The Ontario Securities Commission

OSC Bulletin

October 19, 2017

Volume 40, Issue 42

(2017), 40 OSCB

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

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

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

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

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

Contact Centre – Inquiries, Complaints:
Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:
Fax: 416-593-2318

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

ISSN 0226-9325

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

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

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Pentecostal Financial Services Group Inc. et al. – Notice of Correction

The decision *In the Matter of Pentecostal Financial Services Group Inc., Pentecostal Securities Corp. and The Pentecostal Assemblies of Canada* was published on October 5, 2017 at (2017), 40 OSCB 8066 with an incorrect headnote. The correct headnote for the decision follows here, and the decision is republished in its entirety in Chapter 2 of this issue, at page 8504:

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – interim and ongoing exemptions from the prospectus requirement and an interim exemption from the dealer registration requirement in securities legislation for the first applicant (the Issuer) that operates a church community program for the purpose of making and administering mortgage loans for charitable purposes and funding these mortgage loans by issuing and distributing fixed income securities (Notes).

The Issuer is exempted for an interim period from the prospectus requirement in securities legislation in connection with the renewal distribution of certain legacy Notes – Issuer requires time limited prospectus relief to transition business model and comply with imposition of additional regulatory requirements – This decision expires on November 30, 2017.

The Issuer is exempted from the prospectus requirement in securities legislation in connection with the distribution of Notes – Issuer cannot comply with not for profit issuer prospectus exemption in s. 2.38 of National Instrument 45-106 Prospectus Exemptions (NI 45-106) – the Issuer requires ongoing prospectus relief to permit certain modifications to the offering memorandum (OM) prospectus exemption in s. 2.9 of NI 45-106 – advice provided for purposes of subparagraph 2.9(2.1)(b)(iii) of NI 45-106 will be from the second applicant (the Dealer), who is applying for registration as a "restricted dealer", with individuals acting on its behalf that are subject to the same proficiency requirements as a dealing representative of an exempt market dealer – relief needed to permit the Dealer to comply with subsection 2.9(5.2) of NI 45-106 for purposes of distributing OM marketing materials which have been approved in writing by the Issuer, and other conditions of the OM prospectus exemption in s. 2.9 of NI 45-106 which require the use of prescribed forms to the extent that such forms currently do not refer to the category of "restricted dealer" in reference to registered firms – relief needed because certain not for profit affiliates of the Issuer may be required to sign an OM certificate under subsection 2.9(9) of NI 45-106 which may put not for profit/charitable assets at risk if used to settle potential claims for misrepresentation in the offering memorandum – This decision expires in five years.

The Issuer is exempted for an interim period from the dealer registration requirement in securities legislation to trade in Notes through the Dealer prior to the Dealer obtaining registration – the Issuer will trade through the Dealer on terms and conditions similar to the registration exemption in section 8.5 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) – This decision expires when the Dealer is registered as a dealer or in one year.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – interim exemptions from the dealer registration requirement and adviser registration requirement in securities legislation for the Dealer that trades, as agent, in the Issuer's fixed income securities (i.e., Notes), and provides advice in connection with these trades, to sophisticated and unsophisticated persons and companies related to the church community.

The Dealer is exempted for an interim period from the dealer registration requirement to make these trades prior to the Dealer obtaining registration as a dealer – the Dealer will make these trades on terms and conditions that include certain investor protection measures that will also be available to purchasers, and prospective purchasers, when the Dealer is registered – This decision expires when the Dealer is registered as a dealer or in one year.

The Dealer is exempted for an interim period from the adviser registration requirement in securities legislation to give advice to purchasers, and prospective purchasers, in connection with its permitted trading

activities under this Decision – the Dealer provides this advice on terms and conditions similar to the registration exemption in section 8.23 of NI 31-103 – This decision expires when the Dealer is registered as a dealer or in one year.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, ss. 1(1), 25(1), 25(3), 53(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 3.2, 3.3, 3.9, 8.5, 8.23, 13.2, 13.3.
National Instrument 45-102 Resale of Securities, s. 2.5.
National Instrument 45-106 Prospectus Exemptions, ss. 1.1, 2.3, 2.9, 2.38, 6.1, 6.3, 6.4, 6.5, Form 45-106F1, Form 45-106F2, Form 45-106F4, Form 45-106F16, and Form 45-106F17.

Applicable Decision

In the Matter of Pentecostal Financial Services Group Inc. dated June 21, 2007.

1.1.2 CSA Staff Notice 33-321 Cyber Security and Social Media

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 33-321
Cyber Security and Social Media

October 19, 2017

Introduction

Staff of the Canadian Securities Administrators (**CSA staff** or **we**) conducted a survey of cyber security and social media practices from October 11, 2016 to November 4, 2016. Cyber threats and social media pose growing risks for registered firms. These risks are complex, constantly evolving and widespread. The survey was designed to gather information from firms registered as investment fund managers, portfolio managers and exempt market dealers, to note trends and to form the basis for providing guidance about cyber security and social media practices.

Under section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), a registered firm is required to establish, maintain and apply policies and procedures that establish a system of controls and supervision to ensure compliance with securities legislation and manage the risks associated with its business in accordance with prudent business practices. These compliance systems should address the risks of cyber threats and the use of social media, both of which pose risks for all registered firms. We previously highlighted in CSA Staff Notice 11-332 *Cyber Security* the importance of addressing cyber security risks and communicated our expectation that registered firms remain vigilant in developing, implementing and updating appropriate measures to safeguard themselves and their clients from cyber threats. We also stated that CSA staff will discuss cyber security policies and procedures with registered firms as part of compliance reviews.

As previously outlined in CSA Staff Notice 31-325 *Marketing Practices of Portfolio Managers* (**CSA Staff Notice 31-325**), there are compliance and supervisory challenges facing firms using social media as a means of communicating with clients and the general public, including an increased risk that registered firms may not be retaining adequate records of their business activities and client communications when using social media platforms. Section 11.5 of NI 31-103 requires a registered firm to maintain accurate records of its business activities, financial affairs and client transactions.

Additionally, firms should consider cyber security risks associated with social media use. For example, information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into a firm's systems and obtain confidential information.

This notice, in addition to setting out the results of the survey, is intended to provide more specific guidance to firms by suggesting policies and procedures in the areas of cyber security and social media practices. All registered firms should adopt cyber security and social media practices that include preventative practices, training to all staff and a response plan for when a cyber security incident occurs.

Survey

The survey was sent to over 1,000 registered firms and 63% of firms responded.

The survey questions were structured to gather information about:

- the firm's policies and procedures on cyber security and social media practices, including details about who is responsible for these areas and what training is provided to a firm's employees;
- the risk assessments conducted by the firm to identify cyber threats, vulnerabilities and potential consequences;
- cyber security incidents the firm experienced;
- the firm's cyber security incident response plan;

- the due diligence conducted by the firm to assess the cyber security practices of third-party vendors, consultants, or other service providers;
- the firm's data or system encryption policies and procedures and its backup process; and
- how the firm monitors its social media activities, including guidelines on appropriate content and record keeping.

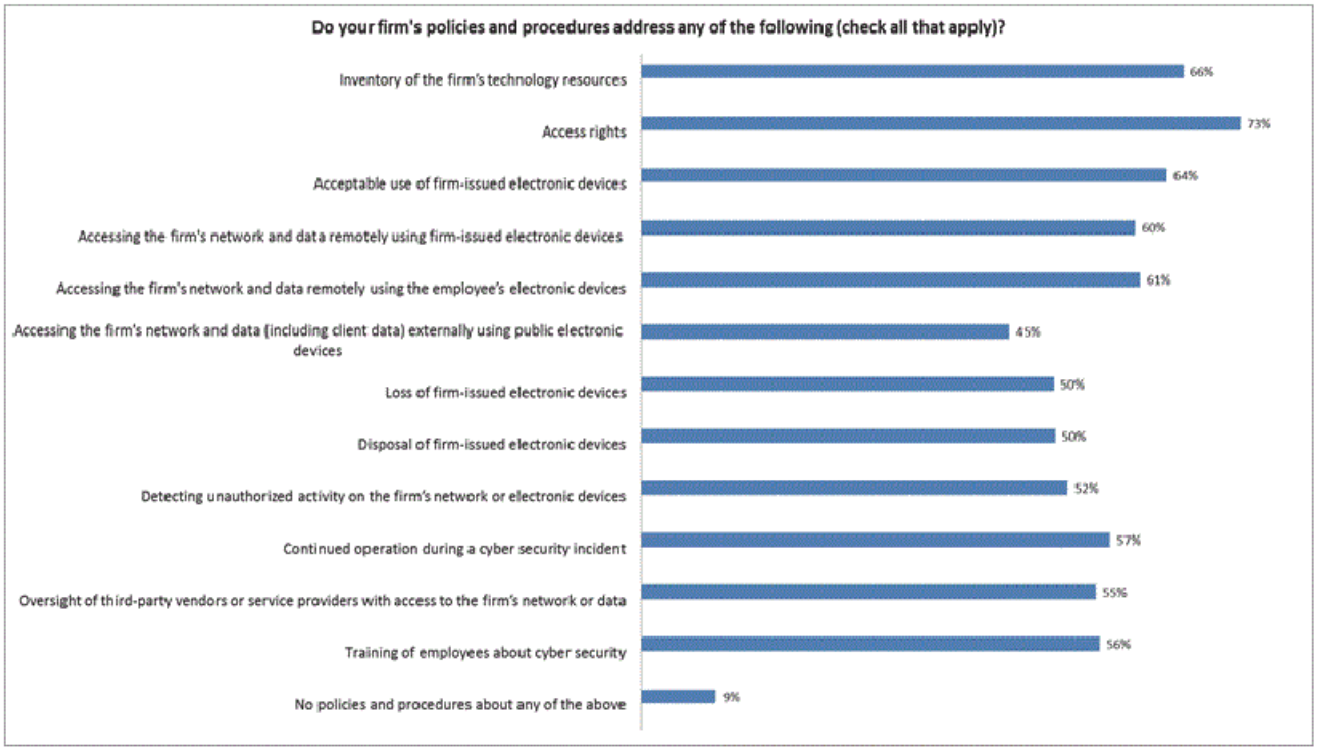
Summary of Survey Results and Guidance

A. Cyber security

Approximately 51% of firms experienced a cyber security incident in the year surveyed. Firms that experienced a cyber security incident indicated that the most common incident was phishing (43% of firms). Malware incidents were reported by 18% of firms and 15% of firms had experienced an attempt to impersonate a client to transfer funds or securities of that client using fraudulent email. Mitigating cyber threats is important to the firm's ability to manage its risks.

1. Policies and procedures

Most firms have policies and procedures to address cyber security. However, only 57% of firms surveyed have specific policies and procedures to address the firm's continued operation during a cyber security incident and only 56% have policies and procedures for the training of employees about cyber security.



Guidance:

For firms to effectively implement their cyber security practices and provide training to employees on these practices, they should have policies and procedures that address the following areas:

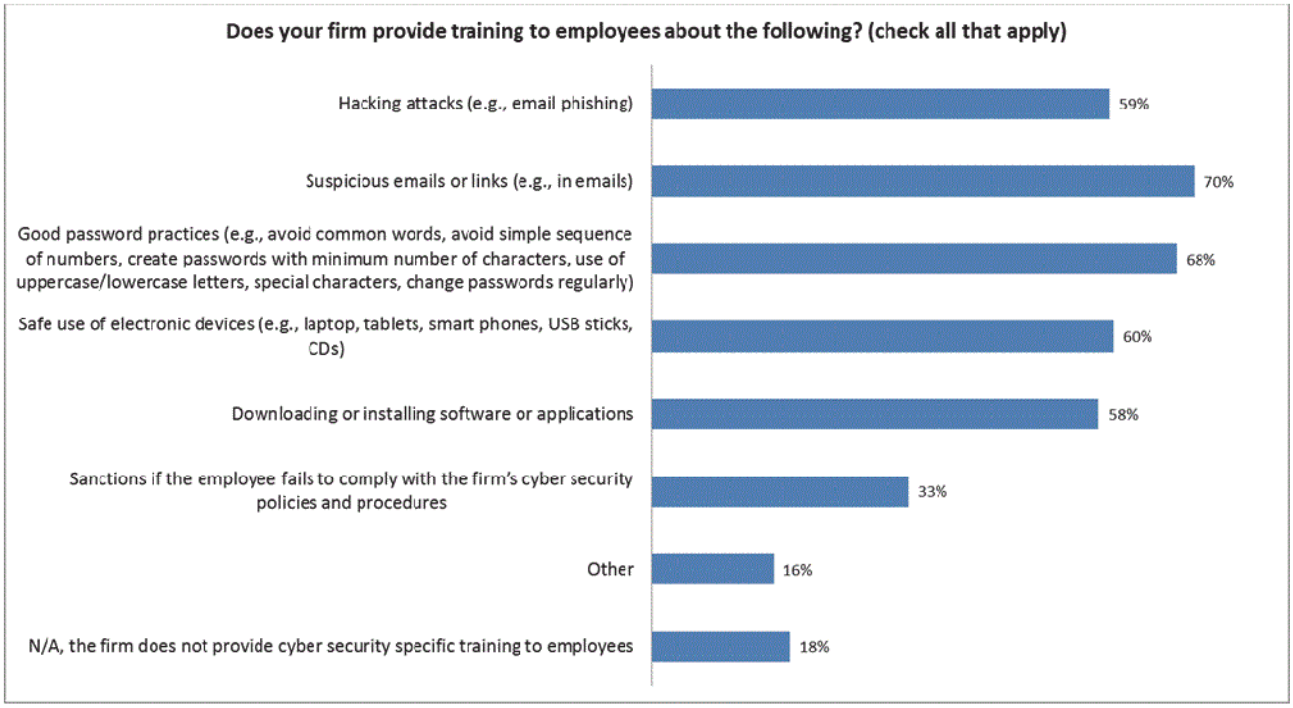
- use of electronic communications, including types of information that may be collected or sent through email, use of secured or unsecured communication systems and the verification of client instructions sent electronically;
- use of firm-issued electronic devices, including the use of such devices to externally access the firm's network and data;

- the loss or disposal of an electronic device, including electronic storage devices;
- use of public electronic devices or public internet connections to remotely access the firm's network and data, including to access client communications or client information;
- detecting internal or external unauthorized activity on the firm's network or electronic devices (e.g., hacking attempts, phishing or suspicious emails, malware);
- ensuring software, including anti-virus programs, is updated in a timely manner;
- overseeing third-party vendors or service providers with access to the firm's network or data (e.g., vetting, confidentiality); and
- reporting any cyber security incidents to the board of directors (or equivalent).

