its head office or principal place of business in the U.S.;

    (ii) is registered as a FCM with the CFTC;

    (iii) is a member firm of the NFA;

(iv) engages in the business of a FCM in Exchange-Traded Futures in the U.S.;

(f) each of the Applicants has provided to the Permitted Client the following disclosure in writing:

(i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;

(ii) a statement that the Applicant's head office or principal place of business is located in New York, New York, U.S. or London, U.K., as the case may be;

(iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

(iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and

(v) the name and address of the Applicant's agent for service of process in Ontario;

(g) each of the Applicants has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A" hereto;

(h) JPMSLLC notifies the Commission of any regulatory action initiated after the date of this ruling in respect of JPMSLLC, or any predecessors or specified affiliates of JPMSLLC, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of such action; provided that JPMSLLC may also satisfy this condition by filing with the Commission within ten days of the date of this Decision a notice making reference to and incorporating by reference the disclosure made by JPMSLLC pursuant to U.S. federal securities laws that is identified in the FINRA Broker Check system, and any updates to such disclosure as may be made from time to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD "Regulatory Action Disclosure Reporting Page";

(i) JPMSPLC notifies the Commission of any regulatory action initiated after the date of this ruling in respect of JPMSPLC, or any predecessors or specified affiliates of JPMSPLC, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of such action; provided that JPMSPLC may also satisfy this condition by filing with the Commission within ten days of the date of this Decision a notice making reference to and incorporating by reference the disclosure made relating to JPMSPLC pursuant to U.S. federal securities laws, and any updates to such disclosure that may be made from time to time, and by providing a copy, in a manner reasonably acceptable to the Director, of any Form BD "Regulatory Action Disclosure Reporting Page" relating to JPMSPLC;

(j) if the Applicants do not rely on the IDE by December 31st of each year, each of the Applicants pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Applicants relied on the IDE;

(k) by December 1st of each year, each Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to this Decision by filing Form 13-502F4 Capital Markets Participation Fee Calculation; and

(l) this Decision will terminate on the earliest of:

(i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges where the Applicants act in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients pursuant to the above ruling.

"Grant Vingoe"
Vice Chair
Ontario Securities Commission

"Monica Kowal"
Vice Chair
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicants or their Representatives in respect of trades in Exchange-Traded Futures, provided that:

(a) JPMSLLC and its Representatives maintain their respective registrations and memberships with the CFTC and NFA which permit them to trade and clear commodity futures options in the U.S.; and

(b) JPMSPLC and its Representatives maintain their respective authorizations and memberships with the FCA, the PRA and the NFA which permit them to trade and clear commodity futures options in the U.K. and all EEA Member States, and remain subject to regulation by the FCA and the PRA; and

(c) this Decision will terminate on the earliest of:

(i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendments to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

"Debra Foubert"
Director
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:
   E-mail address:
   Phone:
   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _______________

____
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _______________ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: ____________________

____
(Signature of the Agent for Service or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX "B"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

		Yes	No
a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	___	___
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	___	___
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	___	___
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	___	___
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	___	___
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	___	___
(g)	Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	___	___

If yes, provide the following information for each action:

Name of entity	
Type of action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*.

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm:
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Electrovaya Inc. and Sankar Das Gupta – s. 127(1)

IN THE MATTER OF
ELECTROVAYA INC. and
SANKAR DAS GUPTA

ORAL REASONS FOR APPROVAL OF SETTLEMENT
(Subsection 127(1) of the Securities Act, RSO 1990, c S.5)

Citation: Electrovaya Inc., 2017 ONSEC 25
Date: 2017-06-30

Hearing:	June 30, 2017		
Decision:	June 30, 2017		
Panel:	Philip Anisman	–	Commissioner and Chair of the Panel
	William Furlong	–	Commissioner
	Frances Kordyback	–	Commissioner
Appearances:	Cullen Price Anna Huculak	–	For Staff of the Commission
	Brad Moore	–	For Electrovaya Inc. and Sankar Das Gupta

ORAL REASONS FOR APPROVAL OF SETTLEMENT

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

[1] Continuous disclosure by reporting issuers is a cornerstone of our securities regulatory regime. It is intended to provide, on an ongoing basis, the full and accurate information concerning all material facts and events relating to reporting issuers that is necessary for investors to have confidence in the fair and efficient operation of our securities markets. Accordingly, disclosures made by reporting issuers must be current, balanced and accurate.

[2] A failure by a reporting issuer to meet these regulatory requirements is always significant, albeit to greater and lesser degrees. It is important, therefore, that such issuers have policies and procedures to ensure compliance with their disclosure obligations under securities laws and that their responsible officers ensure that these policies and procedures are observed.

[3] This hearing concerns a settlement agreement (the “Settlement Agreement”) among Commission Staff (“Staff”), Electrovaya Inc. (“Electrovaya”) and Dr. Sankar Das Gupta (together with Electrovaya, the “Respondents”). As admitted in the Settlement Agreement, Electrovaya, despite warnings from Staff, repeatedly published unbalanced and incomplete news releases and, contrary to Ontario securities law, failed to update forward-looking information contained in prior news releases and to accurately describe the development of its business in its annual information form resulting in overly optimistic disclosure. Electrovaya’s disclosure contraventions were authorized, permitted or acquiesced in by Dr. Das Gupta, who is Electrovaya’s president and CEO, the chair of its board of directors and a member of its disclosure committee and who is deemed under section 129.2 of the *Securities Act* to have also committed these contraventions.

[4] Staff and the Respondents request approval of the settlement embodied in the Settlement Agreement. Settlements like this one, by avoiding the costs of a contested hearing, permit the Commission’s resources to be directed to other matters, thus increasing the Commission’s overall enforcement capabilities to the benefit of investors and the securities market. In addition, a settlement of this nature enables respondents to resolve the distractions that may accompany an enforcement proceeding and devote themselves to their legitimate business activities.

[5] A settlement will ordinarily be approved, if the sanctions agreed to by the parties are within a reasonable range of appropriateness in light of the facts admitted in the settlement agreement, taking into account the settlement process and its benefits. It is important to note, however, that the agreed sanctions need not be the sanctions that the panel might have imposed after a hearing on the merits. A settlement is based on the facts admitted by the respondents and agreed to by Staff, which may or may not be the facts that a Commission panel would have found after a contested hearing. Even on the same facts, other sanctions might have been imposed by a panel after a merits hearing.

[6] A panel considering a proposed settlement necessarily relies on Staff's negotiations in furtherance of their enforcement responsibilities, as the panel cannot know of facts that are not included in the settlement agreement or of the breadth of sanctions discussed by the parties. Its consideration is based only on the facts agreed to by Staff in the settlement agreement and any contextual information provided by the parties in a confidential settlement conference convened pursuant to the Commission's *Rules of Procedure*.[1] While the panel's reliance is necessarily deferential as a result, the standard of reasonableness that the panel applies is not the same as the deference that a court accords when reviewing decisions made by an administrative tribunal like the Commission or by corporate directors in exercising their business judgment, even though the standards applicable to such judicial review are based on similarly expressed concepts of reasonableness.

[7] On judicial review of administrative action, a court considering the reasonableness of a decision made by a government body in the exercise of authority conferred on it by legislation is concerned with process, "the existence of justification, transparency and intelligibility within the decision-making process", as much as with outcomes.[2] When considering corporate action, a court must evaluate a decision made by directors who were elected by shareholders to manage the corporation's business and affairs, as mandated by corporate legislation.[3] In both cases, the court is considering a decision made by another body, which is the primary decision-maker, and applies reasonableness standards that reflect the administrative or business context.

[8] In the case of a settlement, a Commission panel is the primary decision-maker. It must be satisfied that the settlement is fair and reasonable[4] and that approval of the settlement is in the public interest, based on the facts and sanctions agreed to by the parties, in light of applicable regulatory principles, prior Commission sanctions and the regulatory settlement process. The Commission's role is recognized in the Commission's *Rules of Procedure* concerning settlements[5] and in OSC Staff Notice 15-702 – *Revised Credit for Cooperation Program*.[6]

[9] The purpose of the Commission's sanctioning authority is to protect investors and the fair operation of our securities markets and to deter, both specifically and generally, future conduct that is inconsistent with securities laws or the public interest. These goals are furthered through the adoption and implementation by reporting issuers of governance practices, policies and procedures designed to ensure fulfilment of their disclosure obligations and by recognition by the issuers' officers of their responsibility to ensure compliance.

[10] In this case, approval of the Settlement Agreement with Electrovaya and Dr. Das Gupta is in the public interest because on the basis of the agreed facts, the agreed sanctions are within a reasonable range of appropriate sanctions.

[11] Prior to entering the Settlement Agreement, Electrovaya appointed an independent director to its disclosure committee and revised its disclosure policy to require review of all continuous disclosure by its legal counsel. Under the Settlement Agreement, it and Dr. Das Gupta have agreed to take further remedial steps, first, by retaining a consultant agreed to by Staff to review and report on (i) its corporate governance framework, including the position and role of the chair of its board of directors and the composition of its disclosure committee, (ii) its corporate disclosure policies, and (iii) the policies, processes, reports and systems relating to its disclosure controls and procedures and, following this review, by instituting changes that are recommended by the consultant and accepted by Staff.

[12] The consultant's process will be subject to Staff oversight and the consultant will oversee and report to Staff on Electrovaya's implementation of its recommendations. This process must be completed within approximately one to one and one half years and Electrovaya must disclose the results of the consultant's reviews and the implementation of its recommendations.

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1 *OSC Rules of Procedure*, Rules 12.1-12.5. In this case, there were two such conferences.

2 *Dunsmuir v. New Brunswick*, [2008] 1 SCR 190, 2008 SCC 9, para. 47 ("a range of possible, acceptable outcomes which are defensible").

3 See *BCE Inc. v. 1976 Debentureholders*, [2008] 3 SCR 560, 2008 SCC 69, paras. 40 and 99 ("deference to a business decision, so long as it lies within a range of reasonable alternatives").

4 See, e.g., *Re Ernst & Young LLP* (2014), 37 OSCB 9227, para. 7.

5 *OSC Rules of Procedure*, Rule 12.1 provides that the purpose of a settlement conference is to enable the parties to obtain guidance on whether a proposed settlement would be in the public interest.

6 (2014), 37 OSCB 2583, para. 19 (settlement agreements "will be subject to the adjudicative discretion of an independent Commission hearing panel whether to approve any" settlement.)

[13] In addition, although Dr. Das Gupta may continue as a director and officer of Electrovaya, the Respondents have undertaken immediately to appoint an independent director as chair of Electrovaya's board of directors, to restructure its disclosure committee to have an equal number of management and independent directors and to ensure that all of the disclosure committee's decisions are approved by the independent directors. These processes will remain in place for twenty months and will thus extend beyond the completion of the consultant's review and reports. In the panel's view, these remedial obligations are a reasonable way of addressing the conduct of Electrovaya and protecting investors during the period of the consultant's work.

[14] Dr. Das Gupta will be prohibited for a year from acting as a director or officer of any reporting issuer, other than Electrovaya or an affiliate of Electrovaya. He has agreed to pay and has paid a monetary penalty of $250,000. In addition, he has undertaken personally to pay the entire costs of the consultant's services and to participate in a course on corporate governance at his own expense. He has undertaken, as well, that all of the payments to be made by him will be without recourse to any insurance or indemnity agreement or similar compensatory arrangement that might otherwise have been available.

[15] The administrative penalty that has been paid and these undertakings make manifest Dr. Das Gupta's acceptance of responsibility for Electrovaya's admitted disclosure failings and their correction and for its ongoing governance and continuous disclosure obligations. This acceptance is highlighted by Dr. Das Gupta's agreement, in the Settlement Agreement, to attend at this hearing and be reprimanded. Dr. Das Gupta, I ask you to stand before this panel. We impose this reprimand on you to emphasize your responsibility, as a senior officer of a reporting issuer, to ensure that Electrovaya complies with its disclosure and other obligations under securities laws. To this end, this panel reprimands you. You may now be seated.

[16] For all of these reasons, the panel has determined to approve the settlement and will sign an order substantially in the form of the order in Schedule "A" to the Settlement Agreement. With that, the panel wishes to thank all counsel for their helpful submissions in the settlement conferences that preceded this hearing and in this hearing. The hearing is now concluded.

"Philip Anisman"

"William Furlong"

"Frances Kordyback"

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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
Avcorp Industries Inc.	19-June-2017	30-June-2017
Mountain Lake Minerals Inc.	11-April-2017	28-June-2017

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
CHC Student Housing Corp.	05 May 2017	04 July-2017

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	04 July-2017
Stompy Bot Corporation	04 May 2017	

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Chapter 5

Rules and Policies

5.1.1 Amendment to National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives

ONTARIO SECURITIES COMMISSION

NOTICE OF AMENDMENT TO
NATIONAL INSTRUMENT 94-101
MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

1. Introduction

The Ontario Securities Commission (the **OSC**, the **Commission** or **we**) has made an amendment to National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives* (the **Clearing Rule**).

Ministerial approval is required for the Clearing Rule amendment to come into force. This amendment will be delivered to the Minister of Finance on July 21, 2017. The Minister may approve or reject this amendment or return it for further consideration. If the Minister approves the Clearing Rule amendment or does not take any further action by September 19, 2017, the Clearing Rule amendment will come into force on October 4, 2017.

2. Background

On January 19, 2017 the OSC published National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives.* The Clearing Rule became effective on April 4, 2017. Based on consultations with and feedback from various market participants, and in order to more effectively and efficiently promote the underlying policy aims, the Commission has amended the Clearing Rule. Details of the amendment are discussed further below.

3. Substance and Purpose of the Amendment

The key objective of the Clearing Rule amendment is to delay the effective date of certain counterparties' mandatory clearing obligations under the Clearing Rule to allow for subsequent amendments to clarify the scope of the parties subject to these obligations.

The Commission believes that the Clearing Rule amendment is not required to be published for comment on the basis that:

- it grants an exemption or removes a restriction and is not likely to have a substantial effect on the interests of persons or companies other than those who benefit under it, and/or

- it does not materially change an existing rule.

4. Summary of the Clearing Rule Amendment

(a) Section 13: delay of certain counterparties' obligation to submit for clearing

The Commission has amended the effective date of mandatory clearing for certain counterparties specified in paragraphs 3(1)(b) and (c) of the Clearing Rule to which paragraph 3(1)(a) does not apply. The effective date of mandatory clearing has been changed from October 4, 2017 to August 20, 2018**.** Minor housekeeping changes have also been made.

The Commission understands that the scope of the parties subject to mandatory clearing obligations under paragraph 3(1)(c) of the Clearing Rule may be beyond what was originally intended. Specifically, based on the Clearing Rule's current definition of "affiliated entity" and the meaning of "control," investment funds and special purpose vehicles organized as trusts or partnerships and managed by unrelated managers could be subject to mandatory clearing. As a result, the Commission is amending the Clearing Rule to delay clearing obligations. This will provide additional time for the Commission to publish additional proposed amendments to the Clearing Rule that will address the scope of the mandatory clearing obligations before the effective date of these mandatory clearing obligations.

Other Canadian Securities Administrators (**CSA**) members are concurrently publishing blanket orders to change the effective date of the counterparty clearing obligations under the Clearing Rule from October 4, 2017 to August 20, 2018. The Clearing Rule amendment has the same effect as the blanket orders.

5. Legislative Authority for Rule Making

The Clearing Rule amendment will come into force under the rulemaking authority provided under subparagraph 35(iii) of subsection 143(1) of the *Securities Act* (Ontario). Subparagraph 35(iii) authorizes the Commission to make rules prescribing requirements in respect of persons or companies trading in derivatives, including requirements in respect of margin, collateral, capital, clearing and settlement.

6. Annexes

Appended as part this Notice are the following Annexes:

- Annex A, which sets out the Clearing Rule amendment; and
- Annex B, which is the blackline corresponding to Annex A.

July 6, 2017

ANNEX A

AMENDMENTS TO
NATIONAL INSTRUMENT 94-101 *MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES*

1. ***National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives is amended by this Instrument.***

2. ***Section 13 is*** replaced by the following:

Transition – certain counterparties' submission for clearing

13. A counterparty specified in paragraph 3(1)(b) or (c) to which paragraph 3(1)(a) does not apply is not required to submit a mandatory clearable derivative for clearing to a regulated clearing agency until August 20, 2018.

3. This Instrument comes into force on October 4, 2017.

ANNEX B

NATIONAL INSTRUMENT 94-101
MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

PART 1
DEFINITIONS AND INTERPRETATION

Definitions and interpretation

1. (1) In this Instrument

"local counterparty" means a counterparty to a derivative if, at the time of execution of the transaction, either of the following applies:

(a) the counterparty is a person or company, other than an individual, to which one or more of the following apply:

(i) the person or company is organized under the laws of the local jurisdiction;

(ii) the head office of the person or company is in the local jurisdiction;

(iii) the principal place of business of the person or company is in the local jurisdiction;

(b) the counterparty is an affiliated entity of a person or company referred to in paragraph (a) and the person or company is liable for all or substantially all the liabilities of the counterparty;

"mandatory clearable derivative" means a derivative within a class of derivatives listed in Appendix A;

"participant" means a person or company that has entered into an agreement with a regulated clearing agency to access the services of the regulated clearing agency and is bound by the regulated clearing agency's rules and procedures;

"regulated clearing agency" means,

(a) in Alberta, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon, a person or company recognized or exempted from recognition as a clearing agency or clearing house pursuant to the securities legislation of any jurisdiction of Canada,

(b) in British Columbia, Manitoba and Ontario, a person or company recognized or exempted from recognition as a clearing agency in the local jurisdiction, and

(c) in Québec, a person recognized or exempted from recognition as a clearing house;

"transaction" means any of the following:

(a) entering into a derivative or making a material amendment to, assigning, selling or otherwise acquiring or disposing of a derivative;

(b) the novation of a derivative, other than a novation with a clearing agency or clearing house.

(2) In this Instrument, a person or company is an affiliated entity of another person or company if one of them controls the other or each of them is controlled by the same person or company.

(3) In this Instrument, a person or company (the first party) is considered to control another person or company (the second party) if any of the following apply:

(a) the first party beneficially owns or directly or indirectly exercises control or direction over securities of the second party carrying votes which, if exercised, would entitle the first party to elect a majority of the directors of the second party unless the first party holds the voting securities only to secure an obligation;

(b) the second party is a partnership, other than a limited partnership, and the first party holds more than 50% of the interests of the partnership;

(c) the second party is a limited partnership and the general partner of the limited partnership is the first party;

(d) the second party is a trust and a trustee of the trust is the first party.

(4) In this Instrument, in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon, "derivative" means a "specified derivative" as defined in Multilateral Instrument 91-101 *Derivatives: Product Determination*.

Application

2. This Instrument applies to,

(a) in Manitoba,

(i) a derivative other than a contract or instrument that, for any purpose, is prescribed by any of sections 2, 4 and 5 of Manitoba Securities Commission Rule 91-506 *Derivatives: Product Determination* not to be a derivative, and

(ii) a derivative that is otherwise a security and that, for any purpose, is prescribed by section 3 of Manitoba Securities Commission Rule 91-506 *Derivatives: Product Determination* not to be a security,

(b) in Ontario,

(i) a derivative other than a contract or instrument that, for any purpose, is prescribed by any of sections 2, 4 and 5 of Ontario Securities Commission Rule 91-506 *Derivatives: Product Determination* not to be a derivative, and

(ii) a derivative that is otherwise a security and that, for any purpose, is prescribed by section 3 of Ontario Securities Commission Rule 91-506 *Derivatives: Product Determination* not to be a security, and

(c) in Québec, a derivative specified in section 1.2 of Regulation 91-506 respecting derivatives determination, other than a contract or instrument specified in section 2 of that regulation.

In each other local jurisdiction, this Instrument applies to a derivative as defined in subsection 1(4) of this Instrument. This text box does not form part of this Instrument and has no official status.

PART 2
MANDATORY CENTRAL COUNTERPARTY CLEARING

Duty to submit for clearing

3. (1) A local counterparty to a transaction in a mandatory clearable derivative must submit, or cause to be submitted, the mandatory clearable derivative for clearing to a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, if one or more of the following applies to each counterparty:

(a) the counterparty

(i) is a participant of a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, and

(ii) subscribes to clearing services for the class of derivatives to which the mandatory clearable derivative belongs;

(b) the counterparty

(i) is an affiliated entity of a participant referred to in paragraph (a), and

(ii) has had, at any time after the date on which this Instrument comes into force, a month-end gross notional amount under all outstanding derivatives exceeding $1 000 000 000 excluding derivatives to which paragraph 7(1)(a) applies;

(c) the counterparty

(i) is a local counterparty in any jurisdiction of Canada, other than a counterparty to which paragraph (b) applies, and

(ii) has had, at any time after the date on which this Instrument comes into force, a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding $500 000 000 000 excluding derivatives to which paragraph 7(1)(a) applies.

(2) Unless paragraph (1)(a) applies, a local counterparty to which paragraph (1)(b) or (1)(c) applies is not required to submit a mandatory clearable derivative for clearing to a regulated clearing agency if the transaction in the mandatory clearable derivative was executed before the 90th day after the end of the month in which the month-end gross notional amount first exceeded the amount specified in subparagraph (1)(b)(ii) or (1)(c)(ii), as applicable.

(3) Unless subsection (2) applies, a local counterparty to which subsection (1) applies must submit a mandatory clearable derivative for clearing no later than

(a) the end of the day of execution if the transaction is executed during the business hours of the regulated clearing agency, or

(b) the end of the next business day if the transaction is executed after the business hours of the regulated clearing agency.

(4) A local counterparty to which subsection (1) applies must submit the mandatory clearable derivative for clearing in accordance with the rules of the regulated clearing agency, as amended from time to time.

(5) A counterparty that is a local counterparty solely pursuant to paragraph (b) of the definition of “local counterparty” in section 1 is exempt from this section if the mandatory clearable derivative is submitted for clearing in accordance with the law of a foreign jurisdiction to which the counterparty is subject, set out in Appendix B.

Notice of rejection

4. If a regulated clearing agency rejects a mandatory clearable derivative submitted for clearing, the regulated clearing agency must immediately notify each local counterparty to the mandatory clearable derivative.

Public disclosure of clearable and mandatory clearable derivatives

5. A regulated clearing agency must do all of the following:

(a) publish a list of each derivative or class of derivatives for which the regulated clearing agency offers clearing services and state whether each derivative or class of derivatives is a mandatory clearable derivative;

(b) make the list accessible to the public at no cost on its website.