A firm's policies and procedures should be designed to safeguard the confidentiality, integrity and availability of the firm's data, including the personal information of clients. To stay up-to-date with changing cyber threats, firms should review and update these policies and procedures frequently.

2. Training

Where firms provide training to employees, the focus is on suspicious emails or links, good password practices and the safe use of hardware or software.



Guidance:

Since employees are often the first line of defence against an attack, adequate training in the firm's cyber security practices is crucial to a firm's readiness to deal with cyber threats or incidents. Employees should be educated on the risks associated with the data they may collect, use or disclose and the safe use of all electronic devices. Training can be conducted by the firm itself, or the firm can make training programs available through a third party.

Given the dynamic and ever-changing nature of the cyber world, including the possibility of new cyber threats, training for cyber threats and cyber security practices should take place with sufficient frequency to remain current (i.e., more than annual training may be necessary) and include topics such as:

- recognizing risks;
- types of cyber threats that employees may encounter (e.g., phishing) and how to respond to those threats;
- handling confidential firm and/or client information;
- use of passwords;
- security of all electronic devices; and
- when and how to escalate cyber security incidents.

3. Risk assessments

Most firms perform risk assessments at least annually to identify cyber threats. However, 14% of firms indicated that they do not conduct this type of assessment.

In response to the above question, most firms that answered "other" indicated that they conduct this risk assessment on an ongoing basis (e.g., ongoing monitoring via software, third-party service provider, or their parent company), or in some cases they conduct risk assessments at a different frequency (e.g., bi-annually or as needed, such as a result of any changes to hardware or software).

Guidance:

At least annually, registered firms should conduct a cyber security risk assessment. The risk assessment should include:

- an inventory of the firm's critical assets and confidential data, including what should reside on or be connected to the firm's network and what is most important to protect;
- what areas of the firm's operations are vulnerable to cyber threats, including internal vulnerabilities (e.g., employees) and external vulnerabilities (e.g., hackers, third-party service providers);
- how cyber threats and vulnerabilities are identified;
- potential consequences of the types of cyber threats identified; and
- adequacy of the firm's preventative controls and incident response plan, including evaluating whether changes are required to such a plan.

4. Incident response plan

A significant number of firms (66%) have a cyber security incident response plan that is tested at least annually. As noted in the chart below, the frequency of testing of the incident response plans vary and many firms have not tested their plans.

Firms that indicated "other" test their cyber security incident response plan at a different frequency (e.g., bi-annually or as needed, such as a result of any changes), or indicated that their cyber security incident response plan was scheduled to be tested in the coming year.

Guidance:

Firms should have a written incident response plan to respond to and to escalate a cyber security incident. The incident response plan should include:

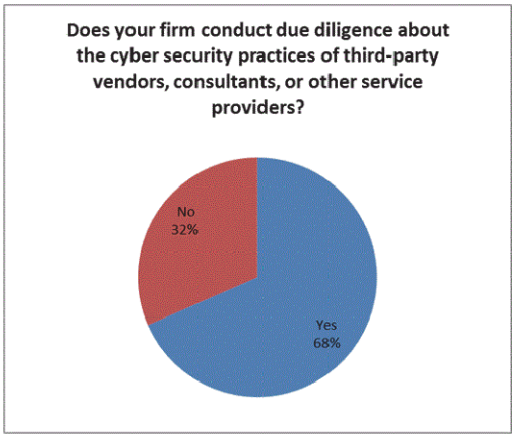
- who is responsible for communicating about the cyber security incident and who should be involved in the response to the incident;
- a description of the different types of cyber attacks (e.g., malware infections, insider threats, cyber-enabled fraudulent wire transfers) that might be used against the firm;
- procedures to stop the incident from continuing to inflict damage and the eradication or neutralization of the threat;
- procedures focused on recovery of data;
- investigation of the incident to determine the extent of the damage and to identify the cause of the incident so the firm's systems can be modified to prevent another similar incident from occurring; and
- identification of parties that should be notified and what information should be reported.

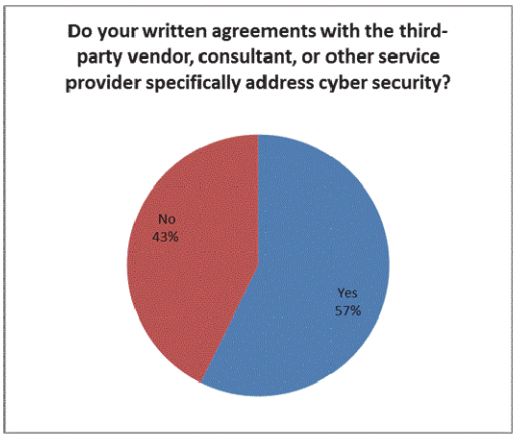
5. Due diligence

A significant number of firms surveyed (92%) have engaged third-party vendors, consultants, or other service providers (e.g., an IT provider, custodian, record keeper, transfer agent, valuation agent). Of these firms, a majority conduct due diligence on the cyber security practices of these third parties.

The extent of the due diligence conducted and how it is documented vary greatly. Some firms require third parties to provide them with copies of their policies and procedures on cyber security practices, some firms include terms about cyber security in their written agreements, some firms rely on standard of care clauses regarding the confidentiality/privacy of data and information, and others simply rely on the size and reputation of the third party without conducting an in-depth review.

A majority of firms indicated that their written agreements with third-party vendors, consultants, or other service providers specifically address cyber security.





Some firms indicated that they will conduct due diligence going forward and include terms in their written agreements that are specific to cyber security as they update their existing agreements or when they enter into new ones.

Guidance:

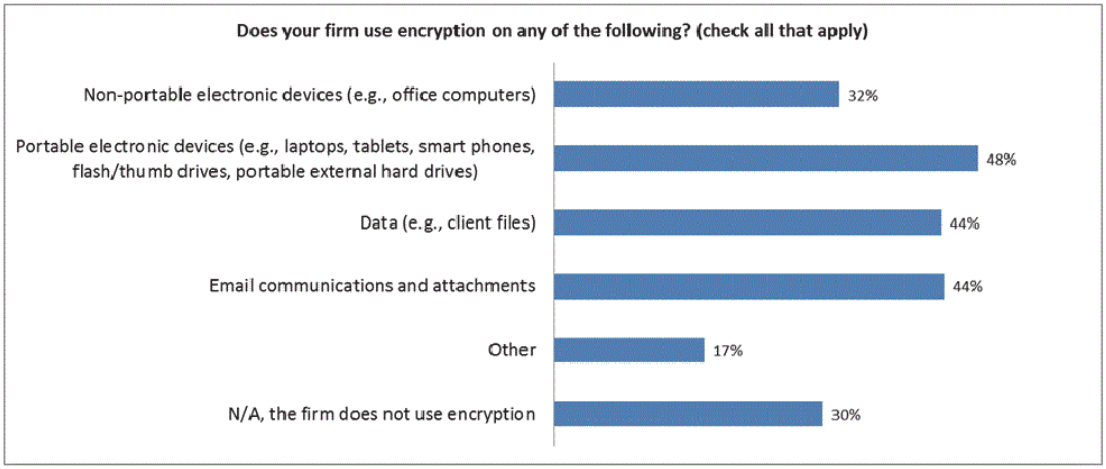
Firms should evaluate, on a periodic basis, the adequacy of their cyber security practices, including safeguards against cyber security incidents and the handling of such incidents by any third parties that have access to the firms' systems and data. In addition, firms should limit the access of third-party vendors to their systems and data.

Written agreements with these outside parties should include provisions related to cyber threats, including a requirement by third parties to notify firms of cyber security incidents resulting in unauthorized access to the firms' networks or data and the response plans of the third parties to counter these incidents.

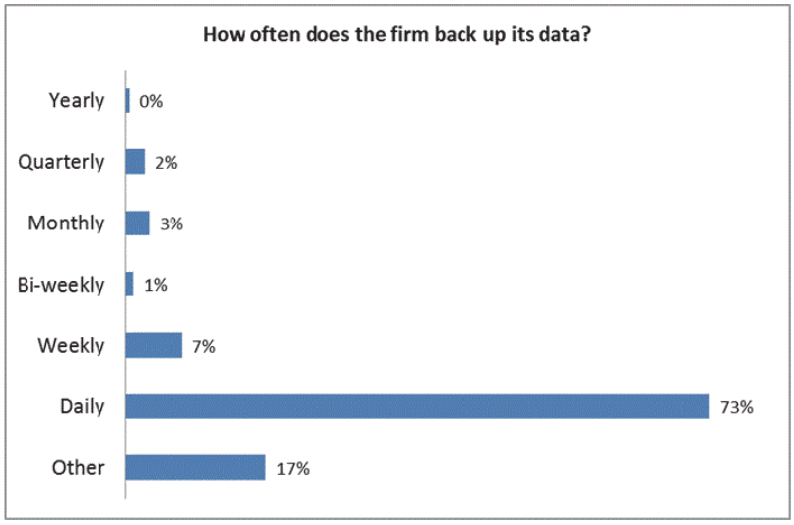
Where firms use cloud services, they should understand the security practices that the cloud service provider has to safeguard from cyber threats and determine whether the practices are adequate. Firms that rely on a cloud service should have procedures in place in the event that data on the cloud is not accessible.

6. Data protection

Client data can be stored or accessed through various technologies such as email, cloud storage and websites. Encryption is one of the tools firms can use to protect their data and sensitive information from unauthorized access. As indicated in response to the question below, a sizeable number of firms do not use any encryption or rely on other methods of data protection, such as password protected documents.



Except for four firms, all firms that responded to the survey indicated that they back up data on a periodic basis. Of the firms that back up their data, 73% perform backups on a daily basis and 89% have tested their backup recovery process.



Some firms that indicated "other" back up their data a number of times daily (e.g., in some cases hourly), or they answered "other" because the frequency depends on the type of data (e.g., data or systems deemed critical are backed up every 15 minutes, while other non-critical data is backed up daily, weekly, etc.).

A significant number of firms provide their clients and third parties (e.g., dealers, service providers) with access to the firms' data or systems. However, this access is not always through secure channels.

Guidance:

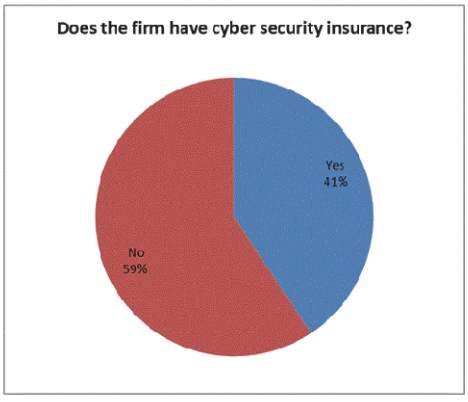
Encryption protects the confidentiality of information as only authorized users can view the data. In addition to using encryption for all computers and other electronic devices, firms should require passwords to gain access to these devices. Stronger passwords require different types of characters (e.g., numbers, uppercase letters and symbols) and are required to be frequently changed.

Where firms provide portals for clients or other third parties for communication purposes or for accessing the firm's data or systems, firms should ensure the access is secure and data is protected.

We expect firms to back up their data and regularly test their back-up process. Also, when backing up data, firms should ensure that the data is backed up off-site to a secure server in case there is physical damage to the firms' premises.

7. Insurance

A majority of firms (59%) do not have specific cyber security insurance. The types of incidents and amounts that these policies cover vary widely among firms that have purchased cyber security insurance.



Guidance:

Firms should review their existing insurance policies (e.g., financial institution bonds) to identify which types of cyber security incidents, if any, are covered. For areas not covered by existing policies, firms should consider whether additional insurance should be obtained.

Additional comments

Some small firms or newly-registered firms indicated that they believe their cyber security risk to be low because of their size. As a result, they did not believe they need to develop cyber security policies and procedures or provide training to employees. However, the financial industry is a known target of cyber criminals. In addition, other firms indicated that they rely on the safeguards provided by their parent company or service providers (e.g., custodian, transfer agent, cloud service provider). Regardless of its size or functions outsourced, a firm should have cyber security policies and procedures, and in particular, a cyber security incident response plan that is tested on a regular basis.