PART 3
EXEMPTIONS FROM MANDATORY CENTRAL COUNTERPARTY CLEARING

Non-application

6. This Instrument does not apply to the following counterparties:

(a) the government of Canada, the government of a jurisdiction of Canada or the government of a foreign jurisdiction;

(b) a crown corporation for which the government of the jurisdiction where the crown corporation was constituted is liable for all or substantially all the liabilities;

(c) a person or company wholly owned by one or more governments referred to in paragraph (a) if the government or governments are liable for all or substantially all the liabilities of the person or company;

(d) the Bank of Canada or a central bank of a foreign jurisdiction;

(e) the Bank for International Settlements;

(f) the International Monetary Fund.

Intragroup exemption

7. (1) A local counterparty is exempt from the application of section 3, with respect to a mandatory clearable derivative, if all of the following apply:

(a) the mandatory clearable derivative is between a counterparty and an affiliated entity of the counterparty if each of the counterparty and the affiliated entity are consolidated as part of the same audited consolidated financial statements prepared in accordance with “accounting principles” as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

(b) both counterparties to the mandatory clearable derivative agree to rely on this exemption;

(c) the mandatory clearable derivative is subject to a centralized risk management program reasonably designed to assist in monitoring and managing the risks associated with the derivative between the counterparties through evaluation, measurement and control procedures;

(d) there is a written agreement between the counterparties setting out the terms of the mandatory clearable derivative between the counterparties.

(2) No later than the 30th day after a local counterparty first relies on subsection (1) in respect of a mandatory clearable derivative with a counterparty, the local counterparty must deliver electronically to the regulator or securities regulatory authority a completed Form 94-101F1 *Intragroup Exemption*.

(3) No later than the 10th day after a local counterparty becomes aware that the information in a previously delivered Form 94-101F1 *Intragroup Exemption* is no longer accurate, the local counterparty must deliver or cause to be delivered electronically to the regulator or securities regulatory authority an amended Form 94-101F1 *Intragroup Exemption*.

Multilateral portfolio compression exemption

8. A local counterparty is exempt from the application of section 3, with respect to a mandatory clearable derivative resulting from a multilateral portfolio compression exercise, if all of the following apply:

(a) the mandatory clearable derivative is entered into as a result of more than 2 counterparties changing or terminating and replacing existing derivatives;

(b) the existing derivatives do not include a mandatory clearable derivative entered into after the effective date on which the class of derivatives became a mandatory clearable derivative;

(c) the existing derivatives were not cleared by a clearing agency or clearing house;

(d) the mandatory clearable derivative is entered into by the same counterparties as the existing derivatives;

(e) the multilateral portfolio compression exercise is conducted by an independent third-party.

Recordkeeping

9. (1) A local counterparty to a mandatory clearable derivative that relied on section 7 or 8 with respect to a mandatory clearable derivative must keep records demonstrating that the conditions referred to in those sections, as applicable, were satisfied.

(2) The records required to be maintained under subsection (1) must be kept in a safe location and in a durable form for a period of

(a) except in Manitoba, 7 years following the date on which the mandatory clearable derivative expires or is terminated, and

(b) in Manitoba, 8 years following the date on which the mandatory clearable derivative expires or is terminated.

PART 4
MANDATORY CLEARABLE DERIVATIVES

Submission of information on derivatives clearing services provided by a regulated clearing agency

10. No later than the 10th day after a regulated clearing agency first offers clearing services for a derivative or class of derivatives, the regulated clearing agency must deliver electronically to the regulator or securities regulatory authority a completed Form 94-101F2 *Derivatives Clearing Services*, identifying the derivative or class of derivatives.

PART 5
EXEMPTION

Exemption

11. (1) The regulator or the securities regulatory authority may grant an exemption to this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Alberta and Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

PART 6
TRANSITION AND EFFECTIVE DATE

Transition – regulated clearing agency filing requirement

12. No later than May 4, 2017, a regulated clearing agency must deliver electronically to the regulator or securities regulatory authority a completed Form 94-101F2 *Derivatives Clearing Services*, identifying all derivatives or classes of derivatives for which it offers clearing services on April 4, 2017.

Transition – certain counterparties' submission for clearing

13. A counterparty specified in paragraph~~s~~ 3(1)(b) or (c) to which paragraph ~~(3)(1)(a)~~3(1)(a) does not apply is not required to submit a mandatory clearable derivative for clearing to a regulated clearing agency until ~~October 4, 2017~~August 20, 2018.

Effective date

14. (1) This Instrument comes into force on April 4, 2017.

(2) In Saskatchewan, despite subsection (1), if these regulations are filed with the Registrar of Regulations after April 4, 2017, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

APPENDIX A
TO
NATIONAL INSTRUMENT 94-101
MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

MANDATORY CLEARABLE DERIVATIVES
(Section 1(1))

Interest Rate Swaps

Type	Floating index	Settlement currency	Maturity	Settlement currency type	Optionality	Notional type
Fixed-to-float	CDOR	CAD	28 days to 30 years	Single currency	No	Constant or variable
Fixed-to-float	LIBOR	USD	28 days to 50 years	Single currency	No	Constant or variable
Fixed-to-float	EURIBOR	EUR	28 days to 50 years	Single currency	No	Constant or variable
Fixed-to-float	LIBOR	GBP	28 days to 50 years	Single currency	No	Constant or variable
Basis	LIBOR	USD	28 days to 50 years	Single currency	No	Constant or variable
Basis	EURIBOR	EUR	28 days to 50 years	Single currency	No	Constant or variable
Basis	LIBOR	GBP	28 days to 50 years	Single currency	No	Constant or variable
Overnight index swap	CORRA	CAD	7 days to 2 years	Single currency	No	Constant or variable
Overnight index swap	FedFunds	USD	7 days to 3 years	Single currency	No	Constant or variable
Overnight index swap	EONIA	EUR	7 days to 3 years	Single currency	No	Constant or variable
Overnight index swap	SONIA	GBP	7 days to 3 years	Single currency	No	Constant or variable

Forward Rate Agreements

Type	Floating index	Settlement currency	Maturity	Settlement currency type	Optionality	Notional type
Forward rate agreement	LIBOR	USD	3 days to 3 years	Single currency	No	Constant or variable
Forward rate agreement	EURIBOR	EUR	3 days to 3 years	Single currency	No	Constant or variable
Forward rate agreement	LIBOR	GBP	3 days to 3 years	Single currency	No	Constant or variable

APPENDIX B
TO
NATIONAL INSTRUMENT 94-101
MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

LAWS, REGULATIONS OR INSTRUMENTS OF FOREIGN JURISDICTIONS
APPLICABLE FOR SUBSTITUTED COMPLIANCE
(Subsection 3(5))

Foreign jurisdiction	**Laws, regulations or instruments**
European Union	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories
United States of America	Clearing Requirement and Related Rules, 17 C.F.R. pt. 50

FORM 94-101F1
INTRAGROUP EXEMPTION

Type of Filing: ☐ **INITIAL** ☐ **AMENDMENT**

Section 1 – Information on the entity delivering this Form

1. Provide the following information with respect to the entity delivering this Form:

Full legal name:
Name under which it conducts business, if different:

Head office
Address:
Mailing address (if different):
Telephone:
Website:

Contact employee
Name and title:
Telephone:
Email:

Other offices
Address:
Telephone:
Email:

Canadian counsel (if applicable)
Firm name:
Contact name:
Telephone:
Email:

2. In addition to providing the information required in item 1, if this Form is delivered for the purpose of reporting a name change on behalf of the entity referred to in item 1, provide the following information:

Previous full legal name:
Previous name under which the entity conducted business:

Section 2 – Combined notification on behalf of counterparties within the group to which the entity delivering this Form belongs

1. For the mandatory clearable derivatives to which this Form relates, provide all of the following information in the table below:

(a) the legal entity identifier of each counterparty in the same manner as required under the following instruments:

(i) in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon, Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting*,

(ii) in Manitoba, Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*,

(iii) in Ontario, Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, and

(iv) in Québec, *Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting*;

(b) whether each counterparty is a local counterparty in a jurisdiction of Canada.

Pairs	LEI of counterparty 1	Jurisdiction(s) of Canada in which counterparty 1 is a local counterparty	LEI of counterparty 2	Jurisdiction(s) of Canada in which counterparty 2 is a local counterparty
1				

2. Describe the ownership and control structure of the counterparties identified in item 1.

Section 3 – Certification

I certify that I am authorized to deliver this Form on behalf of the entity delivering this Form and on behalf of the counterparties identified in Section 2 of this Form and that the information in this Form is true and correct.

DATED at ____________ this ________ day of _________________, 20____

____
(Print name of authorized person)

____
(Print title of authorized person)

____
(Signature of authorized person)

____
(Email)

____
(Phone number)

FORM 94-101F2
DERIVATIVES CLEARING SERVICES

Type of Filing: ☐ **INITIAL** ☐ **AMENDMENT**

Section 1 – Regulated clearing agency information

1. Full name of regulated clearing agency:

2. Contact information of person authorized to deliver this form

   Name and title:
   Telephone:
   Email:

Section 2 – Description of derivatives

1. Identify each derivative or class of derivatives for which the regulated clearing agency offers clearing services in respect of which a Form 94-101F2 has not previously been delivered.

2. For each derivative or class of derivatives referred to in item 1, describe all significant attributes of the derivative or class of derivatives including

   (a) the standard practices for managing life-cycle events associated with the derivative or class of derivatives, as defined in the following instruments:

      (i) in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon, Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting*;

      (ii) in Manitoba, Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*;

      (iii) in Ontario, Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*;

      (iv) in Québec, *Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting*,

   (b) the extent to which the transaction is confirmable electronically,

   (c) the degree of standardization of the contractual terms and operational processes,

   (d) the market for the derivative or class of derivatives, including its participants, and

   (e) the availability of pricing and liquidity of the derivative or class of derivatives within Canada and internationally.

3. Describe the impact of providing clearing services for each derivative or class of derivatives referred to in item 1 on the regulated clearing agency's risk management framework and financial resources, including the protection of the regulated clearing agency on the default of a participant and the effect of the default on the other participants.

4. Describe the impact, if any, on the regulated clearing agency's ability to comply with its regulatory obligations should the regulator or securities regulatory authority determine a derivative or class of derivatives referred to in item 1 to be a mandatory clearable derivative.

5. Describe the clearing services offered for each derivative or class of derivatives referred to in item 1.

6. If applicable, attach a copy of every notice the regulated clearing agency provided to its participants for consultation on the launch of the clearing service for a derivative or class of derivatives referred to in item 1 and a summary of concerns received in response to the notice.

Section 3 – Certification

CERTIFICATE OF REGULATED CLEARING AGENCY

I certify that I am authorized to deliver this form on behalf of the regulated clearing agency named below and that the information in this form is true and correct.

DATED at ____________ this ________ day of _________________, 20____

____
(Print name of regulated clearing agency)

____
(Print name of authorized person)

____
(Print title of authorized person)

____
(Signature of authorized person)

Chapter 6

Request for Comments

6.1.1 CSA Notice and Request for Comment Relating to Designated Rating Organizations

Canadian Securities Administrators   Autorités canadiennes en valeurs mobilières

CSA Notice and Request for Comment
Relating to Designated Rating Organizations

Proposed Amendments to
National Instrument 25-101 *Designated Rating Organizations*,
National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*,
National Instrument 33-109 *Registration Information*,
National Instrument 41-101 *General Prospectus Requirements*,
National Instrument 44-101 *Short Form Prospectus Distributions*,
National Instrument 44-102 *Shelf Distributions*,
National Instrument 45-106 *Prospectus Exemptions*,
National Instrument 51-102 *Continuous Disclosure Obligations*,
National Instrument 81-102 *Investment Funds*
and
National Instrument 81-106 *Investment Fund Continuous Disclosure*

and

Proposed Changes to
Companion Policy 21-101CP *Marketplace Operation*
and
Companion Policy 81-102CP *Investment Funds*

July 6, 2017

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period proposed amendments (the **Proposed Amendments**) to:

- National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**),
- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**),
- National Instrument 33-109 *Registration Information* (**NI 33-109**),
- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**),
- National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**),
- National Instrument 44-102 *Shelf Distributions* (**NI 44-102**),

- National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**),
- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**),
- National Instrument 81-102 *Investment Funds* (**NI 81-102**), and
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

We are also publishing for a 90-day comment period proposed changes (the **Proposed Changes**) to:

- Companion Policy 21-101CP *Marketplace Operation* (**21-101CP**), and
- Companion Policy 81-102CP *Investment Funds* (**81-102CP**).

The Proposed Amendments and the Proposed Changes relate to designated rating organizations (**DROs**) and credit ratings of DROs.

The text of the Proposed Amendments and the Proposed Changes is contained in Annexes C to N of this notice and will also be available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
nssc.novascotia.ca
www.fcnb.ca
www.osc.gov.on.ca
www.sfsc.gov.sk.ca
www.msc.gov.mb.ca

Substance and Purpose

The Proposed Amendments and the Proposed Changes consist of the following:

1. Proposed Amendments relating to EU equivalency and IOSCO Code revision

We propose to amend NI 25-101 to reflect new requirements for credit rating organizations in the European Union (**EU**) that must be included in NI 25-101 by June 1, 2018 in order for:

- the EU to continue to recognize the Canadian regulatory regime as "equivalent" for regulatory purposes in the EU (**EU equivalency**), and
- credit ratings of a Canadian office of a DRO to continue to be used for regulatory purposes in the EU.

We also propose to amend NI 25-101 to reflect new provisions in the March 2015 version of the IOSCO *Code of Conduct Fundamentals for Credit Rating Agencies* (the **IOSCO Code**) of the International Organization of Securities Commissions (**IOSCO**). Since NI 25-101 is based on the previous version of the IOSCO Code, we want to continue to be able to represent that NI 25-101 reflects the IOSCO Code.

2. Proposed Amendments and Proposed Changes relating to Kroll application for designation as a DRO and Other Matters

As discussed in greater detail in the "Background" section of this notice, Kroll Bond Rating Agency, Inc. (**Kroll**) has filed an application for designation as a DRO.

We propose to amend NI 44-101 and NI 44-102 to recognize credit ratings of Kroll, but only for the purposes of the alternative eligibility criteria in section 2.6 of NI 44-101 and section 2.6 of NI 44-102 for issuers of asset-backed securities (**ABS**) to file a short form prospectus or shelf prospectus, respectively (the **ABS Short Form Eligibility Criteria**).

The Proposed Amendments and Proposed Changes also address the following matters (the **Other Matters**):

- To ensure that Kroll credit ratings are only recognized for purposes of the ABS Short Form Eligibility Criteria, we propose to include clarifying language in provisions of NI 31-103, NI 33-109, NI 41-101, NI 45-106, NI 81-102, NI 81-106 and 21-101CP that refer to DROs or credit ratings of DROs.
- We have included certain "housekeeping" revisions in the Proposed Amendments and the Proposed Changes.

Background

1. Proposed Amendments relating to EU equivalency and IOSCO Code revision

EU equivalency

We propose to amend NI 25-101 to reflect new EU requirements that must be included in NI 25-101 by June 1, 2018 in order to maintain EU equivalency.

The EU regulation on credit rating agencies (the **EU CRA Regulation**) allows credit ratings issued outside the EU to be used for regulatory purposes in the EU when they are issued by certified credit rating agencies or endorsed by credit rating agencies established in the EU. As the legal and supervisory framework for DROs in NI 25-101 has been deemed as stringent as the EU framework by the European Securities and Markets Authority (**ESMA**) and equivalent by the European Commission (**EC**) pursuant to an EC implementing decision of October 5, 2012, both mechanisms are currently operational in respect of credit ratings of a Canadian office of a DRO.

In 2013, the EU CRA Regulation was amended to include a range of new requirements. While some of these new requirements are explicitly excluded from the assessment of EU equivalency, ESMA and the EC are required to ensure that the remaining provisions are taken into account for their past EU equivalency decisions. The entry into force of these new requirements for the purposes of EU equivalency is June 1, 2018.

IOSCO Code revision

We also propose to amend NI 25-101 to reflect new provisions in the IOSCO Code.

The IOSCO Code offers a set of robust measures as a framework for credit rating organizations to protect the integrity of the rating process, ensure that investors and issuers are treated fairly, and safeguard confidential material information provided to credit rating organizations by issuers. In March 2015, the IOSCO Code was revised to include new provisions.

Since NI 25-101 is based on the previous version of the IOSCO Code, we want to continue to be able to represent that NI 25-101 reflects the IOSCO Code.

2. Proposed Amendments and Proposed Changes relating to Kroll application for designation as a DRO and Other Matters

Kroll application

Currently, there are four DROs in Canada: S&P Global Ratings Canada (**S&P**), Moody's Canada Inc. (**Moody's**), Fitch Ratings, Inc. (**Fitch**) and DBRS Limited (**DBRS**).

Kroll has filed an application for designation as a DRO. The Ontario Securities Commission (**OSC**) is the principal regulator for the Kroll application.

Kroll's application is significant and novel since it is the first designation application from a credit rating organization whose credit ratings have:

- not previously been referred to in CSA rules and policies, and
- not generally been used in the Canadian marketplace.

Kroll mainly operates in the United States, where it is registered as a "nationally recognized statistical rating organization" with the United States Securities and Exchange Commission.

Regulatory approach to Kroll application

Under applicable securities legislation, the OSC can only make a designation for the purpose of allowing an applicant credit rating organization (a **DRO Applicant**) to satisfy:

- a requirement in securities law that a credit rating be given by a DRO, or
- a condition for an exemption under securities law that a credit rating be given by a DRO, (collectively, **Credit Rating Provisions**).

The Credit Rating Provisions serve a "minimum standards" function by establishing minimum levels of credit quality of securities for certain regulatory purposes (e.g., the availability of an exemption or an alternative process in a rule). The Credit Rating Provisions currently refer to specific credit ratings of the four existing DROs. It is therefore appropriate for the principal regulator to consider whether a DRO Applicant's credit ratings can satisfy this minimum standards function for specific Credit Rating Provisions.

This requires the principal regulator to consider the following as part of its designation decision:

- whether the Applicant DRO has sufficient experience and expertise in rating the particular types of securities and issuers covered by specific Credit Rating Provisions; and

- the appropriate credit rating level for the specific Credit Rating Provisions.

As a result, the principal regulator should only make its final designation order in conjunction with appropriate rule and policy amendments being made to the relevant Credit Rating Provisions.

Analysis of Kroll application

Based on the information provided by Kroll, it appears that Kroll has sufficient expertise and experience in rating ABS for purposes of the ABS Short Form Eligibility Criteria. Consequently, subject to confirmation and completion of certain matters, staff anticipate recommending that Kroll be designated as a DRO, but only:

- for the purposes of the ABS Short Form Eligibility Criteria, and

- if the Proposed Rule Amendments and Policy Changes are enacted as final rule amendments and policy changes and those amendments and changes come into effect following Ministerial approval of the rule amendments.

At this time, staff do not anticipate recommending that Kroll be designated as a DRO for purposes of other Credit Rating Provisions.

Appropriate rating categories of Kroll for ABS Short Form Eligibility Criteria

Based on the information provided by Kroll, it appears that a Kroll long term credit rating of "BBB" and a Kroll short term credit rating of "K3" are the appropriate rating categories for purposes of the ABS Short Form Eligibility Criteria.

- Under the ABS Short Form Eligibility Criteria, an ABS issuer must have a "designated rating" from a DRO, which would include a long term credit rating at or above "BBB" (for DBRS, Fitch and S&P) or "Baa" (for Moody's).

- As part of its work in determining the appropriate rating categories of Kroll, staff compared a large number of credit ratings of Kroll for numerous ABS issuers in the United States against those of DBRS, Fitch, S&P and Moody's for the same issuers. This work allowed staff to consider whether Kroll regularly gave higher or lower credit ratings than its competitors.

- Staff considered the experience of Kroll in rating ABS issuers in the United States to be relevant in determining the appropriate rating categories of Kroll for purposes of the ABS Short Form Eligibility Criteria.

Summary of the Proposed Amendments and Proposed Changes

1. Proposed Amendments relating to EU equivalency and IOSCO Code revision

Annex A sets out a summary of the Proposed Amendments relating to EU equivalency and the IOSCO Code revision.

2. Proposed Amendments and Proposed Changes relating to Kroll application for designation as a DRO and Other Matters

Annex B sets out a summary of the Proposed Amendments and Proposed Changes relating to the Kroll application for designation as a DRO and the Other Matters.

Impact on Investors

1. Proposed Amendments relating to EU equivalency and IOSCO Code revision

If the Proposed Amendments relating to EU equivalency and the IOSCO Code revision are enacted, investors may benefit from the additional safeguards in NI 25-101 that DROs will be required to follow. In particular, the Proposed Amendments will provide additional safeguards for protecting the integrity of the rating process, ensuring that investors and issuers are treated fairly, and safeguarding confidential material information provided to DROs by issuers.

2. Proposed Amendments and Proposed Changes relating to Kroll application for designation as a DRO and Other Matters

If the Proposed Amendments and Proposed Changes relating to the Kroll application for designation as a DRO are enacted and Kroll is designated as a DRO for purposes of the ABS Short Form Eligibility Criteria, Kroll may increase its presence in the Canadian marketplace and more investors in Canada may use Kroll's credit ratings.

The Proposed Amendments and Proposed Changes do not detract from (or contradict) past CSA efforts to help ensure that investors are cautioned about undue mechanistic reliance on credit ratings and the limits of credit ratings. In particular, under existing prospectus and continuous disclosure rules, reporting issuers are required to provide disclosure (including cautionary statements) about the attributes and limitations of their credit ratings.

Anticipated Costs and Benefits

1. Proposed Amendments relating to EU equivalency and IOSCO Code revision

The benefits of the Proposed Amendments relating to EU equivalency and the IOSCO Code revision include the following:

- Issuers and investors may benefit from the additional safeguards in NI 25-101 that DROs will be required to follow. In particular, the Proposed Amendments will provide additional safeguards for protecting the integrity of the rating process, ensuring that investors and issuers are treated fairly, and safeguarding confidential material information provided to DROs by issuers.

- DROs, issuers and investment dealers will benefit if EU equivalency is maintained so that credit ratings of a Canadian office of a DRO can continue to be used for regulatory purposes in the EU. Continued EU equivalency is important for Canadian issuers that pay for such a credit rating and sell their rated securities to EU investors, investment dealers that structure cross-border transactions involving rated securities of Canadian issuers on the basis of EU equivalency, and institutional investors that use such a credit rating for regulatory purposes in the EU.

DROs will incur costs associated with understanding and complying with the new requirements. One-time start-up costs include:

- a DRO revising its code of conduct to comply with the new requirements in Appendix A of NI 25-101;

- a DRO revising its existing policies and procedures, or developing new policies and procedures, to comply with the new requirements.

However, we understand that:

- certain DROs have already revised their codes of conduct, revised existing policies and procedures and developed new policies and procedures to comply with new provisions in the March 2015 version of the IOSCO Code; and

- certain DROs, or their DRO affiliates that operate in the EU, have policies and procedures that comply with the new EU requirements.