Cyber Security Resources

CSA Staff Notice 11-332 *Cyber Security* included a list of reference documents prepared by various regulatory authorities and standard-setting bodies that may be useful to firms, including the following:

- Investment Industry Regulatory Organization of Canada (IIROC) Cybersecurity Best Practices Guide
  http://www.iiroc.ca/industry/Documents/CybersecurityBestPracticesGuide_en.pdf

- IIROC Cyber Incident Management Planning Guide
  http://www.iiroc.ca/industry/Documents/CyberIncidentManagementPlanningGuide_en.pdf

- Mutual Fund Dealers Association (MFDA) Bulletin #0690-C
  http://www.mfda.ca/regulation/bulletins16/Bulletin0690-C.pdf

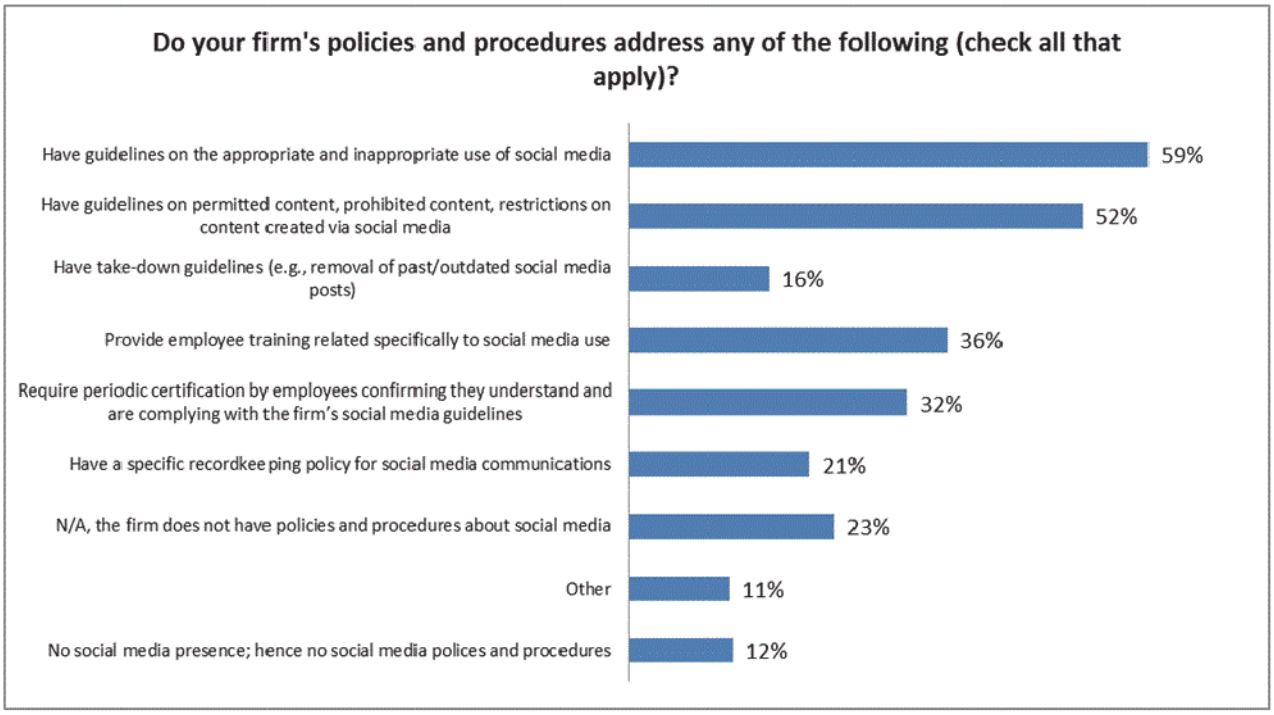
- The Office of the Superintendent of Financial Institutions (OSFI) Cyber Security Self-Assessment Guidance
  http://www.osfi-bsif.gc.ca/eng/fi-if/in-ai/pages/cbrsk.aspx

B. Social Media

Social media may be used as a vehicle to carry out cyber attacks. For example, social media sites may be used by attackers to launch targeted phishing emails or links on these sites may lead to websites that install malware. Although the survey results and guidance outlined below focus on social media used for marketing, they should also be considered in the context of cyber security.

1. Policies and procedures

Most firms have policies and procedures on social media practices. While 59% of firms surveyed have guidelines on the appropriate and inappropriate use of social media, only 36% have policies and procedures about the training of employees specifically about social media use and 21% have specific recordkeeping policies for social media communications.



Guidance:

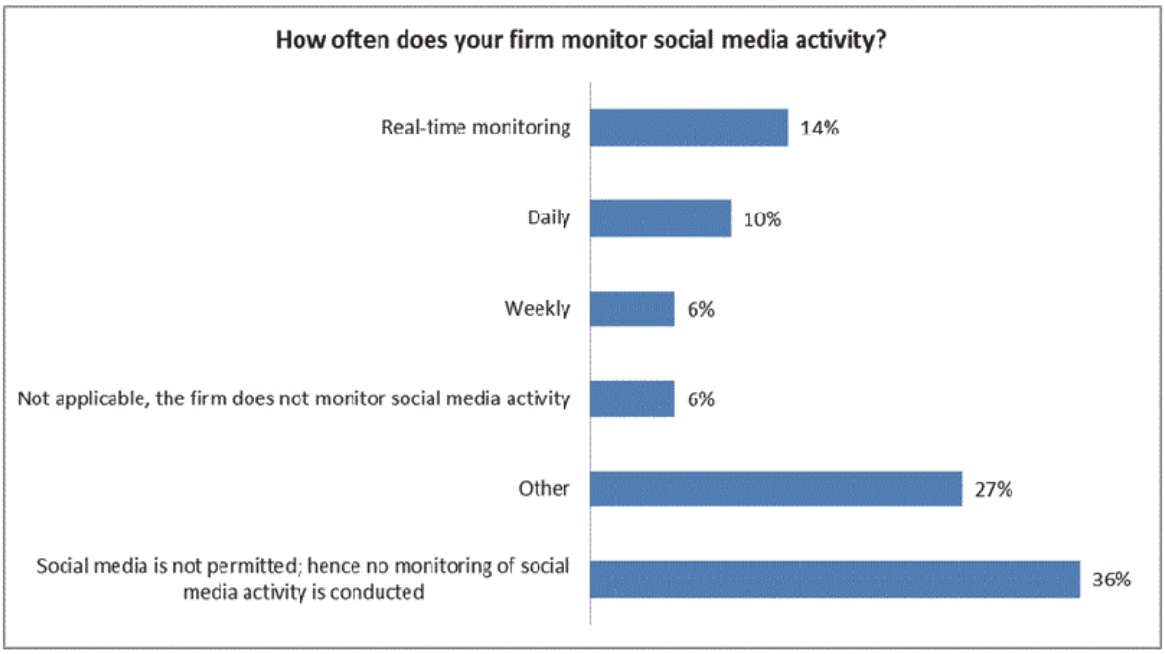
Firms should review, supervise, retain and have the ability to retrieve social media content. Policies and procedures on social media practices should include:

- guidelines on the appropriate use of social media, including the use of social media for business purposes;
- guidelines on what content is permitted when using social media;
- procedures for ensuring that social media content is current;
- record keeping requirements for social media content; and
- reviews and approvals of social media content, including evidence of such reviews and approvals.

Firms should also review CSA Staff Notice 31-325 for further guidance on the above.

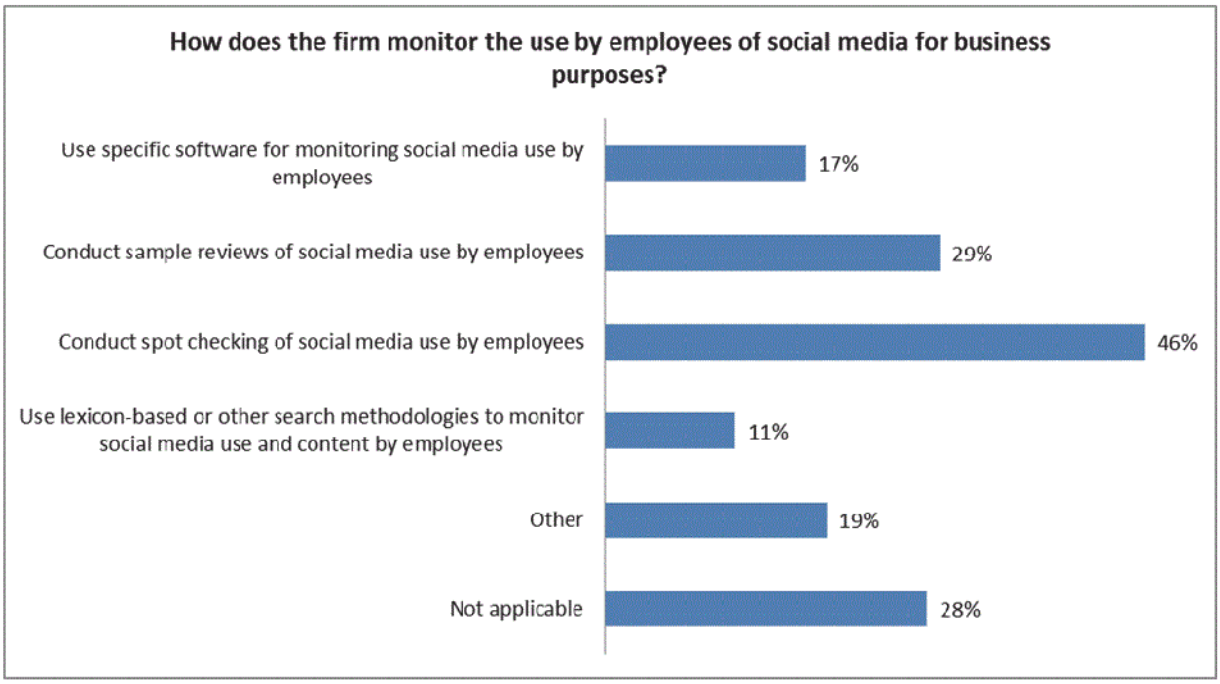
2. Monitoring of social media activity, including supervision of employees' use of social media for business and personal purposes

Only a small percentage of firms (14%) engage in real-time monitoring of social media activity. A small segment of firms do not monitor social media activity at all (6%).



Some firms that indicated "other" in response to the above question monitor social media on an annual, quarterly or monthly basis, or periodically as needed.

In order to monitor the use by employees of social media for business purposes, 46% of firms conduct spot checking or a sample review.



Guidance:

Given the ease with which information may be posted on social media platforms, the difficulty of removing information once posted and the need to respond in a timely manner to issues that may arise, firms should have appropriate approval and monitoring procedures for social media communications. Even if firms do not permit the use of social media for business purposes, policies and procedures should be in place to monitor for unauthorized use.

For further guidance on the use of social media, we refer firms to CSA Staff Notice 31-325.

Next Steps

CSA staff will continue to review the cyber security and social media practices of firms through compliance reviews. CSA staff will apply the information and guidance in this notice when assessing how firms comply with their obligations to manage the risks associated with their business as set out in NI 31-103.

Questions

Please refer your questions to any of the following:

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

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

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

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

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

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

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

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

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

1.1.3 CSA Staff Notice 51-352 Issuers with U.S. Marijuana-Related Activities

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-352
Issuers with U.S. Marijuana-Related Activities

October 16, 2017

I. Background

The marijuana industry has accelerated in recent years as a number of jurisdictions, including Canada and certain U.S. states, continue to explore liberalization measures around marijuana law. While most jurisdictions have a uniform national framework for marijuana regulation, in the U.S., there is a conflict between state and federal law related to marijuana with certain U.S. states permitting its use and sale within a regulatory framework notwithstanding that marijuana continues to be listed as a controlled substance under U.S. federal law. As such, marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law (these activities are referred to in this notice as **marijuana-related activities**).

The U.S. Department of Justice issued guidance in 2013[1] indicating that it will focus on certain enforcement priorities, outside of which it will generally not enforce federal prohibitions on marijuana in U.S. states that have authorized this conduct so long as the U.S. state has implemented a strong and effective regulatory program. This federal guidance is subject to change, rescission or alteration by other federal government policy pronouncements at any time.

We remind investors that the political and regulatory circumstances surrounding the treatment of U.S. marijuana-related activities are uncertain. In the event that U.S. federal law against marijuana is enforced, there could be material consequences for any issuer with U.S. marijuana-related activities, including prosecution and asset seizure.

Given the critical importance of the legal and regulatory environment to issuers operating in this industry, we expect issuers to carefully consider any legal or regulatory changes in order to determine whether they would result in material changes that trigger timely disclosure obligations.[2]

II. CSA Disclosure Expectations

Securities regimes across Canada are primarily disclosure-based, with requirements for timely and accurate disclosure of information. These principles ensure that each issuer's disclosure fairly presents all material facts and risks so that investors can make informed investment decisions.

Consistent with these principles, the purpose of this notice is to provide CSA staff's specific disclosure expectations for issuers that currently have, or are in the process of developing, marijuana-related activities in U.S. states where such activity has been authorized within a state regulatory framework (**U.S. Marijuana Issuers**). Our disclosure-based approach is premised on the assumption that marijuana-related activities are conducted in compliance with the current laws and regulations of a U.S. state where such activities are legal, and the understanding that a U.S. federal government forbearance approach to the enforcement of federal laws remains in place. As a result, disclosure about how a U.S. Marijuana Issuer ensures compliance with state level regulatory frameworks forms an important part of our disclosure expectations, which are outlined in the table below.

[1] See the memoranda issued by former Deputy Attorney General James M. Cole, U.S. Department of Justice entitled *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement* (August 29, 2013).

[2] Under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) a material change includes a change in the business, operations or capital of the reporting issuer that would reasonably be expected to have a significant effect on the market price or value of any of its securities.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties[3]
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.
	Explain that marijuana remains illegal under U.S. federal law and that the approach to enforcement of U.S. federal laws against marijuana is subject to change, and discuss the resultant risks, including the risk of adverse enforcement action.
	State whether and how the issuer's U.S. marijuana-related activities are conducted in a manner consistent with any U.S. federal enforcement priorities.
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution[4]	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis and outline internal compliance procedures. Disclose any material non-compliance as well as material citations or notices of violation.
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution[5]	Outline the regulations for U.S. states in which the issuer's investee(s) operate.
	Provide reasonable assurance, through either positive or negative statements[6], that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.
U.S. Marijuana Issuers with material ancillary involvement[7]	Provide reasonable assurance, through either positive or negative statements[8], that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.

Staff expect that these disclosures, and any related risks, will be evaluated, monitored and reassessed by U.S. Marijuana Issuers on an ongoing basis and will be supplemented, amended and communicated forthwith to investors in public filings, including in the event of government policy changes or the introduction of new federal enforcement priorities, laws or regulations regarding marijuana regulation.

Responsibility remains with each U.S. Marijuana Issuer to ensure that it meets our disclosure expectations and the other requirements of securities laws.

U.S. Marijuana Issuers who do not provide appropriate disclosure, including confirming how they comply with applicable regulatory frameworks, may be subject to regulatory action such as:

[3] All issuers are expected to provide these disclosures. We expect these disclosures to be clearly and prominently disclosed in prospectus filings and other required documents such as an issuer's AIF and MD&A (see for example Part 2, Item 1.2 of Form 51-102F1 – *Management's Discussion & Analysis* of NI 51-102). We expect issuers who enter our capital markets through a reverse takeover or spinoff transaction to include these disclosures in their listing statement, or other documents, as applicable.

[4] Direct industry involvement arises when an issuer, or a subsidiary that it controls, is directly engaged in the cultivation or distribution of marijuana in accordance with a U.S. state license.

[5] Indirect industry involvement arises when an issuer has a non-controlling investment in an entity who is directly involved in the U.S. marijuana industry.

[6] In circumstances where an issuer with indirect U.S. marijuana exposure holds one or more investments which are in the aggregate significant to the issuer, staff may consider whether negative statements (for example, indicating that the issuer is not aware of non-compliance) are sufficient.

[7] Ancillary industry involvement arises when an issuer provides goods and/or services not limited to financing, branding, recipes, leasing, consulting or administrative services to third parties who are directly involved in the U.S. marijuana industry.

[8] Negative statements may include statements indicating that the issuer is not aware of non-compliance.

- Receipt refusal in the context of prospectus offerings.
- Requests for restatements of non-compliant filings.
- Referrals for appropriate enforcement action.

III. Exchange Listings

In determining whether to list entities with U.S. marijuana-related activities, each exchange applies its own listing requirements as outlined in its rules, including rules related to compliance with applicable laws.

Different exchanges may make their own judgements in the application of their listing requirements and an independent assessment of compliance and risk-analysis. Investors should be aware that even if an exchange lists a U.S. Marijuana Issuer that discloses the risks in accordance with this notice, the listing does not change the treatment of the issuer's marijuana-related activities under U.S. federal law.

IV. Ongoing Assessment

We would re-examine our views in the event that the U.S. federal government's forbearance-based enforcement approach (as articulated by non-legally binding guidance or statements from federal authorities) were to change.

We also acknowledge that there may exist fact patterns and novel business models in the U.S. marijuana industry, or in other industries engaged in U.S. marijuana-related activity, which may give rise to public interest concerns which cannot be addressed by disclosure. In these circumstances, consideration will be given as to whether regulatory action is appropriate and warranted.

V. Questions

Please refer your questions to any of the following:

Ontario Securities Commission
Katrina Janke
Senior Legal Counsel, Corporate Finance
416-593-8297
kjanke@osc.gov.on.ca

Jonathan Blackwell
Senior Accountant, Corporate Finance
416-593-8138
jblackwell@osc.gov.on.ca

British Columbia Securities Commission
Mike Moretto
Manager, Corporate Disclosure
604-899-6767
mmoretto@bcsc.bc.ca

Allan Lim
Manager, Corporate Disclosure
604-899-6780
alim@bcsc.bc.ca

Alberta Securities Commission
Roger Persaud
Senior Securities Analyst, Corporate Finance
403-297-4324
roger.persaud@asc.ca

Jessie Gill
Legal Counsel, Corporate Finance
403-355-6294
jessie.gill@asc.ca

Autorité des marchés financiers
Lucie J. Roy
Senior Director, Corporate Finance
514-395-0337, ext. 4361
lucie.roy@lautorite.qc.ca

Financial and Consumer Affairs Authority of Saskatchewan
Tony Herdzik
Deputy Director, Corporate Finance
306-787-5849
tony.herdzik@gov.sk.ca

Financial and Consumer Services Commission (New Brunswick)
Susan Powell
Deputy Director, Securities
506-643-7697
susan.powell@fcnb.ca

Manitoba Securities Commission
Wayne Bridgeman
Deputy Director, Corporate Finance
204-945-4905
wayne.bridgeman@gov.mb.ca

Nova Scotia Securities Commission
Abel Lazarus
Director, Corporate Finance
902-424-6859
abel.lazarus@novascotia.ca

1.5 Notices from the Office of the Secretary

1.5.1 TCM Investments Ltd. et al.

FOR IMMEDIATE RELEASE
October 12, 2017

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

TORONTO – Following the hearing on the merits in the above noted matter, the Commission issued its Reasons and Decision.

A copy of the Reasons and Decision dated October 11, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.2 Khalid Walid Jawhari

FOR IMMEDIATE RELEASE
October 12, 2017

IN THE MATTER OF
KHALID WALID JAWHARI

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

A copy of the Reasons and Decision and the Order dated October 11, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Fidelity Investments Canada ULC et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from section 2.1(1) of National Instrument 81-102 Investment Funds to permit mutual funds to invest more than 10 percent of net assets in debt securities issued by a foreign government or supranational agency, subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 19.1.

October 4, 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
FIDELITY INVESTMENTS CANADA ULC
(the Filer)

AND

IN THE MATTER OF
FIDELITY GLOBAL BOND INVESTMENT TRUST AND
FIDELITY GLOBAL CREDIT
EX-U.S. INVESTMENT TRUST
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption (the **Requested Relief**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) from subsection 2.1(1) of NI 81-102 (the **Concentration Restriction**) to permit each Fund to invest up to:

(a) 20% of its net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments, other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America, and are rated "AA" by Standard & Poor's Rating Services (Canada) (**S&P**) or its DRO affiliate (as defined in NI 81-102), or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

(b) 35% of its net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those securities are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments, other than the government of Canada, the government of a jurisdiction in Canada, or the government of the United States of America, and are rated "AAA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates;

(such evidences of indebtedness are collectively referred to as **Foreign Government Securities**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation amalgamated under the laws of Alberta as an unlimited liability company with its head office in Toronto, Ontario.

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

3. The Filer will be the manager and trustee of each Fund.

4. Each Fund will be an open-ended mutual fund trust established under the laws of Ontario.

5. Each Fund may issue more than one series of units. Each Fund will initially offer Series O units.

6. The Funds will be offered by a simplified prospectus filed in all of the provinces and territories in Canada and, accordingly, the Funds will be reporting issuers in each of the provinces and territories of Canada. A preliminary simplified prospectus was filed for the Funds via SEDAR in all the provinces and territories on August 14, 2017 (the **Simplified Prospectus**, and collectively, with all future simplified prospectuses, the **Prospectus**).

7. Neither the Filer nor the Funds are in default of securities legislation in any jurisdiction of Canada.

8. The investment objective of Fidelity Global Bond Investment Trust is expected to be: "The Pool aims to provide a steady flow of income and the potential for capital gains. It invests primarily in foreign fixed income securities including government and non-government bonds and corporate bonds."

9. The investment objective of Fidelity Global Credit Ex-U.S. Investment Trust is expected to be: "The Pool aims to provide a steady flow of income and the potential for capital gains. It invests primarily in global fixed income securities, with an emphasis on corporate and government debt issued outside of the United States."

10. As part of its investment strategies, the portfolio manager of each Fund would like to invest a portion of each Fund's assets in Foreign Government Securities. Depending on market conditions, the portfolio manager of the Funds seeks the discretion to gain exposure to any one issuer of Foreign Government Securities in excess of the Concentration Restriction.

11. Section 2.1(1) of NI 81-102 prohibits the Funds from purchasing a security of an issuer, other than a "government security", as defined in NI 81-102, if, immediately after the purchase, more than 10% of the net asset value of the Funds would be invested in securities of that issuer.

12. The Foreign Government Securities do not meet the definition of "government securities" as such term is defined in NI 81-102.

13. In Companion Policy 81-102CP (the **Companion Policy**), the Canadian Securities Administrators state their views on various matters relating to NI 81-102. Subsection 3.1(4) of the Companion Policy indicates that relief from paragraph 2.04(1)(a) of National Policy 39, which was replaced by the Concentration Restriction, has been provided to mutual funds generally under the following circumstances:

    a. the mutual fund has been permitted to invest up to 20% of its net asset value in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

    b. the mutual fund has been permitted to invest up to 35% of its net asset value in evidences of indebtedness of any one issuer, if those securities are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AAA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.

14. The Prospectus for the Funds will disclose the risks associated with the concentration of assets

of the Funds in securities of a limited number of issuers.

15. Each Fund seeks the Requested Relief to enhance its ability to pursue and achieve its investment objectives.

Decision

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

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

1. paragraphs (a) and (b) of the Requested Relief cannot be combined for any one issuer;

2. any security purchased pursuant to the Decision is traded on a mature and liquid market;

3. the acquisition of the securities purchased pursuant to this Decision is consistent with the fundamental investment objective of each Fund;

4. the Prospectus of the Funds discloses the additional risks associated with the concentration of net asset value of the Funds in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Funds have so invested and the risks, including foreign exchange risk, of investing in the country in which the issuer is located; and

5. the Prospectus of the Funds will include a summary of the nature and terms of the Requested Relief, along with the conditions imposed and the type of securities covered by this Decision.

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

2.1.2 FT Portfolios Canada Co. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because the merger did not meet the criteria for pre-approved reorganizations and transfer in National Instrument 81-102 – merger will not be a "qualifying exchange.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 5.5(3), 5.6, 5.7, 19.1.

October 6, 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
FT PORTFOLIOS CANADA CO.
(the Filer)

AND

IN THE MATTER OF
FIRST TRUST ALPHADEX™ CANADIAN DIVIDEND ETF
AND
FIRST TRUST CANADIAN CAPITAL STRENGTH ETF

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of First Trust AlphaDEX™ Canadian Dividend ETF ("**FDY**" or the "**Terminating Fund**") and First Trust Canadian Capital Strength ETF ("**FST**" or the "**Continuing Fund**") for a decision of the principal regulator under the securities legislation of the Jurisdiction (the "**Legislation**") for approval pursuant to subsection 5.5(1)(b) of National Instrument 81-102 *Investment Funds* ("**NI 81-102**") in connection with the proposed merger of FDY and FST (the "**Requested Approval**").

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

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

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

Interpretation

Defined terms contained 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 the manager of FDY and FST. The Filer is registered as an investment fund manager in the Province of Ontario.

2. The principal offices of the Filer, FDY and FST are located at 40 King Street West, 30th Floor Suite 3001, Toronto, Ontario, M5H 3Y2.

3. None of the Filer, FDY or FST is in default of the securities legislation of any province or territory of Canada.

4. Each of FDY and FST is an ETF established under the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated June 1, 2017. The Filer acts as trustee of FDY an FST.

5. Each of FDY and FST is a reporting issuer under the laws of all of the Passport Jurisdictions.

6. FDY offers common units and advisor class units (the "**FDY Units**"), which currently trade on the TSX under the ticker symbol FDY and FDY.A. FST offers common units and advisor class units (the "**FST Units**") which currently trade on the TSX under the ticker symbol FST and FST.A.

7. FDY seeks to provide its unitholders with exposure to the performance of a portfolio of higher yielding Canadian dividend paying stocks, as well as providing unitholders with monthly distributions. FDY seeks to achieve its investment objectives by primarily investing in Canadian dividend paying equities. FDY applies the AlphaDEX™ selection methodology, whereby First Trust Advisors L.P. (the "**Portfolio Advisor**") selects securities from a universe of Canadian companies whose dividend yield is greater than or equal to the median dividend yield of all members of the S&P/TSX Composite Index.

8. FST seeks to provide its unitholders with long-term capital appreciation by investing primarily in securities of issuers that are based in Canada and have significant business operations in the Canadian market. FST uses a multi-step, bottom-up quantitative selection process to identify its investible universe of securities, and fundamental analysis to make final portfolio selections. The selection process is designed to identify issuers that have certain objectives and easily determinable attributes that, in the opinion of the Portfolio Advisor, makes them capital strength issuers.

9. Under the Merger, the Terminating Fund will transfer all or substantially all of its net assets to FST in consideration for the issuance by FST to FDY of a number of FST common units and FST advisor class units determined based on an exchange ratio established as of the close of trading on the business day immediately preceding the effective date of the Merger (the "**Exchange Ratio**").

10. The Exchange Ratio will be calculated based on the relative net asset values of the FST Units and the FDY Units.

11. Immediately following the transfer of assets of FDY to FST and the issuance of FST Units to FDY, all the FDY Units will be automatically redeemed. Each unitholder of FDY will receive such number of FST Units as is equal to the number of FDY Units of a class held multiplied by the Exchange Ratio of such units.

12. As soon as reasonably possible following the Merger, the Terminating Fund will be wound up and the Continuing Fund will continue as an ETF existing under the laws of Ontario.

13. Unitholders of FDY approved the Merger at a special meeting of unitholders held on September 20, 2017, as required pursuant to NI 81-102.

14. Subject to necessary regulatory approval and approval of unitholders of each of FDY, the Merger is expected to occur on or about October 13, 2017.

15. A notice of meeting, a management information circular dated August 10, 2017 (the "**Circular**") and a proxy in connection with the Merger has been mailed to the unitholders of FDY in accordance with applicable securities laws. The Circular contains a description of the proposed Merger, information about FDY and FST and the income tax considerations for unitholders of FDY.

The Circular discloses that unitholders of FDY may obtain at no cost, the most recent annual financial statements, the most recent annual management report of fund performance and the current prospectus of FDY by contacting the Filer or by accessing the website of the Filer or the System for Electronic Document Analysis and Retrieval ("**SEDAR**").

16. The Filer will pay for the costs and expenses associated with the Merger, including the cost of holding the meeting and of soliciting proxies, including the costs of mailing the Circular and accompanying materials. FDY will not bear any of the costs and expenses associated with the Merger.

17. As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds*, the terms of the Merger were presented to the independent review committee (the "**Independent Review Committee**") of FDY for its review and recommendation. After considering the potential conflict of interest matter related to the Merger, the independent review committee provided its positive recommendation for the Merger on the basis that the Merger, if implemented, would achieve a fair and reasonable result for FDY and FST and their respective unitholders. A summary of the Independent Review Committee's recommendation has been included the Circular.