2. Proposed Amendments and Proposed Changes relating to Kroll application for designation as a DRO and Other Matters

In terms of potential benefits to Kroll and other market participants, if the Proposed Amendments and Proposed Changes relating to the Kroll application for designation as a DRO come into effect and Kroll is designated as a DRO for purposes of the ABS Short Form Eligibility Criteria:

- More ABS issuers may retain Kroll to rate their ABS.
- Issuers, investment dealers and institutional investors may have an increased choice of DROs and competition among DROs may increase.

Market participants will need to understand and comply with the new provisions.

"Rating shopping" may occur if an issuer seeks to retain those credit rating organizations that are more likely to provide the most favourable credit ratings of the issuer and its securities. There may be an increased potential for rating shopping by ABS issuers from the Proposed Amendments.

Local Matters

Where applicable, Annex P provides additional information required by the local securities legislation.

Request for Comments

We welcome your comments on the Proposed Amendments and the Proposed Changes. In addition to any general comments you may have, we also invite comments on the following specific questions:

1. Do you agree that a Kroll long term credit rating of "BBB" and a Kroll short term credit rating of "K3" would be the appropriate rating categories for purposes of the ABS Short Form Eligibility Criteria?

2. We have considered the experience of Kroll in rating ABS issuers in the United States in determining the appropriate rating categories of Kroll for purposes of the ABS Short Form Eligibility Criteria. Do you agree that this U.S. experience is relevant to the Canadian marketplace?

3. Do you think there is an increased potential for rating shopping by ABS issuers if the Proposed Amendments are implemented? If so, why or why is that a concern?

4. What would be the implications to Canadian market participants if the EU did not continue to recognize the Canadian regulatory regime in NI 25-101 as "equivalent" for regulatory purposes in the EU? We are interested in details of how you would be impacted.

How to Provide Comments

Please submit your comments in writing on or before **October 4, 2017**. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (in Microsoft Word format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA.

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

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax : 514-864-6381
consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Contents of Annexes

This notice includes the following annexes:

- Annex A sets out a summary of the Proposed Amendments relating to EU equivalency and the IOSCO Code revision,
- Annex B sets out a summary of the Proposed Amendments and Proposed Changes relating to the Kroll application for designation as a DRO and the Other Matters,
- Annex C sets out the Proposed Amendments to NI 25-101,
- Annex D sets out the Proposed Amendments to NI 31-103,
- Annex E sets out the Proposed Amendments to NI 33-109,
- Annex F sets out the Proposed Amendments to NI 41-101,
- Annex G sets out the Proposed Amendments to NI 44-101,
- Annex H sets out the Proposed Amendments to NI 44-102,
- Annex I sets out the Proposed Amendments to NI 45-106,
- Annex J sets out the Proposed Amendments to NI 51-102,
- Annex K sets out the Proposed Amendments to NI 81-102,
- Annex L sets out the Proposed Amendments to NI 81-106,
- Annex M sets out the Proposed Change to 21-101CP, and
- Annex N sets out the Proposed Change to 81-102CP.

Certain jurisdictions may set out, in Annex O, a full text version of NI 25-101 that includes the Proposed Amendments, blacklined to show the changes from the current version of NI 25-101.

Where applicable, Annex P provides additional information relevant for local jurisdictions.

Questions

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ANNEX A

SUMMARY OF PROPOSED AMENDMENTS
RELATING TO EU EQUIVALENCY AND IOSCO CODE REVISION

This Annex summarizes the Proposed Amendments to NI 25-101, including the Proposed Amendments to:

- Appendix A *Provisions Required to be Included in a Designated Rating Organization's Code of Conduct* (**Appendix A to NI 25-101**), and

- Form 25-101F1 *Designated Rating Organization Application and Annual Filing* (**Form 25-101F1**).

1. EU equivalency

The Proposed Amendments to NI 25-101 relating to EU equivalency are summarized as follows:

Credit ratings and rating outlooks

We added a definition of "rating outlook" in section 1 of NI 25-101 and included references to "rating outlooks" in appropriate provisions in NI 25-101 and Appendix A to NI 25-101.

We also included requirements providing that:

- A DRO must provide additional disclosure in respect of credit ratings or rating outlooks (sections 4.13.1 and 4.13.2 of Appendix A to NI 25-101).

- A DRO must inform an issuer of a credit rating or rating outlook during the business hours of the issuer (section 4.12 of Appendix A to NI 25-101).

Initial reviews and preliminary ratings

We revised the disclosure requirement in section 4.7 of Appendix A to NI 25-101 so that it also applies to initial reviews and preliminary ratings for debt securities.

Rating categories

We included additional requirements regarding rating categories (section 4.14 of Appendix A to NI 25-101).

Rating methodologies

We included requirements providing that:

- A DRO must take certain actions where it becomes aware of errors in a rating methodology or its application, if those errors could have an impact on its credit ratings (section 2.12.1 of Appendix A to NI 25-101).

- A DRO must make any changes to credit ratings in accordance with the DRO's published rating methodologies (section 2.13.1 of Appendix A to NI 25-101).

- A DRO must include certain guidance when disclosing methodologies, models and key rating assumptions (section 4.8.1 of Appendix A to NI 25-101).

- A DRO must publish, for comment, proposed changes to its rating methodologies (sections 4.15.1 and 4.15.2 of Appendix A to NI 25-101).

Significant security holders

We added a definition of "significant security holder" in section 1 of NI 25-101 and included requirements regarding a significant security holder of a DRO or an affiliate that is a parent of a DRO (paragraph 2.20(d) and section 3.6.1 of Appendix A to NI 25-101).

Treatment of confidential information

We added requirements regarding the treatment of confidential information (section 4.16.1 of Appendix A to NI 25-101). We revised section 4.19 of Appendix A to NI 25-101 so that it also applies to transactions by a DRO.

Internal control mechanisms

We added a requirement regarding internal control mechanisms (section 2.26 of Appendix A to NI 25-101).

Policies and procedures

We added requirements for a DRO to have additional policies and procedures to prevent and mitigate conflicts of interest and to ensure the independence of credit ratings, rating outlooks and DRO employees (section 3.11.1 of Appendix A to NI 25-101).

Fees

We added requirements regarding fees charged to rated entities (section 3.9.1 of Appendix A to NI 25-101).

Form 25-101F1

We revised:

- Item 11 of Form 25-101F1 to require disclosure of the number of ratings employees, and the number of ratings employees supervisors, allocated to credit rating activities for different asset classes.

- Item 13 of Form 25-101F1 to require additional disclosure on revenues.

We added Item 14A to Form 25-101F1, which requires a DRO or a DRO applicant to disclose its pricing policy for credit rating services and any ancillary services. Since we expect that a DRO or a DRO applicant may apply for confidentiality in respect of its pricing policy, we revised Instruction (4) to Form 25-101F1 to clarify the circumstances in which confidentiality may be granted.

2. IOSCO Code revision

The Proposed Amendments to NI 25-101 relating to the IOSCO Code revision are summarized as follows:

Credit ratings

We replaced certain references to “credible rating” with “high-quality credit rating” (section 2.7 and 2.9 of Appendix A to NI 25-101).

Novel structures

We revised section 2.8 of Appendix A to NI 25-101 so that it also applies to novel instruments, securities and entities.

We added a requirement that a DRO will not issue or maintain a credit rating for entities or securities for which it does not have appropriate information, knowledge or expertise (section 2.9 of Appendix A to NI 25-101).

Rating methodologies

We revised the requirements regarding rating methodologies in section 2.2 of Appendix A to NI 25-101.

Discontinued credit ratings

We revised section 2.15 of Appendix A to NI 25-101 to clarify when a DRO must disclose that it has discontinued a credit rating.

Prospective assessments

We revised section 2.19 of Appendix A to NI 25-101 to clarify when a DRO may develop prospective assessments.

Books and records

We added a requirement that a DRO must keep books and records and other documents that are sufficiently detailed to reconstruct the credit rating process for any credit rating action (subsection 13(1.1) of NI 25-101).

Integrity of the rating process

We revised section 2.18 of Appendix A to NI 25-101 to include a reference to ethical behaviour.

We added a requirement that a DRO and its employees must not make promises or threats to influence rated entities or other market participants to pay for credit ratings or other services (section 2.19.1 of Appendix A to NI 25-101).

Independence and conflicts of interest

We revised:

- Section 3.1 of Appendix A to NI 25-101 to add the phrase “or unnecessarily delay”.
- Section 3.5 of Appendix A to NI 25-101 to add the phrase “and, if practicable, physically”.
- Section 3.11 of Appendix A to NI 25-101 to add the phrase “or to develop or modify methodologies that apply to that entity”.
- Section 3.14 of Appendix A to NI 25-101 to clarify and enhance certain requirements.

We added requirements that:

- A DRO must disclose why it believes that its ancillary services do not present a conflict of interest with its credit rating activities (section 3.5 of Appendix A to NI 25-101).
- If an actual or potential conflict of interest is unique or specific to a credit rating action with respect to a particular rated entity or related entity, the conflict of interest must be disclosed in the same form and through the same means as the relevant credit rating action (section 3.8 of Appendix A to NI 25-101).

Transparency and timeliness of ratings disclosure and other disclosure

We revised section 4.10 of Appendix A to NI 25-101 so that:

- A DRO must disclose the risks of relying on a credit rating to make investment or other financial decisions.
- A DRO must prepare the disclosure required by this section using plain language.
- A DRO must not
  - state or imply that a regulator or securities regulatory authority endorses its credit ratings, or
  - use its designation status to promote the quality of its credit ratings.

We revised:

- Section 4.11 of Appendix A to NI 25-101 to also require disclosure of financial statement adjustments that deviate materially from those contained in the issuer’s published financial statements.
- Section 4.13 of Appendix A to NI 25-101 to clarify and enhance certain requirements.
- Section 4.15 of Appendix A to NI 25-101 to require that any disclosure of material modifications to a DRO’s methodologies, models and key rating assumptions be made in a non-selective manner.

We added requirements that:

- If a DRO discloses to the public or its subscribers, any decision on a credit rating or rating outlook regarding a rated entity or the securities of a rated entity, as well as any subsequent decisions to discontinue the rating, it must do so on a non-selective basis (section 4.3.1 of Appendix A to NI 25-101).

- In each of its ratings reports in respect of a credit rating or rating outlook for a structured finance product, a DRO must disclose whether the issuer of the structured finance product has informed the DRO that it is publicly disclosing all relevant information about the product being rated or if the information remains non-public (paragraph 4.5(c) of Appendix A to NI 25-101).

- When issuing a credit rating or rating outlook, the DRO must clearly indicate the extent to which the DRO verifies information provided to it by the rated entity (section 4.10.1 of Appendix A to NI 25-101).

- If a credit rating involves a type of entity or obligation for which there is limited historical data, the DRO must disclose this fact and how it may limit the credit rating (section 4.10.1 of Appendix A to NI 25-101).

- For any credit rating or rating outlook, a DRO must be transparent with the rated entity and investors about how the rated entity or its securities are rated (section 4.10.2 of Appendix A to NI 25-101).

- A DRO's disclosures must be must be complete, fair, accurate, timely, and understandable to reasonable investors and other expected users of credit ratings (section 4.15.3 of Appendix A to NI 25-101).

- A DRO must publicly and prominently disclose, free of charge, certain information on its primary website (section 4.15.4 of Appendix A to NI 25-101).

Treatment of confidential information

We revised:

- Section 4.16 of Appendix A to NI 25-101 to require that a DRO and its DRO employees must take all reasonable measures to protect non-public information about a credit rating action, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers.

- Section 4.18 of Appendix A to NI 25-101 to include a reference to inadvertent disclosure.

Compliance officer

We added requirements relating to a DRO's compliance officer:

- The compliance officer must be designated as an officer of the DRO, or a DRO affiliate that is a parent of the DRO, under a by-law or similar authority of the DRO or the DRO affiliate. This requirement will help ensure that the compliance officer is a senior level employee (subsection 12(1.1) of NI 25-101).

- The compliance officer must have the education, training and experience that a reasonable person would consider necessary to competently perform the activities of the compliance officer required under NI 25-101 and the DRO's code of conduct (subsection 12(1.2) of NI 25-101).

- The compliance officer must monitor and evaluate the adequacy and effectiveness of the DRO's policies, procedures and controls designed to ensure compliance with the DRO's code of conduct and securities legislation (section 2.28.2 of Appendix A to NI 25-101).

Board monitoring of compliance

We added a requirement that the board of directors of a DRO or a DRO affiliate that is a parent of the DRO must monitor the compliance by the DRO and its DRO employees with the DRO's code of conduct and with securities legislation (paragraph 2.25(e) of Appendix A to NI 25-101).

Risk management

We added requirements for a DRO to establish and maintain a risk management committee (section 2.29 of Appendix A to NI 25-101).

Treatment of complaints

We added requirements for a DRO to establish and maintain a committee charged with receiving, retaining, and handling complaints from market participants and the public (section 4.25 of Appendix A to NI 25-101).

Policies, procedures and controls

We added requirements for a DRO to have additional policies, procedures and controls, including requirements for:

- Policies, procedures and controls reasonably designed to avoid issuing a credit rating, action or report that is false or misleading as to the general creditworthiness of a rated entity or rated securities (section 2.6.1 of Appendix A to NI 25-101).

- Policies, procedures and controls to ensure that a DRO does not use the services of a DRO employee which a reasonable person would consider to be lacking in or have compromised integrity (section 2.18.1 of Appendix A to NI 25-101).

- Policies, procedures and controls reasonably designed to ensure that the DRO and its DRO employees comply with the DRO's code of conduct and securities legislation (section 2.28.1 of Appendix A to NI 25-101).

- Policies and procedures requiring DRO employees to undergo ongoing training (section 2.30 of Appendix A to NI 25-101).

- Policies, procedures and controls to identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the credit rating methodologies, credit rating actions, or analyses by the DRO or the judgment, opinions or analysis by ratings employees (section 3.7.1 of Appendix A to NI 25-101).

- Policies, procedures and controls for distributing credit ratings, actions, updates, rating outlooks and related reports and for when a credit rating will be withdrawn or discontinued (section 4.1.1 of Appendix A to NI 25-101). Section 4.2 of Appendix A to NI 25-101 requires that a DRO must publicly disclose the policies and procedures.

- Policies, procedures and controls governing the treatment of confidential information and record-keeping (section 4.24 of Appendix A to NI 25-101).

3. Other

We also made a few "housekeeping" revisions to NI 25-101, including correcting a typographical error in the definition of "DRO affiliate" in section 1.

ANNEX B

SUMMARY OF PROPOSED AMENDMENTS AND PROPOSED CHANGES RELATING TO KROLL APPLICATION FOR DESIGNATION AS A DRO AND OTHER MATTERS

Overview

As described earlier in this notice,

- We propose to amend NI 44-101 and NI 44-102 to recognize credit ratings of Kroll, but only for the purposes of the ABS Short Form Eligibility Criteria.
- The Proposed Amendments and Proposed Changes also address the Other Matters:
  - To ensure that Kroll credit ratings are only recognized for purposes of the ABS Short Form Eligibility Criteria, we propose to include clarifying language in provisions of NI 31-103, NI 33-109, NI 41-101, NI 45-106, NI 81-102, NI 81-106 and 21-101CP that refer to DROs or credit ratings of DROs.
  - We have included certain "housekeeping" revisions in the Proposed Amendments and the Proposed Changes.

Drafting approach

The Proposed Amendments and Proposed Changes relating to the Kroll application for designation as a DRO and the Other Matters reflect the following drafting approach:

1. We sought to primarily amend existing definitions, rather than introduce interpretative provisions.
2. In order to reduce the number of future rule amendments when we have another DRO Applicant similar to Kroll, we sought (where appropriate) to have the definitions of "designated rating" and "designated rating organization" in various rules refer to the amended definitions in NI 44-101. This approach may result in us only having to amend the definitions in NI 44-101 when we have another DRO applicant like Kroll.
3. As a housekeeping matter, we replaced references to:
   - "Fitch, Inc." with "Fitch Ratings, Inc.", and
   - "Standard & Poor's Ratings Services (Canada)" with "S&P Global Ratings Canada".

Proposed Amendments

The Proposed Amendments relating to the Kroll application for designation as a DRO and the Other Matters may be further detailed as follows:

NI 31-103[1]

We revised:

The definition of "designated rating" to provide that it has the same meaning as in paragraph (b) of the definition of "designated rating" in NI 81-102.

- The definition of "designated rating organization" to provide that it has the same meaning as in NI 44-101.
- Subparagraph (a)(i) of Schedule 1 of Form 31-101F1 to:
  - Include the applicable long term and short term credit ratings of DBRS and Fitch.
  - Include the applicable short term credit ratings of S&P and Moody's.

[1] On July 7, 2016, the CSA published for comment proposed amendments to NI 31-103, including proposed amendments to subparagraph (a)(i) of Schedule 1 of Form 31-103F1. It is expected that these amendments will be finalized before the Proposed Amendments.

NI 33-109[2]

We revised subparagraph (a)(i) of Schedule 1 of Schedule C of Form 33-109F6 to:

- Include the applicable long term and short term credit ratings of DBRS and Fitch.
- Include the applicable short term credit ratings of S&P and Moody's.

NI 41-101

We revised:

- The definition of "designated rating" to provide that it has the same meaning as in NI 44-101.
- Section 7.2 so that the relevant provision only applies to Kroll credit ratings for a distribution of ABS.

NI 44-101

We revised the definition of "designated rating".

- Paragraph (a) of the definition applies for the ABS Short Form Eligibility Criteria and includes the applicable credit ratings of Kroll and the existing four DROs.
- Paragraph (b) of the definition applies for a security referred to in any other provision of NI 44-101 and only includes the applicable credit ratings of the existing four DROs.
- As a housekeeping matter, we replaced the reference to the applicable credit rating of Moody's for preferred shares.

We revised the definition of "designated rating organization". Paragraph (a) of the definition includes Kroll and the existing four DROs.

NI 44-102

We revised the definition of "designated rating".

- Paragraph (a) of the definition applies for the ABS Short Form Eligibility Criteria and provides that it has the same meaning as in paragraph (a) of the definition of "designated rating" in NI 44-101.
- Paragraph (b) of the definition applies for a security referred to in any other provision of NI 44-102 and provides that it has the same meaning as in paragraph (b) of the definition of "designated rating" in NI 44-101.

NI 45-106

We revised:

- The definition of "designated rating" to provide that it has the same meaning as in paragraph (b) of the definition of "designated rating" in NI 81-102.
- The definition of "designated rating organization" to provide that it has the same meaning as in NI 44-101.
- Subsection 2.35(1) and section 2.35.2 to address the Other Matters.

NI 51-102

We deleted the definitions of "designated rating organization" and "DRO affiliate" since NI 51-102 no longer refers to "designated ratings" or "designated rating organizations".

[2] On July 7, 2016, the CSA published for comment proposed amendments to NI 33-109, including proposed amendments to subparagraph (a)(i) of Schedule 1 of Schedule C of Form 33-109F6. It is expected that these amendments will be finalized before the Proposed Amendments.

NI 81-102

We revised the definition of "designated rating".

- Paragraph (a) of the definition applies for a security referred to in paragraph 4.1(4)(b) of NI 81-102 and provides that it has the same meaning as in paragraph (b) of the definition of "designated rating" in NI 44-101.

- Paragraph (b) of the definition applies for a security referred to in any other provision of NI 81-102 and only includes the applicable credit ratings of the existing four DROs.

We revised the definition of "designated rating organization" so that it only applies to the existing four DROs.

We deleted subsection 4.1(4.1) since the subject matter of that provision is covered by paragraph (a) of the definition of "designated rating" in NI 81-102.

NI 81-106

We added a definition of "designated rating" which provides that it has the same meaning as in paragraph (b) of the definition of "designated rating" in NI 81-102.

We revised subsection 1.3(2) to add the phrase "if not defined in section 1.1".

Proposed Changes

The Proposed Changes are summarized as follows:

21-101CP

We revised subsection 10.1(6) of 21-101CP to address the Other Matters. We also included definitions of "designated rating organization" and "DRO affiliate" for purposes of that subsection.

81-102CP

We deleted section 3.1 of 81-102CP. We believe that this guidance is no longer necessary since filers can apply for relief from any provision in NI 81-102.

ANNEX C

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 25-101 *DESIGNATED RATING ORGANIZATIONS*

1. National Instrument 25-101 Designated Rating Organizations is amended by this Instrument.

2. Section 1 is amended

(a) in the definition of "DRO affiliate", by replacing "organizations'***" with "***organization's***",***

(b) in the definition of "DRO employee", by adding "or rating outlook***" after "***credit rating***",***

(c) in the definition of "ratings employee", by adding "or rating outlook***" after "***credit rating***", and***

(d) by adding the following definitions:

"rating outlook" means an assessment regarding the likely direction of a credit rating over the short term, the medium term or both;

"significant security holder" means a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all of the issuer's outstanding voting securities;***.***

3. Subsection 6(4) is amended by replacing "agency***" with "***organization***".***

4. Section 12 is amended by adding the following after subsection (1):

(1.1) The compliance officer must be designated as an officer of the designated rating organization, or a DRO affiliate that is a parent of the designated rating organization, under a by-law or similar authority of the designated rating organization or the DRO affiliate.