18. Units of the Terminating Fund will continue to be offered, exchanged and redeemed on a daily basis up to the business day immediately prior to the effective date of the Merger, primarily through the designated broker and dealers of the Terminating Fund.

19. In addition, unitholders of the Terminating Fund will be able to trade their FDY units on the TSX in the ordinary course at least until the close of business on the business day before the effective date of the Merger.

20. The cash and any other assets of the Terminating Fund acquired by the Continuing Fund in connection with the Merger will be acquired in compliance with NI 81-102.

21. The Filer believes that the Merger will provide unitholders of FDY with the following benefits:

    (a) Broader market exposure – The investment objectives and investment strategy of FDY and FST are similar in that both funds are designed to provide exposure to Canadian equities, however, FST provides unitholders with exposure to a broader investment universe as opposed to just dividend paying equities. The Filer believes that the Canadian equity market continues to represent an attractive investment opportunity for unitholders.

    (b) Greater liquidity – FST has a larger asset base then FDY. The merger of FDY and FST will provide unitholders with a much larger market capitalization and the primary and secondary market for FST Units is expected to be more liquid.

    (c) Tax losses – FST has existing capital and non-capital tax losses that will carry forward and continue to be available to the Continuing Fund, which may benefit all unitholders of the Continuing Fund.

22. A press release was issued on August 10, 2017 and a material change report was filed on SEDAR by FDY relating to the proposed Merger on August 10, 2017.

23. An amendment dated August 16, 2017 to the long form prospectus of FDY dated April 28, 2017 announcing the Merger proposal has been filed on SEDAR.

24. Under section 5.6 of NI 81-102, approval of the Merger by the regulator is not required if all of the criteria for pre-approval listed in paragraphs 5.6(1)(a) through (i) are satisfied.

25. The Filer believes that the Merger will satisfy all the requirements of paragraphs 5.6(1)(a) through (i) of NI 81-102 with the exception of paragraph 5.6(1)(b), as the Merger will not be a "qualifying exchange".

26. The Filer has concluded in respect of the Terminating Fund that the pre-approval under section 5.6 of NI 81-102 is not available because the Merger will not be a "qualifying exchange" within the meaning of section 132.2 of the Tax Act or a tax deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act.

Decision

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

The decision of the principal regulator is that the Requested Approval is granted.

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

2.1.3 Pentecostal Financial Services Group Inc. et al. [Corrected]

[Editor's Note: This decision was published on October 5, 2017 at (2017), 40 OSCB 8066 with an incorrect headnote and is republished here in its entirety.]

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – interim and ongoing exemptions from the prospectus requirement and an interim exemption from the dealer registration requirement in securities legislation for the first applicant (the Issuer) that operates a church community program for the purpose of making and administering mortgage loans for charitable purposes and funding these mortgage loans by issuing and distributing fixed income securities (Notes).

The Issuer is exempted for an interim period from the prospectus requirement in securities legislation in connection with the renewal distribution of certain legacy Notes – Issuer requires time limited prospectus relief to transition business model and comply with imposition of additional regulatory requirements – This decision expires on November 30, 2017.

The Issuer is exempted from the prospectus requirement in securities legislation in connection with the distribution of Notes – Issuer cannot comply with not for profit issuer prospectus exemption in s. 2.38 of National Instrument 45-106 Prospectus Exemptions (NI 45-106) – the Issuer requires ongoing prospectus relief to permit certain modifications to the offering memorandum (OM) prospectus exemption in s. 2.9 of NI 45-106 – advice provided for purposes of subparagraph 2.9(2.1)(b)(iii) of NI 45-106 will be from the second applicant (the Dealer), who is applying for registration as a "restricted dealer", with individuals acting on its behalf that are subject to the same proficiency requirements as a dealing representative of an exempt market dealer – relief needed to permit the Dealer to comply with subsection 2.9(5.2) of NI 45-106 for purposes of distributing OM marketing materials which have been approved in writing by the Issuer, and other conditions of the OM prospectus exemption in s. 2.9 of NI 45-106 which require the use of prescribed forms to the extent that such forms currently do not refer to the category of "restricted dealer" in reference to registered firms – relief needed because certain not for profit affiliates of the Issuer may be required to sign an OM certificate under subsection 2.9(9) of NI 45-106 which may put not for profit/charitable assets at risk if used to settle potential claims for misrepresentation in the offering memorandum – This decision expires in five years.

The Issuer is exempted for an interim period from the dealer registration requirement in securities legislation to trade in Notes through the Dealer prior to the Dealer obtaining registration – the Issuer will trade through the Dealer on terms and conditions similar to the registration exemption in section 8.5 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) – This decision expires when the Dealer is registered as a dealer or in one year.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – interim exemptions from the dealer registration requirement and adviser registration requirement in securities legislation for the Dealer that trades, as agent, in the Issuer's fixed income securities (i.e., Notes), and provides advice in connection with these trades, to sophisticated and unsophisticated persons and companies related to the church community.

The Dealer is exempted for an interim period from the dealer registration requirement to make these trades prior to the Dealer obtaining registration as a dealer – the Dealer will make these trades on terms and conditions that include certain investor protection measures that will also be available to purchasers, and prospective purchasers, when the Dealer is registered – This decision expires when the Dealer is registered as a dealer or in one year.

The Dealer is exempted for an interim period from the adviser registration requirement in securities legislation to give advice to purchasers, and prospective purchasers, in connection with its permitted trading activities under this Decision – the Dealer provides this advice on terms and conditions similar to the registration exemption in section 8.23 of NI 31-103 – This decision expires when the Dealer is registered as a dealer or in one year.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, ss. 1(1), 25(1), 25(3), 53(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 3.2, 3.3, 3.9, 8.5, 8.23, 13.2, 13.3.
National Instrument 45-102 Resale of Securities, s. 2.5.
National Instrument 45-106 Prospectus Exemptions, ss. 1.1, 2.3, 2.9, 2.38, 6.1, 6.3, 6.4, 6.5, Form 45-106F1, Form 45-106F2, Form 45-106F4, Form 45-106F16, and Form 45-106F17.

Applicable Decision

In the Matter of Pentecostal Financial Services Group Inc. dated June 21, 2007.

August 30, 2017

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

AND

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

AND

IN THE MATTER OF
PENTECOSTAL FINANCIAL SERVICES GROUP INC.
(PFSG or the Issuer),
PENTECOSTAL SECURITIES CORP.
(PSC or the Dealer) and
THE PENTECOSTAL ASSEMBLIES OF CANADA
(the PAOC, and collectively with PFSG and PSC, the Filers)

DECISION

Background

For approximately 60 years, one or more of the Filers have operated the Note Program (defined below) in the PAOC Community for the purpose of making and administering mortgage loans for charitable purposes (e.g., building and renovating churches and bible colleges) and have funded these mortgage loans by issuing and distributing Notes (defined below) to members of the Pentecostal community. The Filers have historically operated this Note Program under an exemption from the prospectus and registration requirements available under securities legislation or a prior decision of certain of the Canadian securities regulatory authorities. In the last 10 years, there have been regulatory changes to the registration regime and expansion of the exempt market prospectus regime, which have changed the securities regulatory landscape for offering Notes under the Note Program. Accordingly, it is appropriate for PFSG, the PAOC and PSC (together, the **Filers**) to transition their business model to align with these regulatory changes. Specifically, PSC is seeking registration as a dealer and PFSG will rely on prospectus exemptions available under securities legislation or under the terms and conditions of this decision (which are similar to the OM Exemption (as defined below)).

The principal regulator in the Principal Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Principal Jurisdiction (the **Legislation**) for the following exemptions for certain interim periods as provided for in this decision (collectively, the **Exemptions Sought**):

(a) an exemption from the dealer registration requirement in respect of any trade by PSC in any fixed income security issued by PFSG (a **Note**) to a Note Investor (as defined below) under the Note Program (the **Interim Dealer Registration Exemption Sought**);

(b) an exemption from the adviser registration requirement for any advice provided by PSC to a Note Investor where the advice is in connection with a trade by PSC in a Note (the **Interim Adviser Registration Exemption Sought**);

(c) an exemption from the dealer registration requirement for PFSG in respect of a trade in a Note where the trade is made through PSC (the **Interim Issuer Registration Exemption Sought**);

(d) an interim exemption from the prospectus requirement for PFSG to permit the distribution of a Renewal Note (as defined below) to a Legacy Investor (as defined below) where PFSG is unable to determine whether an existing prospectus exemption under securities legislation or the Ongoing Prospectus Relief Sought (as defined below) is available for that distribution, and in such cases the term of the Renewal Note will not extend beyond the Legacy Period (as defined below) (the **Interim Prospectus Relief Sought**); and

(e) an exemption from the prospectus requirement for PFSG to permit the distribution of any Note under the Note Program (as defined below) (the **Ongoing Prospectus Exemption Sought**), subject to terms and conditions as provided for in this decision (which include certain requirements that are similar to the OM Exemption (as

defined below) where the terms and conditions of the OM Exemption (as defined below) cannot be met and another prospectus exemption under securities legislation is not available).

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 (the **Principal Regulator**); 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 each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, the Northwest Territories, Newfoundland, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon (the **Non-Principal Jurisdictions**, and together with the Principal Jurisdiction, the **Applicable Jurisdictions** and each an **Applicable Jurisdiction**).

Interpretation

(1) For the purposes of this decision:

(a) **Acceptable Dealing Representative** means:

(i) an individual that is registered under the securities legislation of an Applicable Jurisdiction as a dealing representative of PSC who meets the EMD proficiency requirements (defined below) or has received an exemption therefrom; or

(ii) prior to the registration of PSC as a dealer in an Applicable Jurisdiction, an individual who:

(A) has submitted an Individual Registration Application (defined below) and that application has not been withdrawn,

(B) meets the EMD proficiency requirements (defined below), or has received legal advice at the time the Individual Registration Application was submitted that the individual is reasonably expected to qualify for an exemption therefrom, and

(C) only acts on behalf of PSC in respect of the Note Program under the terms of this decision;

(b) **EMD proficiency requirements** mean, for an individual, any of the requirements specified in paragraphs (a) through (e) of section 3.9 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), as modified by sections 3.2 and 3.3 of NI 31-103;

(c) **Firm Registration Application** means the application for registration that PSC has submitted in the Principal Jurisdiction, and that PSC has submitted, or is in the process of submitting, in the Non-Principal Jurisdictions, to become registered as a dealer;

(d) **Individual Registration Application** means the application for registration or reinstatement of registration that an individual has submitted in the Principal Jurisdiction, and who has submitted, or is in the process of submitting, in the Non-Principal Jurisdictions, to become registered as a dealing representative of PSC;

(e) **Legacy Investor** means a person or company that was the holder of a Legacy Note or Legacy Notes on June 21, 2017;

(f) **Legacy Note** means any Note that was issued and outstanding on or before the date of this decision and whose maturity date is during the Legacy Period;

(g) **Legacy Period** means the period from June 22, 2017 to November 30, 2017;

(h) **Offering Memorandum** means the offering memorandum prepared in compliance with this decision;

(i) OM Exemption means the prospectus exemption in section 2.9 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), as amended from time to time;

(j) **PAOC Community** means congregants of the PAOC, pastors, ministry leaders and associated individuals, churches, colleges and camps within the PAOC, the Emergency Relief and Development Organization and any other registered charity administered by the PAOC, including the PAOC itself and any trust in respect of which the PAOC acts as trustee;

(k) **Renewal Note** means a Note resulting from the renewal of a Legacy Note at the maturity of the Legacy Note; and

(l) **Suitability Assessment** means, for a trade made by PSC to a Note Investor, compliance by PSC with the requirements that would be applicable to PSC under sections 13.2 and 13.3 of NI 31-103, if PSC were, at the relevant time, a registrant referred to in those sections.

(2) Terms used in this decision that are defined in National Instrument 14-101 *Definitions*, NI 45-106, NI 31-103 and MI 11-102 and not otherwise defined in this decision, shall have the same meaning as in NI 14-101, NI 45-106, NI 31-103, or MI 11-102 as applicable, unless the context otherwise requires.

Representations

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

The Filers

1. The PAOC is a registered charity incorporated under Part II of the *Canada Corporations Act* and is a "charitable organization" for purposes of the *Income Tax Act* (Canada). The PAOC carries on its religious and charitable activities in various provinces and territories in Canada but maintains its head office in Ontario. Member congregations of the PAOC are located in each of the Applicable Jurisdictions.

2. PFSG is a corporation incorporated under the laws of Canada on March 29, 2005, and is wholly-owned by the PAOC.

3. PSC is a corporation incorporated under the laws of Canada on June 15, 2017 and is wholly-owned by the PAOC.

The Note Program

4. PFSG was established and exists for the purpose of, on the one hand, making and administering mortgage loans, and, on the other hand, issuing and distributing Notes (each of which is an unsecured promissory note) to the following persons and companies, or prospective persons and companies, (each a **Note Investor**) that are:

   a. any individual within the PAOC Community, as well as any corporation, trust, partnership and estate associated with such individual (each a **Community Investor**),

   b. any church within the PAOC Community, the Emergency Relief and Development Organization and any other registered charity within the PAOC Community, including the PAOC itself (each a **PAOC Charity**), and

   c. any trust in respect of which the PAOC acts as trustee (each a **PAOC Trust**).

5. PFSG uses the proceeds from Notes to make mortgage loans to PAOC congregations and other PAOC organizations for charitable purposes, including building, renovating and repairing church buildings, school facilities and similar undertakings within the PAOC Community. The issuance and distribution of Notes to Note Investors and the subsequent mortgage loans made by PFSG to PAOC congregations and other PAOC organizations together comprise the **Note Program**.

6. PFSG enters into all mortgage and related security documents as the lender. All mortgage loans are funded by the proceeds PFSG receives from Notes pursuant to the Note Program. PFSG manages and administers the associated mortgage loans.

7. In order to mitigate risk in the Note Program, among other factors, the associated mortgage loans made by PFSG must:

   a. be secured by first mortgages on real property in a jurisdiction of Canada;

   b. have a commercial appraisal of land and buildings to cover market and fire sale liquidation values;

   c. not exceed 65% of the appraised value of the property, except in very limited circumstances;

   d. be insured under mortgage title insurance;

   e. not exceed three times the annual revenue (e.g., donations) of the church or other mortgagor; and

f. be supported by a resolution of the local church membership at a duly called business meeting, with at least a 75% majority approving the decision to apply for the mortgage or a similar threshold of approval for non-church borrowers in the PAOC Community.

8. The business of PFSG is overseen by its board of directors and the day-to-day management is under the direction of its Executive Director.

9. The business and activities of PSC are restricted to acting as a dealer in order to facilitate any distributions or investments in Notes under the Note Program. PSC will not recommend, advise, or solicit a donation from any Note Investor to the PAOC or any entities related to the PAOC.

10. PFSG generates net profits from operating the Note Program. Substantially all such profits are paid to the PAOC for use by the PAOC exclusively in furtherance of its educational, charitable and religious activities, and this will be disclosed in the Offering Memorandum.

11. None of the Filers, or any of their officers, directors, employees or any other individuals acting on behalf of any Filer, will receive any form of commission or transaction-based compensation related to the Note Program.

12. None of the Filers, nor any of their officers, directors, employees or any other individuals acting on behalf of any Filer, will pay or receive any referral fees in respect of their activities related to the Note Program.

13. PFSG promotes the Note Program primarily through its website, in church bulletins and in a magazine published by the PAOC. The Note Program may also be promoted by PSC at certain PAOC events (at which the primary attendees are pastors within the PAOC Community) and PFSG may attend to provide factual information on the Note Program. Following the date of this decision, all such advertising will include a prominent reference to the Offering Memorandum and to the PSC contact information for those interested in pursuing an investment in Notes.

14. Prior to the establishment of PFSG and the launch of the Note Program, the PAOC itself ran a similar program for almost 50 years.

15. There have been no defaults on any of the Notes and no complaints from any Note Program participants in the ten years of operation of the Note Program under the Prior Decision (defined below). To the best of its knowledge, the PAOC is not aware of any such defaults or complaints in the 50 years that the PAOC itself ran a similar program.

Terms and Attributes of the Notes

16. As at the date hereof:

(a) the aggregate principal amount of issued and outstanding Notes is approximately $48 million;

(b) the number of Notes issued and outstanding is approximately 740; and

(c) the number of Community Investors who hold Notes is approximately 237, and they hold approximately $31 million of the aggregate principal amount of issued and outstanding Notes.

17. The Notes are issued in principal amounts varying from $5,000 to several hundred thousand dollars. Interest on the Notes is paid semi-annually and the Notes are issued for terms to maturity ranging from one year to five years (at the Note Investor's option). During the last 10 years, PFSG has raised approximately $7 million per year from the issue of Notes and issued Notes to approximately 35 to 75 Note Investors per year (many of which were returning investors).

18. The interest rate payable under the Notes is determined based on biweekly assessments of current competitive lending rates in the market and may vary based on when an investment in the Notes is made and depending on the term of Notes selected by the Note Investor.

19. As a Note approaches its maturity date, the holder of the Note is given the option to receive repayment of the amount owing under the Note or to reinvest that amount in a new Note. In most cases, Note Investors opt to renew or reinvest their Notes. Historically, the Note renewal rate has been over 92%. As maturity dates are spread throughout the year, Notes are renewed throughout the year.

20. PFSG engages in short-term investing in guaranteed investment certificates (**GICs**) in order to manage the in-flow of the proceeds from the sale of Notes and the out-flow of proceeds by way of mortgage loans. Short-term investments in GICs last no longer than 30 days (and are only made to account for discrepancies between the date that funds are received from Note Investors and the date that a new mortgage loan is entered into for a PAOC project).

The Prior Decision and Activities

21. Prior to this decision, PFSG operated the Note Program by issuing, distributing and trading in Notes pursuant to an order from the Commission dated June 21, 2007, *In the Matter of Pentecostal Financial Services Group Inc.* (the **Prior Decision**) exempting PFSG from the dealer registration requirement and prospectus requirement on terms set out in the Prior Decision. The Prior Decision expired on June 21, 2017.

22. As required under the Prior Decision, PFSG has been providing an information statement in the form of repealed BC Form 32-901F to each Note Investor before that Note Investor agrees to purchase the Notes. The information statement described the Notes, described the relationship between PFSG and the PAOC, explained that PFSG is the entity issuing the Notes, and outlined the risks related to investments in Notes.

23. Each of PFSG, PSC, and the PAOC is not in default of securities legislation in any jurisdiction of Canada, except for the following activities that occurred between June 22, 2017 and the date of this decision:

    a. an individual that would satisfy the definition of "Acceptable Dealing Representative" has engaged in certain activity which constituted an act in furtherance of a trade in order to conduct a Suitability Assessment as will be required under this decision for certain Legacy Investors; and

    b. in order to avoid a disruption to the Note Program, and with prior disclosure to the Applicable Jurisdiction, three Renewal Notes were distributed to two Legacy Investors under an available prospectus exemption, but without an available registration exemption.

24. From June 22, 2017 until the date of this decision, PFSG has not issued any Notes to Note Investors other than the two Legacy Investors as described above. In addition, PFSG redeemed all Legacy Notes which matured during this period, other than the Legacy Notes for which three Renewal Notes were distributed as described above.

The Current Decision – the Exemptions Sought

25. Since the date of the Prior Decision (June 21, 2007), the Applicable Jurisdictions have modernized their approach to dealer registration and exemptions therefrom (including implementing NI 31-103 and amending NI 45-106 to eliminate certain registration exemptions that were previously available pursuant to NI 45-106). The Principal Regulator also adopted new prospectus exemptions (including the OM Exemption), and some Applicable Jurisdictions amended the OM Exemption.

26. Accordingly, the Filers require the Exemptions Sought to transition to the modernized registration regime by obtaining registration, transitioning to using available prospectus exemptions such as the accredited investor and minimum amount exemptions (set out in sections 2.3 and 2.10, respectively, of NI 45-106), and transitioning to using the Ongoing Prospectus Exemption Sought which is similar to the OM Exemption except as set out below.

The Current Decision – the Interim Prospectus Exemption Sought

27. While the Note Program will remain substantially unchanged, the requirements of certain prospectus exemptions (including the Ongoing Prospectus Exemption Sought which is similar to the OM Exemption) are more extensive than the terms of the Prior Decision. In addition, while PSC has filed its application to register in the category of restricted dealer, such registration is not yet complete and is subject to ongoing review by the regulator in the Applicable Jurisdictions. As a result, PFSG requires a limited amount of additional time to transition its business model while limiting disruption to the Note Program.

28. PSC will conduct Suitability Assessments in order to determine whether a prospectus exemption (under securities legislation or the Ongoing Prospectus Exemption Sought) is available for a distribution to a particular Note Investor. However, if PSC is unable to make this determination during the Legacy Period due to its business model transition, PFSG will require the Interim Prospectus Exemption Sought to renew Legacy Notes without the requirement for a prospectus. In these cases, the term to maturity of each Legacy Note will not extend beyond November 30, 2017. In effect, the Interim Prospectus Exemption Sought defers Suitability Assessments to December 1, 2017 for these Renewal Notes.

29. If PSC is able to conduct a full Suitability Assessment during the Legacy Period, and PFSG otherwise complies with an available prospectus exemption under securities legislation or the Ongoing Prospectus Exemption Sought, a Legacy Note may be renewed for a period of time determined at the discretion of the Legacy Investor. In these circumstances, the Interim Prospectus Exemption Sought is not required.

The Current Decision – the Ongoing Prospectus Exemption Sought

30. Following the date of this decision, PFSG will only distribute Notes to Note Investors either in accordance with prospectus exemptions available under securities legislation or in accordance with the terms and conditions of this decision.

31. PFSG requires the Ongoing Prospectus Exemption Sought in order to effectively modify certain terms and conditions of the OM Exemption to reflect the unique features of its business model and structure.

32. In particular, PFSG requires the Ongoing Prospectus Exemption Sought because PSC is, or will be, registered in the category of a restricted dealer and, therefore, does not meet the requirements of:

    a. subparagraph 2.9(2.1)(b)(iii) of NI 45-106 for purposes of determining whether the investment is suitable;

    b. subsection 2.9(5.2) for purposes of distributing OM marketing materials which have been approved in writing by the issuer; or

    c. various prescribed forms and applicable schedules, which are required under the conditions to the OM Exemption and, without the Ongoing Prospectus Exemption Sought, would not permit PFSG or PSC to include the category of restricted dealer in reference to registered firms when completing these forms and schedules.

33. As the Acceptable Dealing Representative is subject to the same proficiency requirements that a dealing representative of an exempt market dealer would be subject to under NI 31-103, the Acceptable Dealing Representative is appropriately qualified to provide the Suitability Assessment for purposes of subparagraph 2.9(2.1)(b)(iii) of NI 45-106.

34. PFSG also requires the Ongoing Prospectus Exemption Sought as certain PAOC Community entities may fall within the definition of a "promoter" under securities legislation and, as a result, would be required to sign the OM in accordance with subsection 2.9(9)(c) of NI 45-106. However, these entities signing the OM as a promoter may potentially put certain charitable assets at risk if such assets were to be used to settle any potential claims for misrepresentation in the OM. The PAOC Community has undertaken to implement a number of additional investor protection measures (as described below) under the Note Program.

The Current Decision – the Interim Registration Exemptions Sought

35. In order to limit disruption to the Note Program, PSC and PFSG require relief from certain registration requirements. This relief will allow PSC, acting as an agent of PFSG, to trade in Notes to Note Investors (including conducting Suitability Assessments and providing advice in connection with these trades) prior to obtaining registration as a dealer in the category of restricted dealer. The restricted dealer category is being sought because PSC has a novel business model. Specifically:

    a. the Interim Dealer Registration Exemption Sought will allow PSC to trade a Note in relation to a distribution of a Note to a Note Investor where PFSG is relying on the Interim Prospectus Exemption Sought, the Ongoing Prospectus Exemption Sought, or any other available prospectus exemptions under securities legislation;

    b. the Interim Adviser Registration Exemption Sought, similar to the exemption from the adviser registration requirement in section 8.23 of NI 31-103, will allow PSC to also provide incidental advice in connection with these trades in Notes if the advice is not in respect of a managed account of a Note Investor; and

    c. the Interim Issuer Registration Exemption Sought, similar to the exemption from the dealer registration requirement in section 8.5 of NI 31-103, will provide PFSG with an exemption from the dealer registration requirement when a trade is made through PSC (prior to PSC obtaining registration), PSC is permitted to make this trade under the terms and conditions of the Interim Dealer Registration Exemption Sought, and PFSG does not solicit or contact any Note Investor directly in relation to the trade.

36. Once PSC is registered as a dealer in an Applicable Jurisdiction, PSC and PFSG will no longer require any of the interim registration exemptions noted above in that Applicable Jurisdiction.

Additional Investor Protection Measures and Solvency Matters

37. In operating the Note Program, PFSG follows strict guidelines for making investments in mortgage loans, as described above. Among other business risks, the business model of the Note Program requires PFSG to manage business risks associated with the difference in the term to maturity of the Notes (typically one to five years) and the term to maturity

of the mortgage loans (typically five years). The difference in these terms to maturity may, from time to time, lead to the value of PFSG's current assets (e.g., mortgage loan repayments) being lower than the value of PFSG's current liabilities (e.g., Note payments). PFSG addresses this business risk by carefully managing the timing of the maturity dates of the Notes and mortgages, and by taking the steps outlined below.

38. PFSG attempts to align maturity dates of mortgages and Notes so that it has available funds should Note Investors choose to receive repayment of the amount owing under their Notes. In the event that cash-on-hand will or may be insufficient to repay the amounts due on Notes, PFSG and PSC will attempt to find new Note Investors to purchase Notes in the same aggregate principal amount and, if successful, will use the proceeds from the new issue to redeem the existing Notes.

39. PFSG has entered into a subordination agreement with the PAOC with respect to each PAOC Charity and each PAOC Trust (the **PAOC Related Investors**) such that the repayment of the interest and principal on each Note held by a PAOC Related Investor is subordinate to the repayment of the interest and principal on each Note held by a Community Investor in respect of any Notes having the same maturity date.

40. The PAOC invests in preferred shares of PFSG in order to build additional equity in PFSG to mitigate the business risks outlined above and the risk of any potential default in the payment of a mortgage loan. The PAOC has reinvested in PFSG in the form of preferred shares, which investment is currently approximately $1.8 million. The PAOC will increase its preferred share position to 10% of the mortgage portfolio operated by PFSG by committing 50% of the annual profits paid by PFSG to the PAOC to the preferred share capitalization until it reaches 10% of the total mortgage portfolio.

41. In respect of the preferred share capital provided to PFSG by the PAOC, by operation of corporate law and bankruptcy and insolvency law, this share capital may be available to creditors and any payments owing to the PAOC as a preferred shareholder will be subordinate to the claims of any creditors. In addition, PFSG will only make payments to the PAOC as a preferred shareholder when PFSG is profitable and the current assets of PFSG are greater than the current liabilities of PFSG at the date that a payment to preferred shareholders is payable.

42. The PAOC has qualified for, and has available to it, a line of credit from a bank listed in Schedule I of the *Bank Act* (Canada). The line of credit has a limit of $3 million dollars, all of which is currently available, as at the date of this decision. The PAOC has agreed that it will make the line of credit available to PFSG as required to meet its obligations to Community Investors under the Notes held by such investors.