(1.2) The compliance officer must have the education, training and experience that a reasonable person would consider necessary to competently perform the activities of the compliance officer required under this Instrument and the designated rating organization's code of conduct.***.***

5. Section 13 is amended by adding the following after subsection (1):

(1.1) A designated rating organization must keep such books and records and other documents that are sufficiently detailed to reconstruct the credit rating process for any credit rating action.***.***

6. Subsection 15(3) is amended by adding "*Alberta and****" before "****Ontario****".***

7. Section 2.1 of Appendix A is amended

(a) by adding "and rating outlooks***" after "***credit ratings***", and***

(b) by replacing "its rating***" with "***the applicable rating***".***

8. Section 2.2 of Appendix A is replaced with the following:

2.2 A designated rating organization must include a provision in its code of conduct that it will use only rating methodologies that are rigorous, systematic, continuous, capable of being applied consistently and subject to some means of objective validation based on historical experience, including back-testing.***.***

9. Appendix A is amended by adding the following after section 2.6:

2.6.1 The designated rating organization must adopt, implement and enforce policies, procedures and controls reasonably designed to avoid issuing a credit rating, action or report that is false or misleading as to the general creditworthiness of a rated entity or rated securities.***.***

10. Section 2.7 of Appendix A is replaced with the following:

2.7 The designated rating organization must ensure that it has and devotes sufficient resources to carry out and maintain high-quality credit ratings for all rated entities and rated securities. When deciding whether to rate or continue rating an entity or securities, the organization must assess whether it is able to devote sufficient personnel with sufficient skill sets to provide a high-quality credit rating, and whether its personnel are likely to have access to sufficient information needed in order to provide such a rating. A designated rating organization must adopt all necessary measures so that the information it uses in assigning a credit rating or a rating outlook is of sufficient quality to support what a reasonable person would conclude is a high-quality credit rating and is obtained from a source that a reasonable person would consider to be reliable.***.***

11. Section 2.8 of Appendix A is amended

(a) by adding ", instrument, security or entity***" after "***structure***", and***

(b) by adding ", instruments, securities or entities that***" after "***structures***".***

12. Section 2.9 of Appendix A is replaced with the following:

2.9 The designated rating organization must not issue or maintain a credit rating for structures, instruments, securities or entities for which it does not have appropriate information, knowledge or expertise. The designated rating organization must assess whether the methodologies and models used for determining credit ratings of a structured finance product are appropriate when the risk characteristics of the assets underlying the structured finance product change significantly. If the quality of the available information is not satisfactory or if the complexity of a type of structure, instrument, security or entity should reasonably raise concerns about whether the designated rating organization can provide a high-quality credit rating, the designated rating organization must not issue or maintain a credit rating.***.***

13. Section 2.12 of Appendix A is amended by replacing "will do each***" with "***must do all***".***

14. Appendix A is amended by adding the following after section 2.12:

2.12.1 If a designated rating organization becomes aware of errors in a rating methodology or its application, the designated rating organization must do all of the following if the errors could have an impact on its ratings:

(a) promptly notify the regulator or securities regulatory authority and all affected rated entities of the errors and explain the impact or potential impact of the errors on its ratings, including the need to review existing ratings;

(b) promptly publish a notice of the errors on its website, where the errors have an impact on its ratings;

(c) promptly correct the errors in the rating methodology or the application;

(d) apply the measures set out in paragraphs 2.12 (a) to (d) as if the correction of the error were a change contemplated by that section.***.***

15. Appendix A is amended by adding the following after section 2.13:

2.13.1 A change in ratings must be made in accordance with the designated rating organization's published rating methodologies.***.***

16. Section 2.15 of Appendix A is amended by replacing "will disclose***" wherever it occurs with "***must, as soon as practicable, disclose***".***

17. Section 2.18 of Appendix A is amended by adding "and ethical behaviour***" after "***high standard of integrity***".***

18. Appendix A is amended by adding the following after section 2.18:

2.18.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls to ensure that it does not use of the services of a DRO employee which a reasonable person would consider to be lacking in or have compromised integrity.***.***

19. ***The second sentence of section 2.19 of Appendix A is amended by replacing "***The designated rating organization***" with "***Subject to section 2.20 and paragraph 3.7.1(d), the designated rating organization***".***

20. ***Appendix A is amended by adding the following after section 2.19:***

2.19.1 A designated rating organization or a DRO employee must not make promises or threats to influence rated entities, related entities, other issuers, subscribers, users of the designated rating organization's credit ratings or other market participants to pay for credit ratings or other services.***.***

21. ***Section 2.20 of Appendix A is amended***

(a) ***in paragraph (c), by replacing "***above.***" with "***above;***", and***

(b) ***by adding the following after paragraph (c):***

(d) a significant security holder of the designated rating organization or of an affiliate that is a parent of the designated rating organization.***.***

22. ***Section 2.22 of Appendix A is amended by adding "***or a rating outlook***" after "***credit rating***" wherever it occurs.***

23. ***Section 2.23 of Appendix A is amended***

(a) ***by adding "***or rating outlook***" after "***credit rating***",***

(b) ***by replacing "***specific rating***" with "***specific credit rating or rating outlook***", and***

(c) ***by replacing "***outcome of the rating***" with "***outcome of the credit rating or rating outlook***".***

24. ***Section 2.25 of Appendix A is amended***

(a) ***by adding "***all of***" after "***monitor***",***

(b) ***in paragraph (d), by replacing "***section 2.11.***" with "***section 2.11;***", and***

(c) ***by adding the following after paragraph (d):***

(e) the compliance by the designated rating organization and its DRO employees with the organization's code of conduct and with securities legislation.***.***

25. ***Section 2.26 of Appendix A is amended by adding "***, including internal control mechanisms in relation to the policies and procedures described in section 3.11.1***" after "***mechanisms***".***

26. ***Appendix A is amended by adding the following after section 2.28:***

2.28.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls reasonably designed to ensure that the organization and its DRO employees comply with the organization's code of conduct and securities legislation.

2.28.2 The designated rating organization's compliance officer must monitor and evaluate the adequacy and effectiveness of the designated rating organization's policies, procedures and controls referred to in section 2.28.1.

E. Risk management

2.29 A designated rating organization must establish and maintain a risk management committee made up of one or more senior managers or DRO employees with the appropriate level of experience responsible for identifying, assessing, monitoring, and reporting the risks arising from its activities, including legal risk, reputational risk, operational risk, and strategic risk. The committee must be independent of any internal audit system and make periodic reports to the board of directors of the designated rating organization, or of a DRO affiliate that is a parent of the designated rating organization, and senior management to assist the board and senior management in assessing the adequacy of the policies and procedures the designated rating organization adopted, and how well the organization implemented and enforces the policies and procedures to manage risk, including the policies and procedures specified in the organization's code of conduct.

F. Training

2.30 A designated rating organization must adopt, implement and enforce policies and procedures ensuring DRO employees undergo appropriate formal ongoing training at reasonably regular time intervals. For greater certainty, the policies and procedures must

(a) include measures reasonably designed to verify that DRO employees undergo the training,

(b) be designed to ensure the subject matter covered by the training be relevant to the DRO employee's responsibilities and cover, as applicable, the following:

(i) the designated rating organization's code of conduct;

(ii) the designated rating organization's credit rating methodologies;

(iii) the laws governing the designated rating organization's credit rating activities;

(iv) the designated rating organization's policies and procedures for managing conflicts of interest and governing the holding and transacting in securities;

(v) the designated rating organization's policies and procedures for handling confidential or material non-public information.***.***

27. Section 3.1 of Appendix A is amended by adding ", or unnecessarily delay,***" after "***from***".***

28. Section 3.3 of Appendix A is amended by adding "or rating outlook***" after "***credit rating***".***

29. Section 3.4 of Appendix A is amended by adding "or rating outlook***" after "***credit rating***".***

30. Section 3.5 of Appendix A is amended

(a) by replacing "operationally and legally***" with "***operationally, legally and, if practicable, physically***", and***

(b) by adding the following after the second sentence:

The designated rating organization must publicly disclose why it believes that those ancillary services do not present a conflict of interest with its credit rating activities.***.***

31. Sections 3.6 to 3.8 of Appendix A are replaced with the following:

3.6 The designated rating organization must not rate, or assign a rating outlook to, a person or company that is an affiliate or associate of the organization or a ratings employee. The designated rating organization must not assign a credit rating or rating outlook to a person or company if a ratings employee is an officer or director of the person or company, its affiliates or related entities.

3.6.1 A designated rating organization must not rate, or assign a rating outlook to, a person or company in any of the following circumstances:

(a) a significant security holder of the designated rating organization, or of an affiliate that is a parent of the designated rating organization, is a significant security holder of the person or company, its affiliates or related entities;

(b) an officer or director of a significant security holder of the designated rating organization, or of an affiliate that is a parent of the designated rating organization, is an officer or director of the person or company, its affiliates or related entities.

B. Procedures and policies

3.7 The designated rating organization must identify and eliminate or manage and publicly disclose any actual or potential conflicts of interest that may influence the opinions and analyses of ratings employees, including opinions and analyses in respect of a credit rating or rating outlook.

3.7.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls to identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the credit rating methodologies, credit rating actions, or analyses by the designated rating organization or the judgment, opinions or analyses by ratings employees. Without limiting the generality of the foregoing, the policies, procedures and controls must address all of the following conflicts and ensure that no conflict influences the designated rating organization's credit rating methodologies or credit rating actions:

(a) the designated rating organization is paid to issue a credit rating by the rated entity or a related entity;

(b) the designated rating organization is paid by subscribers with a financial interest that could be affected by a credit rating action of the designated rating organization;

(c) the designated rating organization is paid by rated entities, related entities or subscribers for services other than issuing credit ratings or providing access to the designated rating organization's credit ratings;

(d) the designated rating organization provides a preliminary indication or similar indication of credit quality to a rated entity or related entity prior to being retained to determine the final credit rating for the rated entity or related entity;

(e) the designated rating organization has a direct or indirect ownership interest in a rated entity or related entity;

(f) a rated entity or related entity has a direct or indirect ownership interest in the designated rating organization.

3.8 The designated rating organization must disclose the actual or potential conflicts of interest it identifies under the policies, procedures and controls referred to in section 3.7.1 in a complete, timely, clear, concise, specific and prominent manner. If the actual or potential conflict of interest is unique or specific to a credit rating action with respect to a particular rated entity or related entity, the conflict of interest must be disclosed in the same form and through the same means as the relevant credit rating action.***.***

32. Appendix A is amended by adding the following after section 3.9:

3.9.1 A designated rating organization must ensure both of the following:

(a) fees charged to rated entities for the provision of credit ratings and ancillary services, as referred to in section 3.5, do not discriminate among rated entities in an unfair manner and have a reasonable relation to actual costs;

(b) fees charged to rated entities for the provision of credit ratings must not depend on the category of credit rating or any other result or outcome of the work performed.***.***

33. Section 3.10 of Appendix A is amended by adding "or rating outlook***" after "***credit rating***".***

34. Section 3.11 of Appendix A is replaced with the following:

3.11 If a designated rating organization is subject to the oversight of a rated entity, or an affiliate or related entity of the rated entity, the designated rating organization must use different DRO employees to conduct the rating actions in respect of that entity, or to develop or modify methodologies that apply to that entity, than those that are subject to the oversight.

3.11.1 A designated rating organization must adopt, implement and enforce policies and procedures to prevent and mitigate conflicts of interest and to ensure the independence of credit ratings, rating outlooks and DRO employees, including policies and procedures in relation to the matters described in section 3.4. The designated rating organization must periodically monitor and review these policies and procedures in order to evaluate their effectiveness and assess whether they should be updated.***.***

35. Section 3.12 of Appendix A is amended by adding "or assigns rating outlooks to,***" after "***rates***".***

36. Section 3.14 of Appendix A is replaced with the following:

3.14 The designated rating organization must not permit a ratings employee to participate in or otherwise influence the determination of a credit rating or rating outlook if any of the following apply:

(a) the ratings employee or an associate of the ratings employee has beneficial ownership of, or control or direction over, whether direct or indirect, securities, derivatives or exchange contracts of, or in respect of, the rated entity, other than holdings through an investment fund;

(b) the ratings employee or an associate of the ratings employee has beneficial ownership of, or control or direction over, whether direct or indirect, derivatives or exchange contracts of, or in respect of, a rated entity, its affiliates or its related entities, the ownership of which, or control or direction over, causes or may reasonably be perceived as causing a conflict of interest;

(c) the ratings employee or an associate of the ratings employee has, or has recently had, an employment, business or other relationship with, or interest in, the rated entity, its affiliates or related entities that causes or may reasonably be perceived as causing a conflict of interest;

(d) an associate of the ratings employee is a director of, the rated entity, its affiliates or related entities.***.***

37. Section 3.17 of Appendix A is replaced with the following:

3.17 If a DRO employee of a designated rating organization becomes involved in any relationship that creates any actual or potential conflict of interest, the DRO employee must disclose the relationship to the designated rating organization's compliance officer. The designated rating organization must not issue a credit rating or rating outlook if a DRO employee has an actual or potential conflict of interest with a rated entity. If such a credit rating or rating outlook has been issued, the designated rating organization must promptly publicly disclose that the credit rating or rating outlook might be affected.***.***

38. Section 3.18 of Appendix A is amended

(a) by adding "one or both of the following apply:***" after "***if***", and***

(b) in paragraph (a), by replacing "entity, or***" with "***entity or assigning it a rating outlook;***".***

39. Sections 4.1 to 4.5 of Appendix A are replaced with the following:

4.1 The designated rating organization must distribute in a timely manner its decisions on credit ratings and rating outlooks regarding the entities and securities it rates.

4.1.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls for distributing credit ratings, actions, updates, rating outlooks and related reports and for when a credit rating will be withdrawn or discontinued.

4.2 A designated rating organization must publicly disclose its policies and procedures for distributing credit ratings, actions, updates, rating outlooks and related reports and for when a credit rating will be withdrawn or discontinued.

4.3 Except for a credit rating or a rating outlook it discloses only to the rated entity, a designated rating organization must disclose to the public, on a non-selective basis and free of charge, any decision on a credit rating or rating outlook regarding a rated entity that is a reporting issuer or regarding the securities of such an issuer, as well as any subsequent decision to discontinue such a rating, if the decision is based in whole or in part on material non-public information.

4.3.1 If a designated rating organization discloses to the public or its subscribers any decision on a credit rating or rating outlook regarding a rated entity or the securities of a rated entity, as well as any subsequent decisions to discontinue the rating, it must do so on a non-selective basis.

4.4 In each of its ratings reports in respect of a credit rating or rating outlook, a designated rating organization must disclose all of the following:

(a) when the credit rating was first released and when it was last updated, reviewed or assigned a rating outlook;

(b) the principal methodology or methodology version that was used in determining the credit rating and where a description of that methodology can be found. If the credit rating is based on more than one methodology, or if a review of only the principal methodology might cause investors to overlook other important aspects of the credit rating, the designated rating organization must explain this fact in the ratings report, and include a discussion of how the different methodologies and other important aspects factored into the rating decision;

(c) the meaning of each rating category and the definition of default or recovery, and the time horizon the designated rating organization used when making a rating decision;

(d) any attributes and limitations of the credit rating or rating outlook. If the rating or rating outlook involves a type of financial product presenting limited historical data, such as an innovative financial vehicle, the designated rating organization must disclose, in a prominent place, the limitations of the credit rating or rating outlook;

(e) all significant sources, including the rated entity, its affiliates and related entities, that were used to prepare the credit rating or rating outlook and whether the credit rating or rating outlook has been disclosed to the rated entity or its related entities and amended following that disclosure before being issued.

4.5 In each of its ratings reports in respect of a credit rating or rating outlook for a structured finance product, a designated rating organization must disclose all of the following:

(a) all information about loss and cash-flow analysis it has performed or is relying upon and an indication of any expected change in the credit rating or rating outlook. The designated rating organization must also disclose the degree to which it analyzes how sensitive a credit rating of a structured finance product is to changes in the designated rating organization's underlying rating assumptions;

(b) the level of assessment the designated rating organization has performed concerning the due diligence processes carried out at the level of underlying financial instruments or other assets of structured finance products. The designated rating organization must also disclose whether it has undertaken any assessment of such due diligence processes or whether it has relied on a third-party assessment and how the outcome of such assessment impacts the credit rating;

(c) whether the issuer of the structured finance product has informed the designated rating organization that it is publicly disclosing all relevant information about the product being rated or whether the information remains non-public.*.*

40. Section 4.7 of Appendix A is replaced with the following:

4.7 A designated rating organization must disclose on an ongoing basis information about all debt securities and structured finance products submitted to it for its initial review or for a preliminary rating, including whether the issuer requested the designated rating organization to provide a final rating.***.***

41. Appendix A is amended by adding the following after section 4.8:

4.8.1 When disclosing the methodologies, models and key rating assumptions referred to in section 4.8, the designated rating organization must include guidance that explains assumptions, parameters, limits and uncertainties surrounding the methodologies and models it uses in its credit rating activities, including simulations of stress scenarios undertaken by the designated rating organization when determining credit ratings, information on cash-flow analysis it has performed or is relying upon and, where applicable, an indication of any expected change in the credit rating. The designated rating organization must prepare the guidance required by this section using plain language.***.***

42. Section 4.10 of Appendix A is amended by replacing the second sentence with the following:

The designated rating organization must indicate the attributes and limitations of each credit rating and the risks of relying on the credit rating to make investment or other financial decisions. When issuing a credit rating or a rating outlook, the designated rating organization must disclose that the credit rating or rating outlook is the designated rating organization's assessment and should only be relied on to a limited degree. A designated rating organization must prepare the disclosure required by this section using plain language. A designated rating organization must not state or imply that a regulator or securities regulatory authority endorses its credit ratings or use its designation status to promote the quality of its credit ratings.***.***

43. Appendix A is amended by adding the following after section 4.10:

4.10.1 When issuing a credit rating or rating outlook, the designated rating organization must clearly indicate the extent to which the designated rating organization verifies information provided to it by the rated entity. If the credit rating involves a type of entity or obligation for which there is limited historical data, the designated rating organization must disclose this fact and how it may limit the credit rating.

4.10.2 For any credit rating or rating outlook, a designated rating organization must be transparent with the rated entity and investors about how the rated entity or its securities are rated.*.*

44. Sections 4.11 to 4.16 of Appendix A are replaced with the following:

4.11 When issuing or revising a credit rating or a rating outlook, the designated rating organization must provide in its press releases and public reports an explanation of the key elements underlying the rating opinion or rating outlook, including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements.

4.12 Before issuing or revising a credit rating or a rating outlook, the designated rating organization must inform the issuer of the critical information and principal considerations upon which a credit rating or rating outlook will be based and afford the issuer a reasonable opportunity to clarify any likely factual misperceptions or other matters that the designated rating organization would want to be made aware of in order to produce an accurate credit rating or rating outlook. The designated rating organization must inform the issuer during the business hours of the issuer. The designated rating organization must duly evaluate the response.

4.13 Every year, the designated rating organization must publicly disclose data about the historical transition and default rates of its rating categories with respect to the classes of issuers and securities it rates and whether the transition and default rates of these categories have changed over time. If the nature of the rating or other circumstances make a historical transition or default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the designated rating organization must explain this. This information must include verifiable, quantifiable historical information about the performance of its rating opinions, organized over a period of time, and, where possible, standardized in such a way so as to assist investors in drawing performance comparisons between different designated rating organizations.

4.13.1 When disclosing a credit rating or rating outlook, the designated rating organization must include a reference to where the data referred to in section 4.13 can be accessed on its website and a brief explanation of the meaning of that data.

4.13.2 When disclosing a rating outlook, the designated rating organization must indicate the time period during which a change in the credit rating may occur.

4.14 For each credit rating, the designated rating organization must disclose whether the rated entity and its related entities participated in the rating process and whether the designated rating organization had access to the accounts, management and other relevant internal documents of the rated entity or its related entities. Each credit rating without that access must be identified as such using a clearly distinguishable colour code for the rating category. Each credit rating not initiated at the request of the rated entity must be identified as such. The designated rating organization must also publicly disclose its policies and procedures regarding unsolicited ratings.

4.15 The designated rating organization must publicly disclose, in a timely fashion, any material modification to its methodologies, models, key ratings assumptions and significant systems, resources or procedures. Where a reasonable person would consider it feasible and appropriate, disclosure of such material modifications must be made before they go into effect. Any disclosure of such material modifications must be made in a non-selective manner. The designated rating organization must carefully consider the various uses of credit ratings before modifying its methodologies, models, key ratings assumptions and significant systems, resources or procedures.

4.15.1 If the designated rating organization intends to make a significant change to an existing rating methodology, model or key rating assumption or use a new rating methodology that could have an impact on a credit rating, the designated rating organization must do both of the following:

(a) publish the proposed significant change or proposed new rating methodology on its website together with a detailed explanation of the reasons for, and the implications of, the proposed significant change or proposed new rating methodology;

(b) invite interested persons to submit written comments with respect to the proposed significant change or proposed new rating methodology within a period of at least 30 days after the publication.

4.15.2 If following the publication referred to in section 4.15.1, the designated rating organization makes a significant change to an existing rating methodology, model or key rating assumption or issues a new rating methodology that could have an impact on a credit rating, the designated rating organization must promptly publish on its website all of the following:

(a) the revised or new rating methodology, model or key rating assumption,

(b) a detailed explanation of the revised or new methodology, model or key rating assumption, its date of application and the results of the consultation referred to in section 4.15.1;

(c) copies of the written comments referred to in paragraph 4.15.1(b), except in the case where confidentiality is requested by the person who submitted the comment.

4.15.3 A designated rating organization's disclosures, including those specified in the organization's code of conduct, must be complete, fair, accurate, timely, and understandable to reasonable investors and other expected users of credit ratings.

4.15.4 A designated rating organization must publicly and prominently disclose, free of charge, all of the following information on its primary website:

(a) the designated rating organization's code of conduct;

(b) a description of the designated rating organization's credit rating methodologies;

(c) information about the designated rating organization's historical performance data;

(d) any other disclosures specified in the provisions of the designated rating organization's code of conduct and securities legislation.

B. The treatment of confidential information

4.16 The designated rating organization and its DRO employees must take all reasonable measures to protect both of the following:

(a) non-public information about a credit rating action, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers;

(b) the confidential nature of information shared with them by rated entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially.

Unless otherwise permitted by a written agreement or required by applicable laws, regulations or court orders, the designated rating organization and its DRO employees must not disclose confidential information, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers.

4.16.1 A designated rating organization must consider applicable securities legislation governing insider trading or tipping when dealing with non-public information that it receives from an issuer. A designated rating organization must maintain a list of all persons who have access to non-public information about a credit rating action, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers. For any credit rating action, the list must include applicable DRO employees and any person identified by the rated entity for purposes of the list..

45. Sections 4.18 and 4.19 of Appendix A are replaced with the following:

4.18 The designated rating organization and its DRO employees must take all reasonable measures to protect all property and records relating to credit rating activities and belonging to or in possession of the designated rating organization from fraud, theft, misuse or inadvertent disclosure.

4.19 The designated rating organization must ensure that the organization and its DRO employees do not engage in transactions in securities, derivatives or exchange contracts when they possess confidential information concerning the

issuer of such security or to which the derivative or exchange contract relates, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers.*.*

46. Section 4.21 of Appendix A is replaced with the following:

4.21 The designated rating organization and its DRO employees must not selectively disclose any non-public information about credit ratings, rating outlooks or possible future rating actions of the designated rating organization, except to the issuer or its designated agents.*.*

47. Appendix A is amended by adding the following after section 4.23:

4.24 A designated rating organization must adopt, implement and enforce policies, procedures and controls to ensure all of the following:

(a) compliance with applicable laws governing the treatment and use of confidential or material non-public information;

(b) DRO employees take all reasonable steps to protect confidential or material non-public information from fraud, theft, misuse, or inadvertent disclosure;

(c) compliance with sections 4.16, 4.16.1, 4.19, 4.21 and 4.23;

(d) compliance with the designated rating organization's internal record maintenance, retention and disposition policies, procedures and controls and with laws governing the maintenance, retention and disposition of the designated rating organization's records.

C. The treatment of complaints

4.25 A designated rating organization must establish and maintain a committee charged with receiving, retaining, and handling complaints from market participants and the public. The designated rating organization must adopt implement and enforce policies, procedures and controls for receiving, retaining, and handling complaints, including those that are provided on a confidential basis. The policies and procedures must specify the circumstances under which a complaint must be reported to one or both of the following:

(a) senior management of the designated rating organization;

(b) the board of directors of the designated rating organization or of a DRO affiliate that is a parent of the designated rating organization.*.*

48. Instruction (4) of Form 25-101F1 Designated Rating Organization Application and Annual Filing is replaced with the following:

(4) Applicants may apply to the securities regulatory authority or regulator to hold in confidence portions of this form which disclose sensitive financial, personal or other information. The securities regulatory authority or regulator will consider the application and may determine to accord confidential treatment to those portions to the extent permitted by law..

49. Item 5 of Form 25-101F1 is amended by replacing, in the 5th bullet, "**agencies**" with "**organizations**".

50. Item 11 of Form 25-101F1 is amended

(a) by adding the following after "**The total number of ratings employees,**":

- The number of ratings employees allocated to credit rating activities for different asset classes,***, and***

(b) by adding the following after "**The total number of ratings employees supervisors,**":

- The number of ratings employees supervisors allocated to credit rating activities for different asset classes,*.*

51. The second paragraph of Item 13 of Form 25-101F1 is replaced with the following:

Include financial information about the revenue of the applicant separated into fees from credit rating services and non-credit rating services, including a comprehensive description of each. In providing this information, disclose the following:

- Revenue from non-credit rating services provided to persons that also obtained credit rating services,
- Revenue from credit rating services for different asset classes, and
- Revenue from credit rating services and non-credit rating services provided to persons located in Canada.*.*

52. Form 25-101F1 is amended by adding the following after Item 14:

Item 14A. Pricing Policy

Disclose the applicant's pricing policy for credit rating services and any ancillary services, including the fee structure and pricing criteria in relation to credit ratings for different asset classes.*.*

53. This Instrument comes into force on •.

ANNEX D

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1. ***National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.***

2. ***Section 1.1 is amended by replacing the definition of "designated rating" with the following:***

"designated rating" has the same meaning as in paragraph (b) of the definition of "designated rating" in National Instrument 81-102 *Investment Funds*;**.**

3. ***Section 1.1 is amended by replacing the definition of "designated rating organization" with the following:***

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

4. ***Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital is amended by replacing subparagraph (a)(i) with the following:***

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is at one of the following corresponding rating categories or that is at a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

5. This Instrument comes into force on •.

ANNEX E

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*

1. National Instrument 33-109 Registration Information is amended by this Instrument.

2. Schedule 1 of Schedule C – Form 31-103F1 Calculation of Excess Working Capital of Form 33-109F6 Firm Registration is amended by replacing subparagraph (a)(i) with the following:

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is at one of the following corresponding rating categories or that is at a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

3. This Instrument comes into force on •.

ANNEX F

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "designated rating organization" with the following:

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

3. Section 7.2 is amended

(a) in subsection (2), by adding "and subject to subsection (2.1),***" after "***Despite subsection (1),***",***

(b) in subsection (2), by replacing "received a rating***" with "***received a credit rating***", and***

(c) by adding the following subsection after subsection (2):

(2.1) If the only credit ratings of the securities referred to in subsection (2) were issued by Kroll Bond Rating Agency, Inc. or any of its DRO affiliates, subsection (2) does not apply, except in the case of a distribution of asset-backed securities.**.**

4. Subsection 19.1(3) is amended by adding "*Alberta and****" before "****Ontario****".***

5. This Instrument comes into force on •.

ANNEX G

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "designated rating" with the following:

"designated rating" means the following:

(a) for a security referred to in paragraph 2.6(1)(c), a credit rating issued by a designated rating organization listed in this paragraph, or any of its DRO affiliates, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch Ratings, Inc.	BBB	F3	BBB
Kroll Bond Rating Agency, Inc.	BBB	K3	BBB
Moody's Canada Inc.	Baa	Prime-3	Baa
S&P Global Ratings Canada	BBB	A-3	P-3

(b) for a security referred to in any other provision of this Instrument, a credit rating issued by a designated rating organization listed in this paragraph, or any of its DRO affiliates, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch Ratings, Inc.	BBB	F3	BBB
Moody's Canada Inc.	Baa	Prime-3	Baa
S&P Global Ratings Canada	BBB	A-3	P-3

3. Section 1.1 is amended by replacing the definition of "designated rating organization" with the following:

"designated rating organization" means

(a) if designated under securities legislation, any of DBRS Limited, Fitch Ratings, Inc., Kroll Bond Rating Agency, Inc., Moody's Canada Inc., S&P Global Ratings Canada; or

(b) any other credit rating organization designated under securities legislation;**.**

4. Subsection 8.1(4) is amended by adding "**Alberta and**" before "**Ontario**".

5. This Instrument comes into force on •.

ANNEX H

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

1. National Instrument 44-102 Shelf Prospectus Distributions is amended by this Instrument.

2. Subsection 1.1(1) is amended by adding the following definition:

"designated rating" has

(a) for a security referred to in section 2.6, the meaning ascribed to that term in paragraph (a) of the definition of "designated rating" in NI 44-101, and

(b) for a security referred to in any other provision of this Instrument, the meaning ascribed to that term in paragraph (b) of the definition of "designated rating" in NI 44-101;**.**

3. Subsection 11.1(2.1) is amended by adding "Alberta and***" before "***Ontario***".***

4. This Instrument comes into force on •.

ANNEX I

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*

1. National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "designated rating" with the following:

"designated rating" has the same meaning as in paragraph (b) of the definition of "designated rating" in National Instrument 81-102 *Investment Funds*;**.**

3. Section 1.1 is amended by replacing the definition of "designated rating organization" with the following:

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

4. Subsection 2.35(1) is amended by replacing paragraphs (b) and (c) with the following:

(b) the note or commercial paper has a credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

(i) R-1(low) if issued by DBRS Limited;

(ii) F1 if issued by Fitch Ratings, Inc.;

(iii) P-1 if issued by Moody's Canada Inc.;

(iv) A-1(Low) (Canada national scale) if issued by S&P Global Ratings Canada;

(c) the note or commercial paper has no credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is below one of the following corresponding rating categories or that is below a category that replaces one of the following corresponding rating categories:

(i) R-1(low) if issued by DBRS Limited;

(ii) F2 if issued by Fitch Ratings, Inc.;

(iii) P-2 if issued by Moody's Canada Inc.;

(iv) A-1(Low) (Canada national scale) or A-2 (global scale) if issued by S&P Global Ratings Canada.**.**

5. Section 2.35.2 is amended by replacing subparagraphs (a)(i) and (a)(ii) with the following:

(i) it has a credit rating from not less than two designated rating organizations listed below, or any of their respective DRO affiliates, and at least one of the credit ratings is at or above one of the following corresponding rating categories or is at or above a category that replaces one of the following corresponding rating categories:

(A) R-1(high)(sf) if issued by DBRS Limited;

(B) F1+sf if issued by Fitch Ratings, Inc.;

(C) P-1(sf) if issued by Moody's Canada Inc.;

(D) A-1(High)(sf) (Canada national scale) or A-1+(sf) (global scale) if issued by S&P Global Ratings Canada;

(ii) it has no credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is below one of the following corresponding rating categories or that is below a category that replaces one of the following corresponding rating categories:

(A) R-1(low)(sf) if issued by DBRS Limited;

(B) F2sf if issued by Fitch Ratings, Inc.;

(C) P-2(sf) if issued by Moody's Canada Inc.;

(D) A-1(Low)(sf) (Canada national scale) or A-2(sf) (global scale) if issued by S&P Global Ratings Canada;**.**

6. Section 2.35.2 is amended by replacing clause (a)(iv)(C) with the following:

(C) the liquidity provider has a credit rating from each of the designated rating organizations, or any of their respective DRO affiliates, providing a credit rating on the short-term securitized product referred to in subparagraph 2.35.2(a)(i), for its senior, unsecured short-term debt, none of which is dependent upon a guarantee by a third party, and each credit rating from those designated rating organizations, or any of their respective DRO affiliates, is at or above the following corresponding rating categories or is at or above a category that replaces one of the following corresponding rating categories:

1. R-1(low) if issued by DBRS Limited;

2. F2 if issued by Fitch Ratings, Inc.;

3. P-2 if issued by Moody's Canada Inc.;

4. A-1(Low) (Canada national scale) or A-2 (global scale) if issued by S&P Global Ratings Canada;**.**

7. This Instrument comes into force on •.

ANNEX J

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.

2. Section 1.1 is amended by deleting the definitions of "designated rating organization" and "DRO affiliate".

3. Subsection 13.1(3) is amended by adding "*Alberta and****" before "****Ontario****".***

4. This Instrument comes into force on •.

ANNEX K

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "designated rating" with the following:

"designated rating" means

(a) for a security referred to in paragraph 4.1(4)(b), a designated rating under paragraph (b) of the definition of "designated rating" in National Instrument 44-101 *Short Form Prospectus Distributions*, or

(b) for a security or instrument referred to in any other provision of this Instrument, a credit rating issued by a designated rating organization listed below, or any of its DRO affiliates, that is at or above one of the following corresponding rating categories, or that is at or above a category that replaces one of the following corresponding rating categories, if

(i) there has been no announcement by the designated rating organization or any of its DRO affiliates of which the investment fund or its manager is or reasonably should be aware that the credit rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and

(ii) no designated rating organization listed below or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch Ratings, Inc.	F1	A
Moody's Canada Inc.	P-1	A2
S&P Global Ratings Canada	A-1 (Low)	A

3. Section 1.1 is amended by replacing the definition of "designated rating organization" with the following:

"designated rating organization" means, if designated under securities legislation, any of DBRS Limited, Fitch Ratings, Inc., Moody's Canada Inc., and S&P Global Ratings Canada;**.**

4. Subsection 4.1(4.1) is repealed.

5. This Instrument comes into force on •.

ANNEX L

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

“designated rating” has the same meaning as in paragraph (b) of the definition of “designated rating” in National Instrument 81-102 *Investment Funds*;**.**

3. Subsection 1.3(2) is amended by adding “if not defined in section 1.1***” after “***that Instrument***”.***

4. This Instrument comes into force on •.

ANNEX M

PROPOSED CHANGE TO
COMPANION POLICY 21-101CP *MARKETPLACE OPERATION*

1. Companion Policy 21-101CP Marketplace Operation is changed by this Document.

2. Subsection 10.1(6) is replaced with the following:

(6) An "investment grade corporate debt security" is a corporate debt security that has a credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	BBB	R-2
Fitch Ratings, Inc.	BBB	F3
Moody's Canada Inc.	Baa	Prime-3
S&P Global Ratings Canada	BBB	A-3

In this subsection,

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*; and

"DRO affiliate" has the same meaning as in National Instrument 25-101 *Designated Rating Organizations*..

3. This change becomes effective on •.

ANNEX N

PROPOSED CHANGE TO
COMPANION POLICY 81-102CP *INVESTMENT FUNDS*

1. Companion Policy 81-102CP Investment Funds is changed by this Document.

2. Section 3.1 is deleted.

3. This change becomes effective on •.

ANNEX O

FULL TEXT VERSION OF NI 25-101 THAT INCLUDES PROPOSED AMENDMENTS, BLACKLINED TO SHOW CHANGES FROM CURRENT VERSION OF NI 25-101

NATIONAL INSTRUMENT 25-101 *DESIGNATED RATING ORGANIZATIONS*

Part 1 – Definitions and Interpretation

Definitions

1. In this Instrument

"board of directors" means, in the case of a designated rating organization that does not have a board of directors, a group that acts in a capacity similar to a board of directors;

"code of conduct" means the code of conduct referred to in Part 4 of this Instrument and may include, for greater certainty, one or more codes;

"compliance officer" means the compliance officer referred to in section 12;

"designated rating organization" means a credit rating organization that has been designated under securities legislation;

"DRO affiliate" means an affiliate of a designated rating organization that issues credit ratings in a foreign jurisdiction and that has been designated as a DRO affiliate under the terms of the designated rating ~~organizations'~~organization's designation;

"DRO employee" means an individual, other than an employee or agent of a DRO affiliate, who is

(a) employed by a designated rating organization, or

(b) an agent who provides services directly to the designated rating organization and who is involved in determining, approving or monitoring a credit rating or rating outlook issued by the designated rating organization;

"Form NRSRO" means the annual certification on Form NRSRO, including exhibits, required to be filed by an NRSRO under the 1934 Act;

"NRSRO" means a nationally recognized statistical rating organization, as defined in the 1934 Act;

"rated entity" means a person or company that is issuing, or that has issued, securities that are the subject of a credit rating issued by a designated rating organization and includes a person or company that made a submission to a designated rating organization for the designated rating organization's initial review or for a preliminary rating but did not request a final rating;

"rated securities" means the securities issued by a rated entity that are the subject of a credit rating issued by a designated rating organization;

"rating outlook" means an assessment regarding the likely direction of a credit rating over the short term, the medium term or both;

"ratings employee" means any DRO employee who participates in determining, approving or monitoring a credit rating or rating outlook issued by the designated rating organization;

"related entity" means in relation to an issuer of a structured finance product, an originator, arranger, underwriter, servicer or sponsor of the structured finance product or any person or company performing similar functions;

"significant security holder" means a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all of the issuer's outstanding voting securities;

"structured finance product" means any of the following:

(a) a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including:

(i) an asset-backed security;

(ii) a collateralized mortgage obligation;

(iii) a collateralized debt obligation;

(iv) a collateralized bond obligation;

(v) a collateralized debt obligation of asset-backed securities;

(vi) a collateralized debt obligation of collateralized debt obligations;

(b) a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including:

(i) a synthetic asset-backed security;

(ii) a synthetic collateralized mortgage obligation;

(iii) a synthetic collateralized debt obligation;

(iv) a synthetic collateralized bond obligation;

(v) a synthetic collateralized debt obligation of asset-backed securities;

(vi) a synthetic collateralized debt obligation of collateralized debt obligations.

Interpretation

2. Nothing in this Instrument is to be interpreted as regulating the content of a credit rating or the methodology a credit rating organization uses to determine a credit rating.

Affiliate

3. (1) In this Instrument, a person or company is an affiliate of another person or company if either of the following apply:

(a) one of them is the subsidiary of the other;

(b) each of them is controlled by the same person or company.

(2) For the purposes of paragraph (1)(b), a person or company (first person) is considered to control another person or company (second person) if any of the following apply:

(a) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;

(b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership;

(c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Credit rating

4. In British Columbia, credit rating means an assessment that is publicly disclosed or distributed by subscription concerning the creditworthiness of an issuer,

(a) as an entity, or

(b) with respect to specific securities or a specific pool of securities or assets.

Market participant in Ontario

5. In Ontario, a DRO affiliate is deemed to be a market participant.

Part 2 – Designation of Rating Organizations

Application for designation

6. (1) A credit rating organization that applies to be a designated rating organization must file a completed Form 25-101F1.

(2) Despite subsection (1), a credit rating organization that is an NRSRO may file its most recent Form NRSRO.

(3) A credit rating organization that applies to be a designated rating organization that is incorporated or organized under the laws of a foreign jurisdiction and does not have an office in Canada must file a completed Form 25-101F2.

(4) Any person or company that will be a DRO affiliate upon the designation of a credit rating ~~agency~~organization that does not have an office in Canada must file a completed Form 25-101F2.

Part 3 – Board of Directors

Board of directors

7. A designated rating organization must not issue a credit rating unless it, or a DRO affiliate that is a parent of the designated rating organization, has a board of directors.

Composition

8. (1) For the purposes of section 7, a board of directors of a designated rating organization, or the board of directors of the DRO affiliate that is a parent of the designated rating organization, as the case may be, must be composed of a minimum of three members.

(2) At least one-half, but not fewer than two, of the members of the board of directors must be independent of the organization and any DRO affiliate.

(3) For the purposes of subsection (2), a member of the board of directors is not considered independent if the director

(a) other than in his or her capacity as a member of the board of directors or a board committee, accepts any consulting, advisory or other compensatory fee from the designated rating organization or a DRO affiliate;

(b) is a DRO employee or an employee or agent of a DRO affiliate;

(c) has a relationship with the designated rating organization that could, in the opinion of the board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment; or

(d) has served on the board of directors for more than five years in total.

(4) For the purposes of paragraph 3(c), in forming its opinion, the board of directors is not required to conclude that a member is not independent solely on the basis that the member is, or was, a user of the designated rating organization's rating services.

Part 4 – Code of Conduct

Code of conduct

9. (1) A designated rating organization must establish, maintain and comply with a code of conduct.

(2) A designated rating organization's code of conduct must incorporate each of the provisions set out in Appendix A.

Filing and publication

10. (1) A designated rating organization must file a copy of its code of conduct and post a copy of it prominently on its website promptly upon designation.

(2) Each time an amendment is made to a code of conduct by a designated rating organization, the amended code of conduct must be filed, and prominently posted on the organization's website, within five business days of the amendment coming into effect.

Waivers

11. A designated rating organization's code of conduct must specify that a designated rating organization must not waive provisions of its code of conduct.

Part 5 – Compliance Officer

Compliance officer

12. (1) A designated rating organization must not issue a credit rating unless it, or a DRO affiliate that is a parent of the designated rating organization, has a compliance officer that monitors and assesses compliance by the designated rating organization and its DRO employees with the organization's code of conduct and with securities legislation.

(1.1) The compliance officer must be designated as an officer of the designated rating organization, or a DRO affiliate that is a parent of the designated rating organization, under a by-law or similar authority of the designated rating organization or the DRO affiliate.

(1.2) The compliance officer must have the education, training and experience that a reasonable person would consider necessary to competently perform the activities of the compliance officer required under this Instrument and the designated rating organization's code of conduct.

(2) The compliance officer must regularly report on his or her activities directly to the board of directors.

(3) The compliance officer must report to the board of directors as soon as reasonably possible if the compliance officer becomes aware of any circumstances indicating that the designated rating organization or its DRO employees may be in non-compliance with the organization's code of conduct or securities legislation and any of the following apply:

(a) the non-compliance would reasonably be expected to create a significant risk of harm to a rated entity or the rated entity's investors;

(b) the non-compliance would reasonably be expected to create a significant risk of harm to the capital markets;

(c) the non-compliance is part of a pattern of non-compliance.

(4) The compliance officer must not, while serving in such capacity, participate in any of the following:

(a) the development of credit ratings, methodologies or models;

(b) the establishment of compensation levels, other than for DRO employees reporting directly to the compliance officer.

(5) The compensation of the compliance officer and of any DRO employee that reports directly to the compliance officer must not be linked to the financial performance of the designated rating organization or its DRO affiliates and must be determined in a manner that preserves the independence of the compliance officer's judgment.

Part 6 – Books and Records

Books and records

13. (1) A designated rating organization must keep such books and records and other documents as are necessary to account for the conduct of its credit rating activities, its business transactions and financial affairs and must keep such other books, records and documents as may otherwise be required under securities legislation.

(1.1) A designated rating organization must keep such books and records and other documents that are sufficiently detailed to reconstruct the credit rating process for any credit rating action.

(2) A designated rating organization must retain the books and records maintained under this section

(a) for a period of seven years from the date the record was made or received, whichever is later;

(b) in a safe location and a durable form; and

(c) in a manner that permits it to be provided promptly to the securities regulatory authority upon request.

Part 7 – Filing Requirements

Filing requirements

14. (1) No later than 90 days after the end of its most recently completed financial year, each designated rating organization must file a completed Form 25-101F1.

(2) Upon any of the information in a Form 25-101F1 filed by a designated rating organization becoming materially inaccurate, the designated rating organization must promptly file an amendment to, or an amended and restated version of, its Form 25-101F1.

(3) Until six years after it has ceased to be a designated rating organization in any jurisdiction of Canada, a designated rating organization must file a completed amended Form 25-101F2 at least 30 days before

(a) the termination date of Form 25-101F2, or

(b) the effective date of any changes to Form 25-101F2.

(4) Until six years after it has ceased to be a DRO affiliate in any jurisdiction of Canada, a DRO affiliate must file a completed amended Form 25-101F2 at least 30 days before

(a) the termination date of Form 25-101F2, or

(b) the effective date of any changes to Form 25-101F2.

Part 8 – Exemptions and Effective Date

Exemptions

15. (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Alberta and Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

Effective date

16. This Instrument comes into force on April 20, 2012.

Appendix A to National Instrument 25-101 Designated Rating Organizations – Provisions Required to be Included in a Designated Rating Organization's Code of Conduct

1. INTERPRETATION

1.1 A term used in this code of conduct has the same meaning as in National Instrument 25-101 *Designated Rating Organizations* if used in that Instrument.

2. QUALITY AND INTEGRITY OF THE RATING PROCESS

A. Quality of the rating process

I – General requirements

2.1 A designated rating organization must adopt, implement and enforce procedures in its code of conduct to ensure that the credit ratings and rating outlooks it issues are based on a thorough analysis of all information known to the designated rating organization that is relevant to its analysis according to ~~its~~the applicable rating methodologies.

2.2 A designated rating organization must include a provision in its code of conduct that it will use only rating methodologies that are rigorous, systematic, continuous, capable of being applied consistently and subject to some means of objective validation based on historical experience, including back-testing.

II – Specific provisions

2.3 Each ratings employee involved in the preparation, review or issuance of a credit rating, action or report must use methodologies established by the designated rating organization. Each ratings employee must apply a given methodology in a consistent manner, as determined by the designated rating organization.

2.4 A credit rating must be assigned by the designated rating organization and not by an employee or agent of the designated rating organization.

2.5 A credit rating must reflect all information known, and believed to be relevant, to the designated rating organization, consistent with its published methodology. The designated rating organization will ensure that its ratings employees and agents have appropriate knowledge and experience for the duties assigned.

2.6 The designated rating organization, its ratings employees and its agents must take all reasonable steps to avoid issuing a credit rating, action or report that is false or misleading as to the general creditworthiness of a rated entity or rated securities.

2.6.1 The designated rating organization must adopt, implement and enforce policies, procedures and controls reasonably designed to avoid issuing a credit rating, action or report that is false or misleading as to the general creditworthiness of a rated entity or rated securities.

2.7 The designated rating organization ~~will~~must ensure that it has and devotes sufficient resources to carry out and maintain high-quality credit ~~assessments of~~ratings for all rated entities and rated securities. When deciding whether to rate or continue rating an entity or securities, the organization ~~will~~must assess whether it is able to devote sufficient personnel with sufficient skill sets to ~~make a credible~~provide a high-quality credit rating ~~assessment~~, and whether its personnel are likely to have access to sufficient information needed in order ~~make~~to provide such ~~an assessment~~a rating. A designated rating organization ~~will~~must adopt all necessary measures so that the information it uses in assigning a credit rating or a rating outlook is of sufficient quality to support ~~a credible~~what a reasonable person would conclude is a high-quality credit rating and is obtained from a source that a reasonable person would consider to be reliable.