43. The Offering Memorandum that will be provided to each Community Investor will describe PFSG's business and operation of the Note Program including its guidelines for making investments in mortgage loans. The Offering Memorandum will also describe among other risk factors material to PFSG and the Notes, the operating risks faced by PFSG due to the difference in the term to maturity of each Note and each mortgage as described above.

44. Annually, PFSG will provide to staff of the Principal Regulator a summary of any repayments, including any advance repayments, of principal in respect of Notes to PAOC Related Investors and a summary of any redemptions of preferred shares to the PAOC that have occurred in the prior 12 month period. At least quarterly, PFSG will provide to staff of the Principal Regulator a summary of Notes renewed, including overall Note renewal rates.

Additional Ongoing Trading and Distribution Activities

45. In respect of a distribution of any Note under the Note Program where PFSG is relying on the Ongoing Prospectus Exemption Sought, PFSG and PSC will adhere to the investment limits in condition I.b of the Ongoing Prospectus Exemption Sought in each Applicable Jurisdiction. Accordingly, if PFSG is relying on the Ongoing Prospectus Exemption Sought in respect of a distribution to a Community Investor that is an individual and also an eligible investor (as defined in NI 45-106), each such Community Investor will be subject to the same investment restrictions.

46. PFSG will continue its historical practice of providing disclosure about the Note Program to each Note Investor; however, this disclosure will be in an updated form. Specifically, PFSG and PSC will deliver an Offering Memorandum to each prospective Community Investor before the prospective Community Investor has agreed in writing to purchase a Note. The Offering Memorandum:

    a. will include relevant information including the key terms of the Notes; the relationship between PFSG, PSC and the PAOC; that PFSG is the entity issuing the Notes, and the relevant risks related thereto; and

    b. will contain a contractual right of rescission and a right of action for misrepresentation against PFSG unless such rights are otherwise provided under securities legislation where the Community Investor is resident.

47. PSC will record and maintain records in respect of any Suitability Assessments it conducts, including any discussions with Community Investors regarding the suitability of an investment in Notes.

48. The Filers will take reasonable steps to identify, and respond to, any material conflicts of interest between the Filers and the Note Investors. The Filers will manage these conflicts, and will avoid any conflicts that cannot be managed.

49. PSC will not make a recommendation in any medium of communication (e.g. verbal, written, etc.) to buy, sell or hold a Note issued by PFSG unless PSC discloses, in the same medium of communication, the nature and extent of the relationship or connection between PSC and PFSG (i.e., the Issuer).

50. PSC will not lend money, extend credit or provide margin to any Note Investor.

51. PSC does not expect to recommend that a Note Investor use borrowed money to finance any part of a purchase of a Note. However, if PSC ever has cause to recommend that a Note Investor should use borrowed money to finance any part of a purchase of a Note, PSC will, before the purchase, provide the Note Investor with a written statement that is substantially similar to the following:

> *Using borrowed money to finance the purchase of Notes involves greater risk than a purchase using cash resources only. If you borrow money to purchase Notes, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the Notes purchased declines.*

Decisions

The Principal Regulator is satisfied that these decisions meet the tests set out in the Legislation for the Principal Regulator to make these decisions.

Interim Dealer Registration Exemption Sought

The decision of the Principal Regulator under the Legislation is that the Interim Dealer Registration Exemption Sought is granted provided that at the time of the trade:

I. Where the trade consists of a purchase of the Note by the Note Investor, PSC has made the corresponding Suitability Assessment, and established a record of that Suitability Assessment, unless that Note Investor is a Legacy Investor whose Legacy Note is being renewed in accordance with the Interim Prospectus Exemption Sought in which case no Suitability Assessment is necessary;

II. In connection with the trade, PSC has dealt fairly, honestly and in good faith with the Note Investor;

III. No commission or other transaction-based remuneration is paid in respect of the trade;

IV. PSC has responded to any material conflict of interest between PSC and the Note Investor;

V. PSC has disclosed the nature and extent of the relationship or connection between PSC, PFSG and the PAOC;

VI. In connection with the trade, PSC has not lent money, extended credit or provided margin to the Note Investor; and

VII. The trade is made in an Applicable Jurisdiction on or before the date that is the earlier of:

a. the date on which PSC is registered as a dealer in that Applicable Jurisdiction, and

b. the date that is one year after the date of this decision.

Interim Adviser Registration Exemption Sought

The decision of the Principal Regulator under the Legislation is that the Interim Adviser Registration Exemption Sought is granted provided that:

I. The advice is given in connection with a trade made by PSC in accordance with the above decision in respect of the Interim Dealer Registration Exemption Sought;

II. The advice is not given in respect of a managed account of a Note Investor; and

III. This exemption will no longer be available in an Applicable Jurisdiction after the date that is the earlier of:

a. the date on which PSC is registered as a dealer in that Applicable Jurisdiction, and

b. the date that is one year after the date of this decision.

Interim Issuer Registration Exemption Sought

The decision of the Principal Regulator under the Legislation is that the Interim Issuer Registration Exemption Sought is granted provided that at the time of the trade:

I. The trade is made by PSC in accordance with the above decision in respect of the Interim Dealer Registration Exemption Sought;

II. In furtherance of the trade, PFSG did not solicit or contact directly the Note Investor in relation to the trade; and

III. The trade is made in an Applicable Jurisdiction on or before the date that is the earlier of:

a. the date on which PSC is registered as a dealer in that Applicable Jurisdiction, and

b. the date that is one year after the date of this decision.

Interim Prospectus Exemption Sought

The decision of the Principal Regulator under the Legislation is that the Interim Prospectus Exemption Sought is granted provided that during the Legacy Period all of the following conditions are met:

I. If PFSG is unable to determine whether a prospectus exemption was otherwise available under securities legislation or the Ongoing Prospectus Relief Sought:

a. the distribution is restricted to a Renewal Note to a Legacy Investor; and

b. the term to maturity of each Renewal Note must not extend beyond the end of the Legacy Period;

II. If PFSG is able to determine that a prospectus exemption was available under securities legislation or the Ongoing Prospectus Relief Sought:

a. the distribution will be made to any Note Investor provided that the Filers complied with the terms and conditions of the prospectus exemption under securities legislation or the Ongoing Prospectus Relief Sought; and

b. the term to maturity of each Note will be determined by the Note Investor; and

III. The distribution must be made on or before November 30, 2017.

Ongoing Prospectus Exemption Sought

The decision of the Principal Regulator under the Legislation is that the Ongoing Prospectus Exemption Sought is granted provided that all of the following conditions are met:

I. PFSG is distributing a Note where:

a. the Note Investor purchases the Note as principal;

b. the acquisition cost of all securities acquired by a Note Investor who is an individual under the OM Exemption or this decision in the preceding 12 months does not exceed the following amounts:

i. in the case of a Note Investor that is not an eligible investor, $10,000;

ii. in the case of a Note Investor that is an eligible investor, $30,000;

iii. in the case of a Note Investor that is an eligible investor and that received advice from a portfolio manager, investment dealer, exempt market dealer or the Acceptable Dealing Representative on behalf of PSC that the investment is suitable, $100,000,

c. at the same time or before the Note Investor signs the agreement to purchase the Note, PFSG:

i. delivers an offering memorandum to the Note Investor in compliance with conditions VI to XIII, and

ii. obtains a signed risk acknowledgement from the Note Investor in compliance with condition XV, and

d. the Note distributed by PFSG is an unsecured, fixed interest rate, non-convertible debt instrument of PFSG with a term of 5 years or less.

II. PFSG is not an investment fund.

III. The investment limits described in conditions I.b.ii and iii will not apply if the Note Investor is:

a. an accredited investor; or

b. a person described in subsection 2.5(1) of NI 45-106 [*Family, friends and business associates*].

IV. PFSG is not distributing a short-term securitized product under the Note Program.

V. No commission or finder's fee is paid to any person.

VI. The offering memorandum delivered to Note Investors must comply with the requirements of Form 45-106F2 – *Offering Memorandum for Non-Qualifying Issuers*, except that for purposes of Form 45-106F2 and the applicable schedules to Form 45-106F2, PFSG or PSC may include the category of restricted dealer where required.

VII. An offering memorandum delivered to a Note Investor in reliance on this decision:

a. must incorporate by reference, by way of a statement in the offering memorandum, OM marketing materials related to each distribution under the offering memorandum and delivered or made reasonably available to a prospective Note Investor before the termination of the distribution; and

b. is deemed to incorporate by reference OM marketing materials related to each distribution under the offering memorandum and delivered or made reasonably available to a prospective Note Investor before the termination of the distribution.

VIII. A portfolio manager, investment dealer, exempt market dealer or PSC must not distribute OM marketing materials unless the OM marketing materials have been approved in writing by PFSG.

IX. An offering memorandum delivered under this decision must provide the Note Investor with a contractual right to cancel the agreement to purchase the Note by delivering a notice to PFSG not later than midnight on the 2nd business day after the Note Investor signs the agreement to purchase the Note.

X. The offering memorandum delivered under this decision must contain a contractual right of action against PFSG for rescission or damages that

a. is available to the Note Investor if the offering memorandum, or any information or documents incorporated or deemed to be incorporated by reference into the offering memorandum, contains a misrepresentation, without regard to whether the Note Investor relied on the misrepresentation;

b. is enforceable by the Note Investor delivering a notice to PFSG;

i. in the case of an action for rescission, within 180 days after the Note Investor signs the agreement to purchase the Note; or

ii. in the case of an action for damages, before the earlier of

A. 180 days after the Note Investor first has knowledge of the facts giving rise to the cause of action, or

B. 3 years after the date the Note Investor signs the agreement to purchase the Note,

c. is subject to the defence that the Note Investor had knowledge of the misrepresentation;

d. in the case of an action for damages, provides that the amount recoverable

i. must not exceed the price at which the Note was offered, and

ii. does not include all or any part of the damages that PFSG proves does not represent the depreciation in value of the Note resulting from the misrepresentation, and

e. is in addition to, and does not detract from, any other right of the Note Investor.

XI. An offering memorandum delivered under this decision must contain a certificate that states the following:

"This offering memorandum does not contain a misrepresentation."

XII. The certificate required under condition XI of this decision must be signed

a. by PFSG's chief executive officer and chief financial officer or, if PFSG does not have a chief executive officer or chief financial officer, an individual acting in that capacity; and

b. on behalf of the directors of PFSG, by

i. any 2 directors who are authorized to sign, other than the persons referred to in paragraph (a), or

ii. all the directors of PFSG.

XIII. A certificate under condition XI must be true

a. at the date the certificate is signed; and

b. at the date the offering memorandum is delivered to the Note Investor.

XIV. If a certificate under condition XI ceases to be true after it is delivered to the Note Investor, PFSG cannot accept an agreement to purchase the Note from the Note Investor unless

a. the Note Investor receives an update of the offering memorandum;

b. the update of the offering memorandum contains a newly dated certificate signed in compliance with condition XII; and

c. the Note Investor re-signs the agreement to purchase the Note.

XV. A risk acknowledgement obtained under this decision must comply with the requirements of Form 45-106F4, including applicable schedules, except that for purposes of Form 45-106F4 and the applicable schedules to Form 45-106F4, PFSG or PSC may include the category of restricted dealer where required. PFSG must retain the signed risk acknowledgment for 8 years after the distribution.

XVI. PFSG must

a. hold in trust all consideration received from the Note Investor in connection with a distribution of a Note under this decision until midnight on the 2nd business day after the Note Investor signs the agreement to purchase the Note; and

b. return all consideration to the Note Investor promptly if the Note Investor exercises the right to cancel the agreement to purchase the Note described under condition IX.

XVII. PFSG must file a copy of an offering memorandum delivered under this decision and any update of a previously filed offering memorandum with the securities regulatory authority on or before the 10th day after the distribution under the offering memorandum or update of the offering memorandum.

XVIII. PFSG must file with the securities regulatory authority a copy of all OM marketing materials required or deemed to be incorporated by reference into an offering memorandum delivered under this decision,

a. if the OM marketing materials are prepared on or before the filing of the offering memorandum, concurrently with the filing of the offering memorandum; or

b. if the OM marketing materials are prepared after the filing of the offering memorandum, within 10 days of the OM marketing materials being delivered or made reasonably available to a prospective Note Investor.

XIX. OM marketing materials filed under condition XVIII must include a cover page clearly identifying the offering memorandum to which they relate.

XX. For purposes of financial statement reporting, PFSG must comply with subsections 2.9(17.5), (17.7) to (17.13), (17.15) to (17.17) and (17.19) of the OM Exemption as if PFSG had distributed securities under the OM Exemption.

XXI. PFSG must make reasonably available to each holder of a Note acquired under this decision a notice of each of the following events in accordance with Form 45-106F17, within 10 days of the occurrence of the event:

a. a discontinuation of PFSG's business;

b. a change in PFSG's industry;

c. a change of control of PFSG.

XXII. PFSG is required to make the disclosure required respectively by conditions XX (in respect of subsections 2.9(17.5) and (17.19) of the OM Exemption as referenced above) and XXI of this decision until the earlier of

a. the date PFSG becomes a reporting issuer in any jurisdiction of Canada; and

b. the date PFSG ceases to carry on business.

XXIII. In Ontario, PFSG is designated a market participant under the *Securities Act* (Ontario).

XXIV. For each distribution made in reliance on this decision, PFSG will file a completed Form 45-106F1 *Report of Exempt Distribution* (**Form 45-106F1**) in accordance with Part 6 of NI 45-106 within 10 days of the date of the distribution. For purposes of Form 45-106F1 and the applicable schedules to Form 45-106F1, PFSG or PSC may include the category of restricted dealer where required.

XXV. The first trade in securities distributed in reliance on this decision will be deemed to be a distribution that is subject to section 2.5 of National Instrument 45-102 *Resale of Securities*.

XXVI. The additional investor protection measures for the Note Program described in representations 37 to 44 above must remain in effect as of the date of distribution.

XXVII. The Ongoing Prospectus Exemption Sought will no longer be available after the date that is five years after the date of this decision.