2.8 The designated rating organization will appoint a senior manager, or establish a committee made up of one or more senior managers, with appropriate experience to review the feasibility of providing a credit rating for a structure, instrument, security or entity that is significantly different from the structures, instruments, securities or entities that the designated rating organization currently rates.

2.9 The designated rating organization ~~will~~must not issue or maintain a credit rating for structures, instruments, securities or entities for which it does not have appropriate information, knowledge or expertise. The designated rating organization must assess whether the methodologies and models used for determining credit ratings of a structured finance product are appropriate when the risk characteristics of the assets underlying the structured finance product change significantly. If the quality of the available information is not satisfactory or if the complexity of a ~~new~~ type of structure, instrument or security should reasonably raise concerns about whether the designated rating organization can provide a ~~credible~~high-quality credit rating, the designated rating organization ~~will~~must not issue or maintain a credit rating.

2.10 The designated rating organization will ensure continuity and regularity, and avoid conflicts of interest, in the rating process.

B. Monitoring and updating

2.11 The designated rating organization will establish a committee to be responsible for implementing a rigorous and formal process for reviewing, on at least an annual basis, and making changes to the methodologies, models and key ratings assumptions it uses. This review will include consideration of the appropriateness of the designated rating organization's methodologies, models and key ratings assumptions if they are used or intended to be applied to new types of structures, instruments or securities. This process will be conducted independently of the business lines that are responsible for credit rating activities. The committee will report to its board of directors or the board of directors of a DRO affiliate that is a parent of the designated rating organization.

2.12 If a methodology, model or key ratings assumption used in a credit rating activity is changed, the designated rating organization ~~will~~must do ~~each~~all of the following:

(a) promptly identify each credit rating likely to be affected if the credit rating were to be re-rated using the new methodology, model or key ratings assumption and, using the same means of communication the organization generally uses for the credit ratings, disclose the scope of credit ratings likely to be affected by the change in methodology, model or key ratings assumption;

(b) promptly place each credit rating identified under subsection (a) under surveillance;

(c) within six months of the change, review each credit rating identified under subsection (a) with respect to its accuracy;

(d) re-rate a credit rating if, following the review required in subsection (c), the change, alone or combined with all other changes, affects the accuracy of the credit rating.

2.12.1 If a designated rating organization becomes aware of errors in a rating methodology or its application, the designated rating organization must do all of the following if the errors could have an impact on its ratings:

(a) promptly notify the regulator or securities regulatory authority and all affected rated entities of the errors and explain the impact or potential impact of the errors on its ratings, including the need to review existing ratings;

(b) promptly publish a notice of the errors on its website, where the errors have an impact on its ratings;

(c) promptly correct the errors in the rating methodology or the application;

(d) apply the measures set out in paragraphs 2.12 (a) to (d) as if the correction of the error were a change contemplated by that section.

2.13 The designated rating organization will ensure that adequate personnel and financial resources are allocated to monitoring and updating its credit ratings. Except for ratings that clearly indicate they do not entail ongoing monitoring, once a rating is published the designated rating organization will monitor the rated entity's creditworthiness on an ongoing basis and, at least annually, update the rating. In addition, the designated rating organization must initiate a review of the accuracy of a rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including termination of a rating), consistent with the applicable rating methodology and must promptly update the rating, as appropriate, based on the results of such review.

Subsequent monitoring will incorporate all cumulative experience obtained.

2.13.1 A change in ratings must be made in accordance with the designated rating organization's published rating methodologies.

2.14 If the designated rating organization uses separate analytical teams for determining initial ratings and for subsequent monitoring, the organization will ensure each team has the requisite level of expertise and resources to perform their respective functions competently and in a timely manner.

2.15 If the designated rating organization discloses a credit rating to the public and subsequently discontinues the rating, the designated rating organization ~~will~~must, as soon as practicable, disclose that the rating has been discontinued using the same means of communication as was used for the disclosure of the rating. If the designated rating organization discloses a rating only to its subscribers, if it discontinues the rating, the designated rating organization ~~will~~must, as soon as practicable, disclose to each subscriber of that rating that the rating has been discontinued. In both cases, a subsequent publication by the

designated rating organization of the discontinued rating will indicate the date the rating was last updated and disclose that the rating is no longer being updated and the reasons for the decision to discontinue the rating.

C. Integrity of the rating process

2.16 The designated rating organization, its ratings employees and agents will comply with all applicable laws and regulations governing its activities.

2.17 The designated rating organization, its ratings employees and agents must deal fairly, honestly and in good faith with rated entities, investors, other market participants, and the public.

2.18 The designated rating organization will hold its ratings employees and agents to a high standard of integrity and ethical behaviour, and the designated rating organization will not employ an individual which a reasonable person would consider to be lacking in or have compromised integrity.

2.18.1. A designated rating organization must adopt, implement and enforce policies, procedures and controls to ensure that it does not use the services of a DRO employee which a reasonable person would consider to be lacking in or have compromised integrity.

2.19 The designated rating organization and its ratings employees and agents will not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. ~~The~~Subject to section 2.20 and paragraph 3.7.1(d), the designated rating organization may develop prospective assessments if the assessment is to be used in a structured finance product or similar transaction.

2.19.1 A designated rating organization or a DRO employee must not make promises or threats to influence rated entities, related entities, other issuers, subscribers, users of the designated rating organization's credit ratings or other market participants to pay for credit ratings or other services.

2.20 A person or company listed below must not make a recommendation to a rated entity about the corporate or legal structure, assets, liabilities, or activities of the rated entity:

(a) a designated rating organization;

(b) an affiliate or related entity of the designated rating organization;

(c) the ratings employees of any of the above;

(d) a significant security holder of the designated rating organization or of an affiliate that is a parent of the designated rating organization.

2.21 The designated rating organization will instruct its employees and agents that, upon becoming aware that the organization, another employee or an affiliate, or an employee of an affiliate of the designated rating organization, is or has engaged in conduct that is illegal, unethical or contrary to the designated rating organization's code of conduct, the employee or agent must report that information immediately to the compliance officer. Upon receiving the information, the compliance officer will take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by the designated rating organization. The designated rating organization will not take or allow retaliation against the employee or agent by employees, agents, the designated rating organization itself or its affiliates.

D. Governance requirements

2.22 The designated rating organization will not issue a credit rating or a rating outlook unless a majority of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, including its independent directors, have, what a reasonable person would consider, sufficient expertise in financial services to fully understand and properly oversee the business activities of the designated rating organization. If the designated rating organization issues a credit rating or a rating outlook for a structured finance product, at least one independent member and one other member must have, what a reasonable person would consider to be, in-depth knowledge and experience at a senior level, regarding the structured finance product.

2.23 The designated rating organization will not issue a credit rating or rating outlook if a member of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, participated in any deliberation involving a specific credit rating or rating outlook in which the member has a financial interest in the outcome of the credit rating or rating outlook.

2.24 The designated rating organization will not compensate an independent member of its board of directors, or the board of directors of a DRO affiliate that is a parent of the designated rating organization, in a manner or in an amount that a reasonable person could conclude that the compensation is linked to the business performance of the designated rating organization or its affiliates. The organization will only compensate directors in a manner that preserves the independence of the director.

2.25 The board of directors of a designated rating organization or a DRO affiliate that is a parent of the designated rating organization must monitor all of the following:

(a) the development of the credit rating policy and of the methodologies used by the designated rating organization in its credit rating activities;

(b) the effectiveness of any internal quality control system of the designated rating organization in relation to credit rating activities;

(c) the effectiveness of measures and procedures instituted to ensure that any conflicts of interest are identified and either eliminated or managed and disclosed, as appropriate;

(d) the compliance and governance processes, including the performance of the committee identified in section ~~2.11.~~2.11;

(e) the compliance by the designated rating organization and its DRO employees with the organization's code of conduct and with securities legislation.

2.26 The designated rating organization will design reasonable administrative and accounting procedures, internal control mechanisms, including internal control mechanisms in relation to the policies and procedures described in section 3.11.1, procedures for risk assessment, and control and safeguard arrangements for information processing systems. The designated rating organization will implement and maintain decision-making procedures and organizational structures that clearly, and in a documented manner, specify reporting lines and allocate functions and responsibilities.

2.27 The designated rating organization will monitor and evaluate the adequacy and effectiveness of its administrative and accounting procedures, internal control mechanisms, procedures for risk assessment, and control and safeguard arrangements for information processing systems, established in accordance with securities legislation and the designated rating organization's code of conduct, and take any measures necessary to address any deficiencies.

2.28 The designated rating organization will not outsource activities if doing so impairs materially the effectiveness of the designated rating organization's internal controls or the ability of the securities regulatory authority to conduct compliance reviews of the designated rating organization's compliance with securities legislation or its code of conduct. The designated rating organization will not outsource the functions or duties of the designated rating organization's compliance officer.

2.28.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls reasonably designed to ensure that the organization and its DRO employees comply with the organization's code of conduct and securities legislation.

2.28.2 The designated rating organization's compliance officer must monitor and evaluate the adequacy and effectiveness of the designated rating organization's policies, procedures and controls referred to in section 2.28.1.

E. Risk management

2.29 A designated rating organization must establish and maintain a risk management committee made up of one or more senior managers or DRO employees with the appropriate level of experience responsible for identifying, assessing, monitoring, and reporting the risks arising from its activities, including legal risk, reputational risk, operational risk, and strategic risk. The committee must be independent of any internal audit system and make periodic reports to the board of directors of the designated rating organization, or of a DRO affiliate that is a parent of the designated rating organization, and senior management to assist the board and senior management in assessing the adequacy of the policies and procedures the designated rating organization adopted, and how well the organization implemented and enforces the policies and procedures to manage risk, including the policies and procedures specified in the organization's code of conduct.

F. Training

2.30 A designated rating organization must adopt, implement and enforce policies and procedures ensuring DRO employees undergo appropriate formal ongoing training at reasonably regular time intervals. For greater certainty, the policies and procedures must

(a) include measures reasonably designed to verify that DRO employees undergo the training,

(b) be designed to ensure the subject matter covered by the training be relevant to the DRO employee's responsibilities and cover, as applicable, the following:

(i) the designated rating organization's code of conduct;

(ii) the designated rating organization's credit rating methodologies;

(iii) the laws governing the designated rating organization's credit rating activities;

(iv) the designated rating organization's policies and procedures for managing conflicts of interest and governing the holding and transacting in securities;

(v) the designated rating organization's policies and procedures for handling confidential or material non-public information.

3. INDEPENDENCE AND CONFLICTS OF INTEREST

A. General

3.1 The designated rating organization will not refrain from, or unnecessarily delay, taking a rating action based in whole or in part on the potential effect (economic or otherwise) of the action on the designated rating organization, a rated entity, an investor, or other market participant.

3.2 The designated rating organization and its employees will use care and professional judgment to remain independent and maintain the appearance of independence and objectivity.

3.3 The determination of a credit rating or rating outlook will be influenced only by factors relevant to the credit assessment.

3.4 The designated rating organization will not allow its decision to assign a credit rating or rating outlook to a rated entity or rated securities to be affected by the existence of, or potential for, a business relationship between the designated rating organization or its affiliates and any other person or company including, for greater certainty, the rated entity, its affiliates or related entities.

3.5 The designated rating organization and its affiliates will keep separate, operationally~~ and~~, legally and, if practicable, physically, their credit rating business and their rating employees from any ancillary services (including the provision of consultancy or advisory services) that may present conflicts of interest with their credit rating activities and will ensure that the provision of such services does not present conflicts of interest with their credit rating activities. The designated rating organization will define and publicly disclose what it considers, and does not consider, to be an ancillary service and identify those that are ancillary services. The designated rating organization must disclose why it believes that those ancillary services do not present a conflict of interest with its credit rating activities. The designated rating organization will disclose in each ratings report any ancillary services provided to a rated entity, its affiliates or related entities.

3.6 The designated rating organization ~~will~~must not rate, or assign a rating outlook to, a person or company that is an affiliate or associate of the organization or a ratings employee. The designated rating organization must not assign a credit rating or rating outlook to a person or company if a ratings employee is an officer or director of the person or company, its affiliates or related entities.

3.6.1 A designated rating organization must not rate, or assign a rating outlook to, a person or company in any of the following circumstances:

(a) a significant security holder of the designated rating organization, or of an affiliate that is a parent of the designated rating organization, is a significant security holder of the person or company, its affiliates or related entities;

(b) an officer or director of a significant security holder of the designated rating organization, or of an affiliate that is a parent of the designated rating organization, is an officer or director of the person or company, its affiliates or related entities.

B. Procedures and policies

3.7 The designated rating organization ~~will~~must identify and eliminate or manage and publicly disclose any actual or potential conflicts of interest that may influence the opinions and analyses of ratings employees, including opinions and analyses in respect of a credit rating or rating outlook.

3.7.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls to identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the credit rating methodologies, credit rating actions, or analyses by the designated rating organization or the judgment, opinions or analyses by ratings employees. Without limiting the generality of the foregoing, the policies, procedures and controls must address all of the following conflicts and ensure that no conflict influences the designated rating organization's credit rating methodologies or credit rating actions:

(a) the designated rating organization is paid to issue a credit rating by the rated entity or a related entity;

(b) the designated rating organization is paid by subscribers with a financial interest that could be affected by a credit rating action of the designated rating organization;

(c) the designated rating organization is paid by rated entities, related entities or subscribers for services other than issuing credit ratings or providing access to the designated rating organization's credit ratings;

(d) the designated rating organization provides a preliminary indication or similar indication of credit quality to a rated entity or related entity prior to being retained to determine the final credit rating for the rated entity or related entity;

(e) the designated rating organization has a direct or indirect ownership interest in a rated entity or related entity;

(f) a rated entity or related entity has a direct or indirect ownership interest in the designated rating organization.

3.8 The designated rating organization ~~will~~must disclose the actual or potential conflicts of interest it identifies under the policies, procedures and controls referred to in section ~~3.7~~3.7.1 in a complete, timely, clear, concise, specific and prominent manner. If the actual or potential conflict of interest is unique or specific to a credit rating action with respect to a particular rated entity or related entity, the conflict of interest must be disclosed in the same form and through the same means as the relevant credit rating action.

3.9 The designated rating organization will disclose the general nature of its compensation arrangements with rated entities.

(1) If the designated rating organization or an affiliate receives from a rated entity, an affiliate or a related entity compensation unrelated to its ratings service, such as compensation for ancillary services (as referred to in section 3.5), the designated rating organization will disclose the percentage that non-rating fees represent out of the total amount of fees received by the designated rating organization or its affiliate, as the case may be, from the rated entity, the affiliate or the related entity.

(2) If the designated rating organization or its affiliates receives directly or indirectly 10 percent or more of its annual revenue from a particular rated entity or subscriber, including revenue received from an affiliate or related entity of the rated entity or subscriber, the organization will disclose that fact and identify the particular rated entity or subscriber.

3.9.1 A designated rating organization must ensure both of the following:

(a) fees charged to rated entities for the provision of credit ratings and ancillary services, as referred to in section 3.5, do not discriminate among rated entities in an unfair manner and have a reasonable relation to actual costs;

(b) fees charged to rated entities for the provision of credit ratings must not depend on the category of credit rating or any other result or outcome of the work performed.

3.10 A designated rating organization and its DRO employees and their associates must not trade a security, derivative or exchange contract if the organization's employee's or associate's interests in the trade conflict with their interests relating to a credit rating or rating outlook.

3.11 If a designated rating organization is subject to the oversight of a rated entity, or an affiliate or related entity of the rated entity, the designated rating organization ~~will~~must use different DRO employees to conduct the rating actions in respect of that entity, or to develop or modify methodologies that apply to that entity, than those ~~involved in~~that are subject to the oversight.

3.11.1 A designated rating organization must adopt, implement and enforce policies and procedures to prevent and mitigate conflicts of interest and to ensure the independence of credit ratings, rating outlooks and DRO employees, including policies and procedures in relation to the matters described in section 3.4. The designated rating organization must periodically monitor and review these policies and procedures in order to evaluate their effectiveness and assess whether they should be updated.

C. Employee independence

3.12 Reporting lines for a ratings employee or DRO employees and their compensation arrangements will be structured to eliminate or manage actual and potential conflicts of interest.

(1) The designated rating organization will not compensate or evaluate a ratings employee on the basis of the amount of revenue that the designated rating organization or its affiliates derives from rated entities that the ratings employee rates or assigns rating outlooks to, or with which the ratings employee regularly interacts.

(2) The designated rating organization will conduct reviews of compensation policies and practices for its DRO employees within reasonable regular time periods to ensure that these policies and practices do not compromise the objectivity of the designated rating organization's rating process.

3.13 The designated rating organization will take reasonable steps to ensure that its ratings employees, and any agent who has responsibility for developing or approving procedures or methodologies used for determining credit ratings, do not initiate, or participate in, discussions or negotiations regarding fees or payments with any rated entity or its affiliates or related entities.

3.14 The designated rating organization ~~will~~must not permit a ratings employee to participate in or otherwise influence the determination of a credit rating or rating outlook if any of the ~~ratings employee~~following apply:

(a) ~~owns directly or indirectly~~the ratings employee or an associate of the ratings employee has beneficial ownership of, or control or direction over, whether direct or indirect, securities, derivatives or exchange contracts of, or in respect of, the rated entity, other than holdings through an investment fund;

(b) ~~owns directly or indirectly securities~~the ratings employee or an associate of the ratings employee has beneficial ownership of, or control or direction over, whether direct or indirect, derivatives or exchange contracts of, or in respect of, a rated entity, its affiliates or its related entities, the ownership of which, or control or direction over, causes or may reasonably be perceived as causing a conflict of interest;

(c) ~~has~~the ratings employee or an associate of the ratings employee has, or has recently had ~~a recent~~, an employment, business or other relationship with, or interest in, the rated entity, its affiliates or related entities that causes or may reasonably be perceived as causing a conflict of interest; ~~or~~

(d) ~~has~~ an associate ~~who currently works for~~of the ratings employee is a director of, the rated entity, its affiliates or related entities.

3.15 The designated rating organization will not permit a ratings employee or an associate of such ratings employee to buy or sell or engage in any transaction involving a security, a derivative or an exchange contract based on a security issued, guaranteed, or otherwise supported by any person or company within such ratings employee's area of primary analytical responsibility, other than holdings through an investment fund.

3.16 The designated rating organization will not permit a ratings employee or an associate of such ratings employee to accept gifts, including entertainment, from anyone with whom the designated rating organization does business, other than items provided in the normal course of business if the aggregate value of all gifts received is nominal.

3.17 If a DRO employee of a designated rating organization becomes involved in any ~~personal~~ relationship that creates any actual or potential conflict of interest, the DRO employee must disclose the relationship to the designated rating organization's compliance officer. The designated rating organization ~~will~~must not issue a credit rating or rating outlook if a DRO employee has an actual or potential conflict of interest with a rated entity. If ~~the~~such a credit rating or rating outlook has been issued, the designated rating organization ~~will~~must promptly publicly disclose ~~in a timely manner~~ that the credit rating ~~may~~or rating outlook might be affected.

3.18 The designated rating organization will review the past work of any ratings employee that leaves the organization and joins a rated entity (or an affiliate or related entity of the rated entity) if one or both of the following apply:

(a) the ratings employee has, within the last year, been involved in rating the rated entity~~,~~ or assigning it a related rating outlook;

(b) the rated entity is a financial firm with which the ratings employee had, within the last year, significant dealings as part of his or her duties at the designated rating organization.

4. RESPONSIBILITIES TO THE INVESTING PUBLIC AND ISSUERS

A. Transparency and timeliness of ratings disclosure

4.1 The designated rating organization ~~will~~must distribute in a timely manner its ~~ratings~~ decisions on credit ratings and rating outlooks regarding the entities and securities it rates.

4.1.1 A designated rating organization must adopt, implement and enforce policies, procedures and controls for distributing credit ratings, actions, updates, rating outlooks and related reports and for when a credit rating will be withdrawn or discontinued.

4.2 ~~The~~A designated rating organization ~~will~~must publicly disclose its policies and procedures for distributing credit ratings, ~~ratings~~actions, updates, rating outlooks and related reports and ~~updates~~for when a credit rating will be withdrawn or discontinued.

4.3 Except for a credit rating or a rating outlook it discloses only to the rated entity, a designated rating organization ~~will~~must disclose to the public, on a non-selective basis and free of charge, any ~~ratings~~ decision on a credit rating or rating outlook regarding a rated ~~entities~~entity that ~~are~~is a reporting ~~issuers~~issuer or regarding the securities of such ~~issuers~~an issuer, as well as any subsequent ~~decisions~~decision to discontinue such a rating, if the ~~rating~~ decision is based in whole or in part on material non-public information.

4.3.1 If a designated rating organization discloses to the public or its subscribers any decision on a credit rating or rating outlook regarding a rated entity or the securities of a rated entity, as well as any subsequent decisions to discontinue the rating, it must do so on a non-selective basis.

4.4 In each of its ratings reports in respect of a credit rating or rating outlook, a designated rating organization ~~will~~must disclose all of the following:

(a) when the credit rating was first released and when it was last updated, reviewed or assigned a rating outlook;

(b) the principal methodology or methodology version that was used in determining the credit rating and where a description of that methodology can be found. If the credit rating is based on more than one methodology, or if a review of only the principal methodology might cause investors to overlook other important aspects of the credit rating, the designated rating organization must explain this fact in the ratings report, and include a discussion of how the different methodologies and other important aspects factored into the rating decision;

(c) the meaning of each rating category and the definition of default or recovery, and the time horizon the designated rating organization used when making a rating decision;

(d) any attributes and limitations of the credit rating or rating outlook. If the rating or rating outlook involves a type of financial product presenting limited historical data, ~~(~~such as an innovative financial vehicle~~)~~, the designated rating organization ~~will~~must disclose, in a prominent place, the limitations of the credit rating or rating outlook;

(e) all ~~material~~significant sources, including the rated entity, its affiliates and related entities, that were used to prepare the credit rating or rating outlook and whether the credit rating or rating outlook has been disclosed to the rated entity or its related entities and amended following that disclosure before being issued.

4.5 In each of its ratings reports in respect of a credit rating or rating outlook for a structured finance product, a designated rating organization ~~will~~must disclose all of the following:

(a) all information about loss and cash-flow analysis it has performed or is relying upon and an indication of any expected change in the credit rating or rating outlook. The designated rating organization ~~will~~must also disclose the degree to which it analyzes how sensitive a credit rating of a structured finance product is to changes in the designated rating organization's underlying rating assumptions;

(b) the level of assessment the designated rating organization has performed concerning the due diligence processes carried out at the level of underlying financial instruments or other assets of structured finance

products. The designated rating organization ~~will~~must also disclose whether it has undertaken any assessment of such due diligence processes or whether it has relied on a third-party assessment and how the outcome of such assessment impacts the credit rating;

(c) whether the issuer of the structured finance product has informed the designated rating organization that it is publicly disclosing all relevant information about the product being rated or whether the information remains non-public.

4.6 If, to a reasonable person, the information required to be included in a ratings report under sections 4.4 and 4.5 would be disproportionate to the length of the ratings report, the designated rating organization will include a prominent reference to where such information can be easily accessed.

4.7 A designated rating organization ~~will~~must disclose on an ongoing basis information about all debt securities and structured finance products submitted to it for its initial review or for a preliminary rating, including whether the issuer requested the designated rating organization to provide a final rating.

4.8 The designated rating organization will publicly disclose the methodologies, models and key rating assumptions (such as mathematical or correlation assumptions) it uses in its credit rating activities and any material modifications to such methodologies, models and key rating assumptions. This disclosure will include sufficient information about the designated rating organization's procedures, methodologies and assumptions (including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements and a description of the rating committee process, if applicable) so that outside parties can understand how a rating was arrived at by the designated rating organization.

4.8.1 When disclosing the methodologies, models and key rating assumptions referred to in section 4.8, the designated rating organization must include guidance that explains assumptions, parameters, limits and uncertainties surrounding the methodologies and models it uses in its credit rating activities, including simulations of stress scenarios undertaken by the designated rating organization when determining credit ratings, information on cash-flow analysis it has performed or is relying upon and, where applicable, an indication of any expected change in the credit rating. The designated rating organization must prepare the guidance required by this section using plain language.

4.9 The designated rating organization will differentiate ratings of structured finance products from traditional corporate bond ratings through a different rating symbology. The designated rating organization will also disclose how this differentiation functions. The designated rating organization will clearly define a given rating symbol and apply it in a consistent manner for all types of securities to which that symbol is assigned.

4.10 The designated rating organization will assist investors in developing a greater understanding of what a credit rating is, and the limits to which credit ratings can be put to use in relation to a particular type of financial product that the designated rating organization rates. The designated rating organization ~~will clearly~~must indicate the attributes and limitations of each credit rating and the risks of relying on the credit rating to make investment or other financial decisions. When issuing a credit rating or a rating outlook, the designated rating organization must disclose that the credit rating or rating outlook is the designated rating organization's assessment and should only be relied on to a limited degree. A designated rating organization must prepare the disclosure required by this section using plain language. A designated rating organization must not state or imply that a regulator or securities regulatory authority endorses its credit ratings or use its designation status to promote the quality of its credit ratings.

4.10.1 When issuing a credit rating or rating outlook, the designated rating organization must clearly indicate the extent to which the designated rating organization verifies information provided to it by the rated entity. If the credit rating involves a type of entity or obligation for which there is limited historical data, the designated rating organization must disclose this fact and how it may limit the credit rating.

4.10.2 For any credit rating or rating outlook, a designated rating organization must be transparent with the rated entity and investors about how the rated entity or its securities are rated.

4.11 When issuing or revising a credit rating or a rating outlook, the designated rating organization ~~will~~must provide in its press releases and public reports an explanation of the key elements underlying the rating opinion or rating outlook, including financial statement adjustments that deviate materially from those contained in the issuer's published financial statements.

4.12 Before issuing or revising a credit rating or a rating outlook, the designated rating organization ~~will~~must inform the issuer of the critical information and principal considerations upon which a credit rating or rating outlook will be based and afford the issuer ~~an~~a reasonable opportunity to clarify any likely factual misperceptions or other matters that the designated rating organization would ~~wish~~want to be made aware of in order to produce an accurate credit rating or rating outlook. The designated rating organization ~~will~~must inform the issuer during the business hours of the issuer. The designated rating organization must duly evaluate the response.

4.13 Every year, the designated rating organization ~~will~~must publicly disclose data about the historical transition and default rates of its rating categories with respect to the classes of issuers and securities it rates and whether the transition and default rates of these categories have changed over time. If the nature of the rating or other circumstances make a historical transition or default rate inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, the designated rating organization ~~will~~must explain this. This information ~~will~~must include verifiable, quantifiable historical information about the performance of its rating opinions, organized ~~and structured~~over a period of time, and, where possible, standardized in such a way so as to assist investors in drawing performance comparisons between different designated rating organizations.

4.13.1 When disclosing a credit rating or rating outlook, the designated rating organization must include a reference to where the data referred to in section 4.13 can be accessed on its website and a brief explanation of the meaning of that data.

4.13.2 When disclosing a rating outlook, the designated rating organization must indicate the time period during which a change in the credit rating may occur.

4.14 For each credit rating, the designated rating organization ~~will~~must disclose whether the rated entity and its related entities participated in the rating process and whether the designated rating organization had access to the accounts, management and other relevant internal documents of the rated entity or its related entities. Each credit rating without that access must be identified as such using a clearly distinguishable colour code for the rating category. Each credit rating not initiated at the request of the rated entity ~~will~~must be identified as such. The designated rating organization ~~will~~must also publicly disclose its policies and procedures regarding unsolicited ratings.

4.15 The designated rating organization ~~will fully and~~must publicly disclose, in a timely fashion, any material modification to its methodologies, models, key ratings assumptions and significant systems, resources or procedures. Where a reasonable person would consider it feasible and appropriate, disclosure of such material modifications ~~will~~must be made before they go into effect. Any disclosure of such material modifications must be made in a non-selective manner. The designated rating organization ~~will~~must carefully consider the various uses of credit ratings before modifying its methodologies, models, key ratings assumptions and significant systems, resources or procedures.

4.15.1 If the designated rating organization intends to make a significant change to an existing rating methodology, model or key rating assumption or use a new rating methodology that could have an impact on a credit rating, the designated rating organization must do both of the following:

(a) publish the proposed significant change or proposed new rating methodology on its website together with a detailed explanation of the reasons for, and the implications of, the proposed significant change or proposed new rating methodology;

(b) invite interested persons to submit written comments with respect to the proposed significant change or proposed new rating methodology within a period of at least 30 days after the publication.

4.15.2 If following the publication referred to in section 4.15.1, the designated rating organization makes a significant change to an existing rating methodology, model or key rating assumption or issues a new rating methodology that could have an impact on a credit rating, the designated rating organization must promptly publish on its website all of the following:

(a) the revised or new rating methodology, model or key rating assumption,

(b) a detailed explanation of the revised or new methodology, model or key rating assumption, its date of application and the results of the consultation referred to in section 4.15.1;

(c) copies of the written comments referred to in paragraph 4.15.1(b), except in the case where confidentiality is requested by the person who submitted the comment.

4.15.3 A designated rating organization's disclosures, including those specified in the organization's code of conduct, must be complete, fair, accurate, timely, and understandable to reasonable investors and other expected users of credit ratings.

4.15.4 A designated rating organization must publicly and prominently disclose, free of charge, all of the following information on its primary website:

(a) the designated rating organization's code of conduct;

(b) a description of the designated rating organization's credit rating methodologies;

(c) information about the designated rating organization's historic performance data;

(d) any other disclosures specified in the provisions of the designated rating organization's code of conduct and securities legislation.

B. The treatment of confidential information

4.16 The designated rating organization and its DRO employees ~~will~~must take all reasonable measures to protect both of the following:

(a) non-public information about a credit rating action, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers;

(b) the confidential nature of information shared with them by rated entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially.

Unless otherwise permitted by ~~the confidentiality~~a written agreement or required by applicable laws, regulations or court orders, the designated rating organization and its DRO employees ~~will~~must not disclose confidential information, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers.

4.16.1 A designated rating organization must consider applicable securities legislation governing insider trading or tipping when dealing with non-public information that it receives from an issuer. A designated rating organization must maintain a list of all persons who have access to non-public information about a credit rating action, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers. For any credit rating action, the list must include applicable DRO employees and any person identified by the rated entity for purposes of the list.

4.17 The designated rating organization and its DRO employees will not use confidential information for any purpose except for their rating activities or in accordance with applicable legislation or a confidentiality agreement with the rated entity to which the information relates.

4.18 The designated rating organization and its DRO employees ~~will~~must take all reasonable measures to protect all property and records relating to credit rating activities and belonging to or in possession of the designated rating organization from fraud, theft ~~or~~, misuse or inadvertent disclosure.

4.19 ~~A~~ The designated rating organization ~~will~~must ensure that the organization and its DRO employees do not engage in transactions in securities, derivatives or exchange contracts when they possess confidential information concerning the issuer of such security or to which the derivative or the exchange contract relates, including information about a credit rating action before the credit rating or rating outlook is publicly disclosed or disseminated to subscribers.

4.20 A designated rating organization will cause its DRO employees to familiarize themselves with the internal securities trading policies maintained by the designated rating organization and certify their compliance with such policies within reasonable regular time periods.

4.21 The designated rating organization and its DRO employees ~~will~~must not selectively disclose any non-public information about credit ratings, rating outlooks or possible future rating actions of the designated rating organization, except to the issuer or its designated agents.

4.22 The designated rating organization and its DRO employees will not share confidential information entrusted to the designated rating organization with employees of any affiliate that is not a designated rating organization or a DRO affiliate. The designated rating organization and its DRO employees will not share confidential information within the designated rating organization, except as necessary in connection with the designated rating organization's credit rating functions.

4.23 A designated rating organization will ensure that its DRO employees do not use or share confidential information for the purpose of buying or selling or engaging in any transaction in any security, derivative or exchange contract based on a security issued, guaranteed, or otherwise supported by any person or company, or for any other purpose except the conduct of the designated rating organization's business.

4.24 A designated rating organization must adopt, implement and enforce policies, procedures and controls to ensure all of the following:

(a) compliance with applicable laws governing the treatment and use of confidential or material non-public information;

(b) DRO employees take all reasonable steps to protect confidential or material non-public information from fraud, theft, misuse, or inadvertent disclosure;

(c) compliance with sections 4.16, 4.16.1, 4.19, 4.21 and 4.23;

(d) compliance with the designated rating organization's internal record maintenance, retention and disposition policies, procedures and controls and with laws governing the maintenance, retention and disposition of the designated rating organization's records.

C. The treatment of complaints

4.25 A designated rating organization must establish and maintain a committee charged with receiving, retaining, and handling complaints from market participants and the public. The designated rating organization must adopt implement and enforce policies, procedures and controls for receiving, retaining, and handling complaints, including those that are provided on a confidential basis. The policies and procedures must specify the circumstances under which a complaint must be reported to one or both of the following:

(a) senior management of the designated rating organization;

(b) the board of directors of the designated rating organization or of a DRO affiliate that is a parent of the designated rating organization.

Form 25-101F1
Designated Rating Organization Application and Annual Filing

Instructions

(1) Terms used in this form but not defined in this form have the meaning given to them in the Instrument.

(2) Unless otherwise specified, the information in this form must be presented as at the last day of the applicant's most recently completed financial year. If necessary, the applicant must update the information provided so it is not misleading when it is filed. For information presented as at any date other than the last day of the applicant's most recently completed financial year, specify the relevant date in the form.

(3) Applicants are reminded that it is an offence under securities legislation to give false or misleading information on this form.

(4) Applicants may apply to the securities regulatory authority or regulator to hold in confidence portions of this form which disclose ~~intimate~~sensitive financial, personal or other information. ~~Securities~~The securities regulatory ~~authorities~~authority or regulator will consider the application and may determine to accord confidential treatment to those portions to the extent permitted by law.

(5) When this form is used for an annual filing, the term "applicant" means the designated rating organization.

Item 1. Name of Applicant

State the name of the applicant.

Item 2. Organization and Structure of Applicant

Describe the organizational structure of the applicant, including, as applicable, an organizational chart that identifies the ultimate and intermediate parent companies, subsidiaries, and material affiliates of the applicant (if any); an organizational chart showing the divisions, departments, and business units of the applicant; and an organizational chart showing the managerial structure of the applicant, including the compliance officer referred to in section 12 of the Instrument. Provide detailed information regarding the applicant's legal structure and ownership.

Item 3. DRO Affiliates

Provide the name, address and governing jurisdiction of each affiliate that is (or, in the case of an applicant, proposes to be) a DRO affiliate.

Item 4. Rating Distribution Model

Briefly describe how the applicant makes its credit ratings readily accessible for free or for a fee. If a person must pay a fee to obtain a credit rating made readily accessible by the applicant, provide a fee schedule or describe the price(s) charged.

Item 5. Procedures and Methodologies

Briefly describe the procedures and methodologies used by the applicant to determine credit ratings, including unsolicited credit ratings. The description must be sufficiently detailed to provide an understanding of the processes employed by the applicant in determining credit ratings, including, as applicable:

- policies for determining whether to initiate a credit rating;

- the public and non-public sources of information used in determining credit ratings, including information and analysis provided by third-party vendors;

- whether and, if so, how information about verification performed on assets underlying or referenced by a security issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction is relied on in determining credit ratings;

- the quantitative and qualitative models and metrics used to determine credit ratings, including whether and, if so, how assessments of the quality of originators of assets underlying or referenced by a security issued by an asset pool or as part of any asset-backed or mortgage-backed securities transaction factor into the determination of credit ratings;

- the methodologies by which credit ratings of other credit rating ~~agencies~~organizations are treated to determine credit ratings for securities issued by an asset pool or as part of any asset-backed or mortgaged-backed securities transaction;
- the procedures for interacting with the management of a rated obligor or issuer of rated securities;
- the structure and voting process of committees that review or approve credit ratings;
- procedures for informing rated obligors or issuers of rated securities about credit rating decisions and for appeals of final or pending credit rating decisions; and
- procedures for monitoring, reviewing, and updating credit ratings, including how frequently credit ratings are reviewed, whether different models or criteria are used for ratings surveillance than for determining initial ratings, whether changes made to models and criteria for determining initial ratings are applied retroactively to existing ratings, and whether changes made to models and criteria for performing ratings surveillance are incorporated into the models and criteria for determining initial ratings; and procedures to withdraw, or suspend the maintenance of, a credit rating.

An applicant may provide the location on its website where additional information about the procedures and methodologies is located.

Item 6. Code of Conduct

Unless previously provided, attach a copy of the applicant's code of conduct.

Item 7. Policies and Procedures re Non-public Information

Unless previously provided, attach a copy of the most recent written policies and procedures established, maintained, and enforced by the applicant to prevent the misuse of material non-public information.

Item 8. Policies and Procedures re Conflicts of Interest

Unless previously provided, attach a copy of the most recent written policies and procedures established with respect to conflicts of interest.

Item 9. Policies and Procedures re Internal Controls

Describe the applicant's internal control mechanisms designed to ensure the quality of its credit rating activities.

Item 10. Policies and Procedures re Books and Records

Describe the applicant's policies and procedures regarding record-keeping.

Item 11. Ratings Employees

Disclose the following information about the applicant's ratings employees and the persons who supervise the ratings employees:

- The total number of ratings employees,
- The number of ratings employees allocated to credit rating activities for different asset classes,
- The total number of ratings employees supervisors,
- The number of ratings employees supervisors allocated to credit rating activities for different asset classes,
- A general description of the minimum qualifications required of the ratings employees, including education level and work experience (if applicable, distinguish between junior, mid, and senior level ratings employees), and
- A general description of the minimum qualifications required of the ratings employees supervisors, including education level and work experience.

Item 12. Compliance Officer

Disclose the following information about the compliance officer of the applicant:

- Name,
- Employment history,
- Post secondary education, and
- Whether employed by the applicant full-time or part-time.

Item 13. Specified Revenue

Disclose information, as applicable, regarding the applicant's aggregate revenue for the most recently completed financial year:

- Revenue from determining and maintaining credit ratings,
- Revenue from subscribers,
- Revenue from granting licenses or rights to publish credit ratings, and
- Revenue from all other services and products offered by the credit rating organization (include descriptions of any major sources of revenue).

Include financial information ~~on~~about the revenue of the applicant ~~divided~~separated into fees from credit rating services and non-credit rating ~~activities~~services, including a comprehensive description of each. In providing this information, disclose the following:

- Revenue from non-credit rating services provided to persons that also obtained credit rating services,
- Revenue from credit rating services for different asset classes, and
- Revenue from credit rating services and non-credit rating services provided to persons located in Canada.

This information is not required to be audited.

Item 14. Credit Rating Users

(a) Disclose a list of the largest users of credit rating services of the applicant by the amount of net revenue earned by the applicant attributable to the user during the most recently completed financial year. First, determine and list the 20 largest issuers and subscribers in terms of net revenue. Next, add to the list any obligor or underwriter that, in terms of net revenue during the financial year, equalled or exceeded the 20th largest issuer or subscriber. In making the list, rank the users in terms of net revenue from largest to smallest and include the net revenue amount for each person. For purposes of this Item:

- **"credit rating services"** means any of the following: rating an issuer's securities (regardless of whether the issuer, underwriter, or any other person or company paid for the credit rating) and providing credit ratings, credit ratings data, or credit ratings analysis to a subscriber; and
- **"net revenue"** means revenue earned by the applicant for any type of service or product provided to the person or company, regardless of whether related to credit rating services, and net of any rebates and allowances the applicant paid or owes to the person or company.

(b) Disclose a list of users of credit rating services whose contribution to the growth rate in the generation of revenue of the applicant in the previous fiscal year exceeded the growth rate in the applicant's total revenue in that year by a factor of more than 1.5 times. A user must be disclosed only if, in that year, the user accounted for more than 0.25% of the applicant's worldwide total revenue.

Item 14A. Pricing Policy

Disclose the applicant's pricing policy for credit rating services and any ancillary services, including the fee structure and pricing criteria in relation to credit ratings for different asset classes.

Item 15. Financial Statements

Attach a copy of the audited financial statements of the applicant, which must include a statement of financial position, a statement of comprehensive income, and a statement of changes in equity, for each of the three most recently completed financial years. If the applicant is a division, unit, or subsidiary of a parent company, the applicant may provide audited consolidated financial statements of its parent company.

Item 16. Verification Certificate

Include a certificate of the applicant in the following form:

The undersigned has executed this Form 25-101F1 on behalf of, and on the authority of, [the Applicant]. The undersigned, on behalf of the [Applicant], represents that the information and statements contained in this Form, including appendices and attachments, all of which are part of this Form, are true and correct.

________________________ ____
(Date) (Name of the Applicant/Designated Rating Organization)

By: ____
(Print Name and Title)

____
(Signature)

Form 25-101F2
Submission to Jurisdiction and Appointment of Agent for Service of Process

1. Name of credit rating organization (the **CRO**):

2. Jurisdiction of incorporation, or equivalent, of CRO:

3. Address of principal place of business of CRO:

4. Name of agent for service of process (the **Agent**):

5. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

6. The CRO designates and appoints the Agent at the address of the Agent stated in Item 5 as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the **Proceeding**) arising out of, relating to or concerning the issuance and maintenance of credit ratings or the obligations of the CRO as a designated rating organization, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

7. The CRO irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces and territories of Canada in which it is a designated rating organization; and

   (b) any administrative proceeding in any such province or territory,

   in any Proceeding arising out of or related to or concerning the issuance or maintenance of credit ratings or the obligations of the CRO as a designated rating organization.

8. This submission to jurisdiction and appointment of agent for service of process is governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

______________________________ ______________________
Signature of Credit Rating Organization Date

____
Print name and title of signing officer
of Credit Rating Organization

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of CRO] under the terms and conditions of the appointment of agent for service of process set out in this document.

______________________________ ______________________
Signature of Agent Date

____
Print name of person signing and, if Agent
is not an individual, the title of the person

ANNEX P

ONTARIO LOCAL MATTERS

Alternatives Considered

No alternatives to the Proposed Amendments or the Proposed Changes were considered.

Unpublished Materials

In proposing the Proposed Amendments and the Proposed Changes, we have not relied on any significant unpublished study, report or other written materials.

Authority for Proposed Amendments

In Ontario, the rule making authority for the Proposed Amendments is as follows.

NI 25-101

Paragraph 63 of subsection 143(1) of the *Securities Act* (Ontario) (the **OSA**).

NI 31-103 and NI 33-109

Paragraphs 1, 7 and 39 of subsection 143(1) of the OSA.

NI 41-101, NI 44-101 and NI 44-102

Paragraphs 16 and 39 of subsection 143(1) of the OSA.

NI 45-106

Paragraph 20 of subsection 143(1) of the OSA.

NI 51-102

Paragraph 22 of subsection 143(1) of the OSA.

NI 81-102 and NI 81-106

Paragraph 31 of subsection 143(1) of the OSA.

6.1.2 OSC Notice and Request for Comment Relating to Designated Rating Organizations – Proposed Amendments to OSC Rule 33-506 (Commodity Futures Act) Registration Information

OSC Notice and Request for Comment
Relating to Designated Rating Organizations

Proposed Amendments to
OSC Rule 33-506 *(Commodity Futures Act) Registration Information*

July 6, 2017

Introduction

The Ontario Securities Commission (the **OSC** or **we**) are publishing for a 90 day comment period proposed amendments (the **Proposed Amendments**) to OSC Rule 33-506 *(Commodity Futures Act) Registration Information* (**OSC Rule 33-506**).

The Proposed Amendments:

- relate to designated rating organizations (**DROs**) and credit ratings of DROs,
- are being proposed in conjunction with proposed amendments (the **33-109 Amendments**) to National Instrument 33-109 *Registration Information* (**NI 33-109**), and
- are consequential to, and consistent with, publication today by the Canadian Securities Administrators (**CSA**) of a *Notice and Request for Comment Relating to Designated Rating Organizations* (the **CSA Notice**).

Substance and Purpose

The Proposed Amendments are consequential in nature to the 33-109 Amendments and would maintain consistency between the form requirements under OSC Rule 33-506 and the form requirements under NI 33-109.

Summary of the Proposed Amendments[1]

We revised section 1.1 of OSC Rule 33-506 to include a definition of “designated rating organization” and “DRO affiliate”.

We revised subparagraph (a)(i) of Schedule 1 of Schedule C of Form 33-109F6 to:

- Include the applicable long term and short term credit ratings of DBRS Limited and Fitch Ratings, Inc.
- Include the applicable short term credit ratings of S&P Global Ratings Canada and Moody’s Canada Inc.

For additional information, see the section entitled “Drafting approach” in Annex B of the CSA Notice.

Anticipated Costs and Benefits

We anticipate that the Proposed Amendments will maintain existing efficiencies in the registration process by continuing to harmonize the form requirements under OSC Rule 33-506 with the form requirements under NI 33-109. We do not expect that these changes will add significant costs to registrants or investors.

Alternatives Considered

No alternatives to the Proposed Amendments were considered.

Unpublished Materials

In proposing the Proposed Amendments, we have not relied on any significant study, report or other written materials.

[1] On July 7, 2016, the OSC published for comment proposed amendments to OSC Rule 33-506, including proposed amendments to subparagraph (a)(i) of Schedule 1 of Schedule C of Form 33-506F6. It is expected that these amendments will be finalized before the Proposed Amendments.

Authority for Proposed Amendments

The rule making authority for the Proposed Amendments is in paragraphs 1, 7 and 23 of subsection 65(1) of the *Commodity Futures Act* (Ontario).

Request for Comments

We welcome your comments on the Proposed Amendments.

How to Provide Comments

Please submit your comments in writing on or before **October 4, 2017**. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (in Microsoft Word format).

Deliver your comments **only** to the address below.

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

We cannot keep submissions confidential because applicable legislation requires publication of the written comments received during the comment period. All comments received will be posted on the website of the OSC at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Contents of Annex

Annex A sets out the Proposed Amendments.

Questions

Please refer your questions to:

Michael Bennett
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
(416) 593-8079
mbennett@osc.gov.on.ca

ANNEX A

PROPOSED AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT) REGISTRATION INFORMATION

1. Ontario Securities Commission Rule 33-506 (Commodity Futures Act) Registration Information is amended by this Instrument.

2. Section 1.1 is amended by adding the following definitions:

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

"DRO affiliate" has the same meaning as in National Instrument 25-101 *Designated Rating Organizations;*.

3. Schedule 1 of Schedule C of Form 33-506F6 Firm Registration is amended by replacing subparagraph (a)(i) with the following:

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, or any of its DRO affiliates, that is at one of the following corresponding rating categories or that is at a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

4. This Instrument comes into force on •.

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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 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
BMO International Equity Fund
BMO Japan Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated June 28, 2017
NP 11-202 Preliminary Receipt dated June 29, 2017
Offering Price and Description:
Series A, F, I and Advisor Series Securities
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.
Project #2646170

Issuer Name:
Hamilton Capital U.S. Mid-Cap Financials ETF (USD)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated June 28, 2017
NP 11-202 Preliminary Receipt dated June 29, 2017
Offering Price and Description:
Class E Units
Underwriter(s) or Distributor(s):
Promoter(s):
Hamilton Capital Partner Inc.
Project #2645535

Issuer Name:
Purpose Alternative Strategies Fund
Purpose Diversified Premium Yield Fund
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated June 27, 2017
NP 11-202 Preliminary Receipt dated June 28, 2017
Offering Price and Description:
ETF, Class A, F and D Units
Underwriter(s) or Distributor(s):
Promoter(s):
Purpose Investments Inc.
Project #2644964

Issuer Name:
Cambridge U.S. Dividend US$ Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 dated June 23, 2017 to Final Simplified Prospectus dated March 10, 2017
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
Underwriter(s) or Distributor(s):
Promoter(s):
CI Investments Inc.
Project #2494270

Issuer Name:
Morningstar Strategic Canadian Equity Fund
Greystone Global Equity Fund
Lazard Global Low Volatility Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated June 23, 2017 to Final Simplified Prospectus dated May 2, 2017
NP 11-202 Receipt dated June 29, 2017
Offering Price and Description:
Underwriter(s) or Distributor(s):
Promoter(s):
Brandes Investment Partners & Co.
Project #2596252

Issuer Name:
Fidelity Canadian Disciplined Equity Class
Fidelity Canadian Growth Company Class
Fidelity Greater Canada Class
Fidelity U.S. Focused Stock Currency Neutral Class
Fidelity Small Cap American Class
Fidelity U.S. All Cap Currency Neutral Class
Fidelity American Equity Class
Fidelity Event Driven Opportunities Class
Fidelity Far East Class
Fidelity International Disciplined Equity Currency Neutral Class
Fidelity NorthStar Class
Fidelity Global Concentrated Equity Class
Fidelity Insight Class
Fidelity Global Financial Services Class
Fidelity Canadian Asset Allocation Class
Fidelity Monthly Income Class
Fidelity Global Income Class Portfolio
Fidelity Balanced Class Portfolio
Fidelity Corporate Bond Class
Principal Regulator – Ontario
Type and Date:
Amendment #2 dated June 15, 2017 to Final Simplified Prospectus dated March 28, 2017
NP 11-202 Receipt dated June 29, 2017
Offering Price and Description:
Underwriter(s) or Distributor(s):
Promoter(s):
Fidelity Investments Canada ULC
Project #2586927

Issuer Name:
First Asset Cambridge Core Canadian Equity ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated June 22, 2017 to Final Long Form Prospectus dated September 12, 2016
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
Promoter(s):
FIRST ASSET INVESTMENT MANAGEMENT INC.
Project #2515653

Issuer Name:
First Asset Tech Giants Covered Call ETF
Principal Regulator – Ontario
Type and Date:
Amendment #2 dated June 20, 2017 to Final Long Form Prospectus dated June 28, 2016
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
Unhedged Common Units
Underwriter(s) or Distributor(s):
Promoter(s):
First Asset Investment Management Inc.
Project #2486985

Issuer Name:
Harmony Balanced Growth Portfolio
Harmony Balanced Growth Portfolio Class
Harmony Balanced Portfolio
Harmony Canadian Equity Pool
Harmony Canadian Fixed Income Pool
Harmony Conservative Portfolio
Harmony Diversified Income Pool
Harmony Global Fixed Income Pool
Harmony Growth Plus Portfolio
Harmony Growth Plus Portfolio Class
Harmony Growth Portfolio
Harmony Growth Portfolio Class
Harmony Maximum Growth Portfolio
Harmony Maximum Growth Portfolio Class
Harmony Money Market Pool
Harmony Non-traditional Pool
Harmony Overseas Equity Pool
Harmony U.S. Equity Pool
Harmony Yield Portfolio (formerly, Harmony Balanced and Income Portfolio)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated June 27, 2017
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2629761

Issuer Name:
IA Clarington Global Equity Exposure Fund
IA Clarington Target Click 2020 Fund
IA Clarington Target Click 2025 Fund
IA Clarington Target Click 2030 Fund
Principal Regulator – Quebec
Type and Date:
Final Simplified Prospectus dated June 20, 2017
NP 11-202 Receipt dated June 29, 2017
Offering Price and Description:
Series A, Series F and Institutional Series Units
Underwriter(s) or Distributor(s):
Promoter(s):
IA Clarington Investments Inc.
Project #2628775

Issuer Name:
LOGiQ Balanced Monthly Income Class
LOGiQ Global Balanced Income Class
LOGiQ Global Opportunities Class
LOGiQ Growth Class
LOGiQ MLP and Infrastructure Income Class
LOGiQ Money Market Class
LOGiQ Resource Growth and Income Class
LOGiQ Special Opportunities Class
LOGiQ Tactical Bond Class
LOGiQ Tactical Bond Fund
LOGiQ Tactical Equity Class
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated June 28, 2017
NP 11-202 Receipt dated June 30, 2017
Offering Price and Description:
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2633183

Issuer Name:
LOGiQ Growth Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated June 28, 2017
NP 11-202 Receipt dated June 30, 2017
Offering Price and Description:
Series A, B and F units
Underwriter(s) or Distributor(s):
Promoter(s):
Project #2633187

Issuer Name:
MM Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated June 27, 2017
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
Series A, Series D and Series F Units
Underwriter(s) or Distributor(s):
Spartan Fund Management Inc.
Promoter(s):
Project #2609016

Issuer Name:
MM Fund
Principal Regulator – Ontario
Type and Date:
Amended and Restated dated June 27, 2017 to Final Simplified Prospectus dated May 12, 2017
NP 11-202 Receipt dated June 29, 2017
Offering Price and Description:
Series A, Series D and Series F Units
Underwriter(s) or Distributor(s):
Spartan Fund Management Inc.
Promoter(s):
Project #2609016

Issuer Name:
Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund
Social Housing Canadian Short-Term Bond Fund
Type and Date:
Final Simplified Prospectus dated June 27, 2017
Receipted on June 28, 2017
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
Project #2622520

Issuer Name:
Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund
Social Housing Canadian Short-Term Bond Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated June 27, 2017
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
Series B Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
Project #2622525

NON-INVESTMENT FUNDS

Issuer Name:
Apolo Acquisition Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary CPC Prospectus dated June 28, 2017
NP 11-202 Preliminary Receipt dated June 29, 2017
Offering Price and Description:
MAXIMUM OFFERING: $500,000.00 – 5,000,000 Common Shares
MINIMUM OFFERING: $375,000.00 – 3,750,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
RICHARDSON GMP LIMITED
Promoter(s):
-
Project #2645638

Issuer Name:
MJ Opportunity Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary CPC Prospectus dated June 30, 2017
NP 11-202 Preliminary Receipt dated June 30, 2017
Offering Price and Description:
Maximum of $1,000,000.00 – 5,000,000 Common Shares
Minimum of $500,000.00 – 2,500,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #2646966

Issuer Name:
Network Exploration Ltd.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated June 27, 2017
NP 11-202 Preliminary Receipt dated June 29, 2017
Offering Price and Description:
Maximum Offering: CDN$4,000,000.00 – 13,333,333 post-Consolidation Common Shares
Minimum Offering: CDN$3,750,000.00 – 12,500,000 post-Consolidation Common Shares
Offering Price: CDN$0.30 per post-Consolidation Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
YDREAMS – INFORMÁTICA, S.A.
ALEXANDER HELMEL
Project #2645813

Issuer Name:
NewCastle Gold Ltd. (Formerly Castle Mountain Mining Company Limited)
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 28, 2017
NP 11-202 Preliminary Receipt dated June 28, 2017
Offering Price and Description:
$15,010,000.00 – 15,800,000 Common Shares
$0.95 per Common Share
Underwriter(s) or Distributor(s):
Beacon Securities Limited
TD Securities Inc.
Canaccord Genuity Corp.
Cormark Securities Inc.
BMO Nesbitt Burns Inc.
Paradigm Capital Inc.
Haywood Securities Inc.
National Bank Financial Inc.
PI Financial Corp.
Promoter(s):
-
Project #2644434

Issuer Name:
Software Platform Partners Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 29, 2017
NP 11-202 Preliminary Receipt dated June 30, 2017
Offering Price and Description:
$90,000,000.00 – 9,000,000 Class A Restricted Voting Units
Price: $10.00 per Class A Restricted Voting Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
Promoter(s):
SPP MANAGEMENT LP
Project #2646925

Issuer Name:
TransAlta Renewables Inc.
Principal Regulator – Alberta
Type and Date:
Preliminary Shelf Prospectus dated June 27, 2017
NP 11-202 Preliminary Receipt dated June 28, 2017
Offering Price and Description:
$1,000,000,000.00
Common Shares
Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2644447

Issuer Name:
Advantagewon Oil Corp.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated June 30, 2017
NP 11-202 Receipt dated June 30, 2017
Offering Price and Description:
1,666,667 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Paul Haber
Gunpowder Capital Corporation
Project #2632040

Issuer Name:
Alopex Gold Inc.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated June 29, 2017
NP 11-202 Receipt dated June 30, 2017
Offering Price and Description:
MUMOFFERING: $5,000,000.00
MAXIMUM OFFERING: $10,000,000.00
Price of $0.50 per Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Canaccord Genuity Corp.
Promoter(s):
Arctic Resources Capital S.À R.L.
FBC Mining (Nalunaq) Limited
Project #2620110

Issuer Name:
Brookfield Renewable Partners L.P.
Brookfield Renewable Power Preferred Equity Inc.
Brookfield Renewable Partners ULC
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated June 26, 2017
NP 11-202 Receipt dated June 27, 2017
Offering Price and Description:
US$2,000,000,000.00 – Limited Partnership Units,
Preferred Limited Partnership Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2640510

Issuer Name:
Brookfield Renewable Partners ULC
Brookfield Renewable Partners L.P.
Brookfield Renewable Power Preferred Equity Inc.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated June 26, 2017
NP 11-202 Receipt dated June 27, 2017
Offering Price and Description:
US$2,000,000,000.00 – Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2640508

Issuer Name:
Brookfield Renewable Power Preferred Equity Inc.
Brookfield Renewable Partners ULC
Brookfield Renewable Partners L.P.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated June 26, 2017
NP 11-202 Receipt dated June 27, 2017
Offering Price and Description:
US$2,000,000,000.00 – Class A Preference Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2640509

Issuer Name:
Canada Goose Holdings Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated June 27, 2017
NP 11-202 Receipt dated June 27, 2017
Offering Price and Description:
12,500,000 Subordinate Voting Shares
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
GOLDMAN SACHS CANADA INC.
RBC DOMINION SECURITIES INC.
MERRILL LYNCH CANADA INC.
MORGAN STANLEY CANADA LIMITED
BARCLAYS CAPITAL CANADA INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
WELLS FARGO SECURITIES CANADA, LTD.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #2639872

Issuer Name:
CCL Industries Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated June 28, 2017
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
$333,250,000.00 – 5,000,000 Class B Non-Voting Shares
Price: $66.65 per Offered Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
MERRILL LYNCH CANADA INC.
BARCLAYS CAPITAL CANADA INC.
GMP SECURITIES L.P.
LAURENTIAN BANK SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #2640749

Issuer Name:
Jamieson Wellness Inc.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated June 29, 2017
NP 11-202 Receipt dated June 29, 2017
Offering Price and Description:
$300,037,500 – 19,050,000 Common Shares.
Price: $15.75 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2631555

Issuer Name:
ProMetic Life Sciences Inc.
Principal Regulator – Quebec
Type and Date:
Final Short Form Prospectus dated June 28, 2017
NP 11-202 Receipt dated June 28, 2017
Offering Price and Description:
$53,125,000.00 – 31,250,000 Common Shares
Price: $1.70 per Common Share
Underwriter(s) or Distributor(s):
CANTOR FITZGERALD CANADA CORPORATION
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
DESJARDINS SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #2640827

Issuer Name:
Sierra Metals Inc. (formerly Dia Bras Exploration Inc.)
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated June 29, 2017
NP 11-202 Receipt dated June 30, 2017
Offering Price and Description:
C$75,000,000.00 – Common Shares, Warrants, Units, Subscription Receipts,
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2628773

Issuer Name:
Titan Medical Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated June 26, 2017
NP 11-202 Receipt dated June 27, 2017
Offering Price and Description:
Minimum: CDN $7,000,000.00 (46,666,666 Units)
Maximum: CDN $15,000,000.00 (100,000,000 Units)
Price: CDN $0.15 per Unit
Underwriter(s) or Distributor(s):
Bloom Burton Securities Inc.
Promoter(s):
-
Project #2638747

Issuer Name:
Blue Nordic Partners Inc.
Type and Date:
Preliminary Long Form Prospectus dated December 30, 2016
Withdrawn on June 28, 2017
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2570796

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	IUR Capital Ltd.	Portfolio Manager	June 29, 2017
New Registration	Tudor, Pickering, Holt & Co. Securities – Canada, ULC	Investment Dealer	June 29, 2017
Change in Registration Category	Optimize Inc.	From: Investment Fund Manager and Portfolio Manager To: Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	June 29, 2017

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Amendments Respecting Best Execution – Notice of Commission Approval

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS RESPECTING BEST EXECUTION

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission has approved IIROC's proposed amendments to the Universal Market Integrity Rules and the Dealer Member Rules respecting Best Execution (the "Amendments").

The Amendments consolidate and update IIROC's best execution requirements to assist Dealer Members to comply with their best execution obligations in a multi-marketplace environment. The Amendments result in a policies-and-procedures based best execution obligation that would apply to all Dealer Members, and more closely align with the CSA definition of "best execution."

The Consolidated Rules were originally published for comment on December 10, 2015 and republished for comment on October 13, 2016. IIROC has made non-substantive changes to the rules as published in 2016 in response to comments received and further industry consultation. A summary of the comments and IIROC's responses, as well as the text of the IIROC Notice including the Amendments, can be found at http://www.osc.gov.on.ca.

The Amendments come into force on January 2, 2018, being 180 days after the publication of the Notice of Approval.

In addition, the Alberta Securities Commission, the Autorité des marchés financiers, the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Financial and Consumer Services Commission of New Brunswick, the Manitoba Securities Commission, the Nova Scotia Securities Commission, the Office of the Superintendent of Securities, Service Newfoundland and Labrador, and the Prince Edward Island Office of the Superintendent of Securities Office have approved or not objected to the Amendments.

13.1.2 IIROC – Proposed Amendments Relating to Client Identification and Verification Requirements – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS RELATING TO CLIENT IDENTIFICATION AND VERIFICATION REQUIREMENTS

IIROC is publishing for public comment proposed amendments to Part A of Rule 3200 of the proposed IIROC Dealer Member Plain Language Rule Book relating to client identification and verification requirements (the Proposed Amendments). The primary objective of the Proposed Amendments is to align IIROC Rules with anti-money laundering and anti-terrorist financing requirements, and with National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.* A copy of the IIROC Notice including the Proposed Amendments is also published on our website at http://www.osc.gov.on.ca. The comment period ends on August 8, 2017.

13.2 Marketplaces

13.2.1 Nasdaq CXC Limited – Nasdaq CXD – Changes to Form 21-101F2 to Reflect the Introduction of a Minimum Quantity Order – Notice of Approval of Proposed Changes

NASDAQ CXC LIMITED - CXD

NOTICE OF APPROVAL OF PROPOSED CHANGES

In accordance with the *Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto* (Protocol), on June 26, 2017, the Commission approved changes to Form 21-101F2 to reflect the introduction of a minimum quantity (MQ) order on Nasdaq CXD.

A notice requesting feedback on the changes relating to the MQ order was published to the Commission's website and in the Commission's Bulletin on June 1, 2017 at (2017), 40 OSCB 4953. No comment letters were received.

Nasdaq CXC Limited is expected to publish a notice regarding the intended implementation date of the approved changes.

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Chapter 25

Other Information

25.1 Consents

25.1.1 DV Resources Ltd. – s. 4(b) of Ont. Reg. 289/00 made under the Business Corporations Act

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the British Columbia Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Ont. Reg. 289/00, made under the Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 4(b).

June 27, 2017

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the "Regulation") MADE UNDER
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the "OBCA")

AND

IN THE MATTER OF
DV RESOURCES LTD.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the **"Application"**) of DV Resources Ltd. (the **"Applicant"**) to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue in another jurisdiction pursuant to section 181 of the OBCA;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated by way of amalgamation under the OBCA on December 1, 1999 under the name "New Dolly Varden Minerals Inc." On September 15, 2000 the Applicant changed its name to "Dolly Varden Resources Inc. and on November 29, 2011 further changed its name to "DV Resources Ltd.".

2. The Applicant's head office is located at Suite 3123 – 595 Burrard Street, Vancouver, BC V7X 1J1.

3. The Applicant is authorized to issue an unlimited number of common shares (the **"Common Shares"**), of which 33,980,466 were issued and outstanding as of June 5, 2017, and 314,478 Class A convertible special shares, of which none were issued and outstanding as of June 5, 2017.

4. The Applicant's Common Shares are listed for trading on the NEX board of the TSX Venture Exchange (the **"Exchange"**) under the symbol "DLV.H". The Applicant does not have any of its securities listed on any other exchange.

5. The Applicant intends to apply (the **"Application for Continuance"**) to the Director of the OBCA for authorization to continue under the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57 (the **"BCBCA"**) pursuant to section 181 of the OBCA (the **"Continuance"**).

6. Pursuant to subsection 4(b) of the Regulation, where an applicant corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

7. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the Securities Act, R.S.O. 1990, c. S.5, as amended (the **"Act"**) and the securities legislation of British Columbia and Alberta (the **"Legislation"**).

8. The Applicant intends to remain a reporting issuer under the Act and the Legislation after the Continuance.

9. The Applicant is not in default of: (a) any of the provisions of the OBCA, the Act or the Legislation, including any of the rules or regulations made thereunder; and (ii) any of the rules, regulations or policies of the Exchange;

10. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the OBCA, the Act or the Legislation;

11. The British Columbia Securities Commission (the **"BCSC"**) is currently the Applicant's principal regulator.

12. A summary of the material provisions respecting the proposed Continuance was provided to the shareholders of the Applicant in the management information circular of the Applicant dated May 1, 2017 (the **"Circular"**) in respect of the Applicant's annual and special meeting of shareholders which was held on June 5, 2017 (the **"Meeting"**). The Circular includes full disclosure of the reasons for, and the implications of, the Continuance and a summary of the material differences between the OBCA and the BCBCA. The proposed articles of the continued corporation were also described in the Circular, and a copy was made available to the Shareholders at the Meeting. The Circular was mailed on May 12, 2017 to shareholders of record at the close of business on May 1, 2017 and was filed on May 9, 2017 on the System for Electronic Document Analysis and Retrieval.

13. In accordance with the OBCA and the Applicant's constating documents, the special resolution of the shareholders (the **"Continuance Resolution"**) to be obtained at the Meeting in connection with the proposed Continuance required the approval of not less than two-thirds of the aggregate votes cast by the shareholders present in person or represented by proxy at the Meeting. Each shareholder was entitled to one vote for each Common Share held.

14. Pursuant to section 185 of the OBCA, all shareholders of record as of the record date for the Meeting had the right to dissent in connection with the Continuance Resolution. The Circular advised the shareholders of their dissent rights in accordance with applicable law.

15. The Continuance resolution was approved at the Meeting by 100% of the votes cast by the shareholders of the Applicant. None of the shareholders of the Applicant exercised dissent rights pursuant to section 185 of the OBCA.

16. The Continuance was proposed in connection with, among other things, (i) the proposed three-cornered amalgamation (the **"Amalgamation"**) involving the Applicant and a company incorporated under the BCBCA, (ii) the proposed consolidation of the Common Shares of the Applicant on the basis of three and a half (3.5) old shares for every one (1) new share (the **"Consolidation"**) and (iii) the change of name of the Applicant from DV Resources Ltd. to a name to be selected by the Board of Directors of the Applicant (the **"Name Change"**).

17. The Continuance is required in order to give effect to the Consolidation, the Name Change and the Amalgamation.

18. The Continuance is being proposed because (i) the Applicant recently elected new directors and officers, all of whom are residents of British Columbia, (ii) the Applicant currently only carries on business in British Columbia and therefore believes it to be in its best interest to conduct its affairs in accordance with the BCBCA; and (iii) the Applicant intends to complete the Amalgamation under the BCBCA.

19. Following the Continuance, the Applicant's head office will remain in British Columbia. The Applicant's registered office, which is currently located in Ontario, will be relocated to British Columbia, and the BCSC will remain the Applicant's principal regulator.

20. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario this 27 day of June, 2017.

"Robert P. Hutchison"
Commissioner
Ontario Securities Commission

"Peter Currie"
Commissioner
Ontario Securities Commission

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