DATED August 30, 2017.

"Grant Vingoe"
Commissioner
Ontario Securities Commission

"Tim Moseley"
Commissioner
Ontario Securities Commission

2.1.4 Constellation Software Inc. et al.

Headnote

Application for exemptive relief to permit issuer and underwriter, acting as agent for the issuer, to enter into equity distribution agreement to make "at the market" (ATM) distributions of issuer's debentures (Debentures) over the facilities of the Toronto Stock Exchange (TSX) – ATM distributions to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions, read as if "equity securities" is substituted with Debentures – issuer has confirmed that Debentures to be issued pursuant to ATM distribution will receive same rating as previously issued Debentures – issuer will issue a press release and file agreement 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 – standard certification by issuer does not work in an ATM distribution since no other supplement to be filed in connection with ATM distribution – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document, including that principal amount of Debentures that may be issued pursuant to ATM distributions will not exceed $100 million – decision will terminate 25 months after the issuance of a receipt for the shelf prospectus.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 147.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
National Instrument 44-102 Shelf Distributions, s. 11.1.

July 18, 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
CONSTELLATION SOFTWARE INC. (THE ISSUER) AND
CANACCORD GENUITY INC. AND
HSBC SECURITIES (CANADA) INC.
(COLLECTIVELY, THE AGENTS AND, TOGETHER WITH THE ISSUER, THE FILERS)

DECISION

Background

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

(a) that the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies, deliver to the purchaser or its agent the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus), and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Issuer or Agents or 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" (as defined in National Instrument 44-102 *Shelf Distributions* (**NI 44-102**)) of debentures (**Debentures**) of the Issuer pursuant to a debenture distribution agreement (the **Distribution Agreement**) to be entered into by the Issuer and the Agents (**ATM Distribution**);

(b) that the requirements to include the statements specified in subsections 5.5(2) and 5.5(3) of NI 44-102 in a base shelf prospectus, and the requirements to include in a prospectus supplement each of the following:

(i) a forward-looking issuer certificate in the form specified in section 2.1 of Appendix A to NI 44-102;

(ii) a forward-looking underwriter certificate in the form specified in section 2.2 of Appendix A to NI 44-102;

(iii) a statement respecting purchasers' statutory rights of withdrawal and remedies for rescission or damages in substantially the form prescribed by Item 20 of Form 44-101F1 *Short Form Prospectus*;

(collectively, the **Prospectus Form Requirements**)

do not apply to a prospectus of the Issuer (including the applicable prospectus supplement(s)) to be filed in respect of an ATM Distribution.

The Decision Maker has also received a request from the Filers for a decision that the Application and this decision (together, the **Confidential Material**) be kept confidential and not be made public until the earlier of: (i) the date on which the Filers enter into the Distribution Agreement; (ii) the date any of the Filers advise the Decision Maker 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:

(a) the Ontario Securities Commission is the principal regulator for the 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and the Yukon Territory.

Interpretation

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

Representations

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

The Issuer

1. The Issuer is a corporation incorporated under the *Business Corporations Act* (Ontario). The head office of the Issuer is located in Toronto, Ontario.

2. The Issuer is a reporting issuer in all of the provinces and territories of Canada and is in compliance in all material respects with the requirements of securities legislation applicable therein.

3. The Issuer's common shares are listed on the TSX under the trading symbol “CSU” and the Debentures are listed on the TSX under the trading symbol “CSU.DB”. The Debentures are not convertible into common shares of the Issuer.

The Agents

4. Each Agent is a corporation established under the laws of the Province of Ontario with its head office in Toronto, Ontario.

5. Each Agent is registered as an investment dealer under the securities legislation of each of the provinces and territories of Canada, is a member of the Investment Industry Regulatory Organization of Canada, and is a participating organization of the TSX.

6. Each Agent is not in default of securities legislation in any jurisdiction of Canada.

Proposed ATM Distribution

7. Subject to mutual agreement on terms and conditions, the Filers propose to enter into the Distribution Agreement for the purpose of ATM Distributions involving the periodic sale of Debentures by the Issuer through the Agents, as agents, under the base shelf prospectus procedures prescribed by subsections 9.1(2) and (3) of NI 44-102, read as if the term "equity securities" is substituted with "the Debentures".

8. Prior to making an ATM Distribution, the Issuer will have filed in each province and territory of Canada: (i) a shelf prospectus providing for distribution from time to time of securities of the Issuer, including Debentures (the **Shelf Prospectus**); and (ii) a prospectus supplement describing the terms of the ATM Distribution, including the terms of the Distribution Agreement, and otherwise supplementing the disclosure in the Shelf Prospectus (the **Prospectus Supplement**).

9. Upon entering into the Distribution Agreement, the Issuer will:

   (a) issue and file a news release indicating that the Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and disclosing where and how purchasers may obtain copies; and

   (b) file the Distribution Agreement on SEDAR.

10. The Issuer will conduct ATM Distributions through the Agents, as agent, directly, or through a Selling Agent through the facilities of the TSX or other "marketplace" (as defined in National Instrument 21-101 *Marketplace Operation*) in Canada (**Marketplace**).

11. The Distribution Agreement will provide that the aggregate principal amount of Debentures distributed pursuant to any ATM Distribution will not exceed 10% of the aggregate principal amount of the Issuer's outstanding Debentures, calculated as at the last trading day of the month before the month in which the first trade under the ATM Distribution is made.

12. The Agents will act as the sole underwriters on behalf of the Issuer in connection with each ATM Distribution, and will be the only persons or companies paid an underwriting fee or commission by the Issuer in connection with such sales. Each Agent will sign an underwriter's certificate in the Prospectus Supplement.

13. The Agents will effect each ATM Distribution on a Marketplace in Canada, either themselves or through a Selling Agent. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Agent. A purchaser's rights and remedies under the Legislation against the Agents, as underwriters of an ATM Distribution, will not be affected by a decision to effect the sale directly or through a Selling Agent.

14. The Distribution Agreement will provide that, at the time of each sale of Debentures pursuant to an ATM Distribution, the Issuer will represent to the Agents that the Shelf Prospectus, as supplemented by the Prospectus Supplement and any subsequent amendment or supplement to the Shelf Prospectus or the Prospectus Supplement (together, the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Debentures being distributed. The Issuer would, 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 Debentures.

15. If, after the Issuer delivers a sell notice to the Agents directing the Agents to sell Debentures on the Issuer's behalf pursuant to the Distribution Agreement (a **Sell Notice**), the sale of Debentures specified in the notice, taking into consideration prior sales, would constitute a material fact or material change in respect of the Debentures, the Issuer would be required to suspend sales under the Distribution Agreement until either: (i) it has filed a material change report or amended the Prospectus; or (ii) circumstances have changed such that the sales would no longer constitute a material fact or material change.

16. In determining whether the sale of Debentures specified in a Sell Notice would constitute a material fact or material change, the Issuer will take into account multiple factors, including, without limitation, (i) whether the sale of the Debentures would affect any applicable rating(s) assigned to the Debentures (ii) recent developments in the business, affairs and capital structure of the Issuer; and (iii) prevailing market conditions generally.

17. The Agents will monitor closely the market's reaction to trades made on any Marketplace in Canada pursuant to the ATM Distribution in order to evaluate the likely market impact of future trades. Each Agent has experience and expertise in managing sell orders to limit downward pressure on trading prices. If the Agent has concerns as to whether a particular sell order placed by the Issuer may have a significant effect on the market price of the Debentures, the

Agent will recommend against effecting the trade at that time. It is in the interest of both the Issuer and the Agents to minimize the market impact of sales under an ATM Distribution.

18. The Debentures have received a final rating of BBB- by Fitch Ratings as of January 6, 2016.

19. Fitch Ratings has confirmed to the Issuer that the Debentures to be issued pursuant to the ATM Distribution will receive the same rating as the Debentures previously issued by the Issuer.

Disclosure of Debentures Sold in ATM Distribution

20. For each month during which the Issuer conducts an ATM Distribution, the Issuer will within seven calendar days after the end of the month, file on SEDAR and make publicly available, as a notice of proceeds, a report disclosing the aggregate principal amount and average price of Debentures distributed pursuant to an ATM Distribution, as well as total gross proceeds, commissions and net proceeds.

21. The Issuer will also disclose in the annual and interim financial statements and management discussion and analysis filed on SEDAR in respect of that financial period, the aggregate principal amount and average price of Debentures sold pursuant to ATM Distributions during that annual or interim period, as well as total gross proceeds, commission and net proceeds.

Prospectus Delivery Requirement

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

23. However, the delivery of the Prospectus is not practicable in the circumstances of an ATM Distribution, as neither the Agents nor a Selling Agent effecting the trade will know the identity of the purchasers.

24. Although purchasers under an ATM Distribution would not physically receive a printed prospectus, the Prospectus (together with all documents incorporated by reference therein) will be filed and readily available to all purchasers electronically via SEDAR. Moreover, the Issuer will issue a news release that specifies where and how copies of the Shelf Prospectus and the Prospectus Supplement can be obtained.

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

Withdrawal Right and Right of Action for Non-Delivery

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

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

28. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of an ATM Distribution, because the Prospectus will not be delivered to a purchaser of Debentures thereunder.

Prospectus Form Requirements

29. Exemptive relief from the Prospectus Form Requirements for the Issuer's forward-looking certificate in the Prospectus Supplement is required to reflect the fact that no pricing or other supplement will be filed subsequent to the Prospectus Supplement. Accordingly, the Issuer will file the Prospectus Supplement with the following certificate in substitution for the certificate prescribed by the Prospectus Form Requirements:

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

30. Exemptive relief from the Prospectus Form Requirements for the Agents' forward-looking certificate in the Prospectus Supplement is required to reflect the fact that no pricing or other supplement will be filed subsequent to the Prospectus Supplement. Accordingly, the Issuer will file the Prospectus Supplement with the following certificate in substitution for the underwriter certificate prescribed by the Prospectus Form Requirements:

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

31. Exemptive relief from the Prospectus Form Requirements is required to allow the Prospectus to accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, the Issuer will include the following language in the Prospectus Supplement in substitution for the language prescribed by the Prospectus Form Requirements:

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, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Debentures under an at-the-market distribution by the Issuer will not have the right to withdraw from an agreement to purchase the Debentures and will not have remedies of rescission or, in some jurisdictions, revision of the price, or damages for non-delivery of the prospectus, because the prospectus, prospectus supplements relating to the Debentures purchased by the purchaser and any amendment relating to Debentures 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 also provides purchasers with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment 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 Debentures under an at-the-market distribution by the Issuer may have against the Issuer or the Agents for rescission or, in some jurisdictions, revision of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment contain a misrepresentation remain unaffected by the non-delivery and the decision referred to above.

Purchasers should refer to applicable provisions of securities legislation and the decision referred to above for the particulars of these rights or consult with a legal adviser.

32. The modified disclosure of purchasers' rights set forth in paragraph 30 above will be disclosed in the Prospectus Supplement and, solely as regards to ATM Distributions contemplated by the Prospectus Supplement, supersede and replace the statement of purchasers' rights contained in the Shelf Prospectus.

33. The statements required by subsections 5.5(2) and (3) of NI 44-102 to be included in the Shelf Prospectus will be qualified by adding the following ", except in cases where an exemption from such delivery requirements has been obtained".

Decision

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

The decision of the Decision Maker under the Legislation is that the Exemptive Relief is granted provided that:

(a) as it relates to the Prospectus Form Requirements, the disclosure described in sections 20, 21, 29, 30, 31 and 32 is made;

(b) it relates to the Prospectus Delivery Requirements, the representations made in sections 9, 10, 12, 13, 14, 15, 17 and 33 are complied with;

(c) the total principal amount of Debentures that may be issued pursuant to ATM Distributions under the Shelf Prospectus will not exceed $100,000,000;

(d) the aggregate principal amount of Debentures distributed pursuant to any ATM Distribution does not exceed 10% of the aggregate principal amount of the Issuer's outstanding Debentures, calculated as at the last trading day of the month before the month in which the first trade under the ATM Distribution is made;

(e) the Issuer will not purchase any Debentures (other than pursuant to any rights of redemption specified in the terms of the Debentures) unless, and until such time as, the Distribution Agreement has been terminated;

(f) upon a downgrade in any applicable rating(s) or a negative rating outlook assigned to the Debentures, the Issuer will, immediately following receipt of notice of such downgrade or negative rating outlook, advise the Agents to discontinue all distributions of Debentures pursuant to an ATM Distribution until the Issuer: (i) issues a press release announcing the downgrade; and (ii) files an amended and restated Prospectus Supplement disclosing the new rating(s); and

(g) this decision will terminate 25 months after the issuance of the receipt for the Shelf Prospectus.

The further decision of the Decision Maker is that the Confidentiality Relief is granted until the earlier of the following:

(a) the date on which the Filers enter into the Distribution Agreement;

(b) the date any of the Filers advise the Decision Maker that there is no longer any need for the Confidential Material to remain confidential; and

(c) the date that is 90 days after the date of this decision

As to the Exemption Sought from the Prospectus Delivery Requirement for prospectuses and the Confidentiality Relief:

"Frances Kordyback"
Commissioner
Ontario Securities Commission

"Robert P. Hutchison"
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Prospectus Delivery Requirement for prospectus supplements, the Prospectus Form Requirements and the Confidentiality Relief:

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

2.2 Orders

2.2.1 Biox Corporation

Headnote

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

Applicable Legislative Provisions

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

October 11, 2017

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

AND

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

AND

IN THE MATTER OF
BIOX 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 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 and Alberta.

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.2.2 Khalid Walid Jawhari – ss. 127(1), 127(10)

IN THE MATTER OF
KHALID WALID JAWHARI

Philip Anisman, Chair of the Panel

October 11, 2017

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

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

ON READING the Settlement Agreement and Undertaking between Khalid Walid Jawhari (**Jawhari**) and the Alberta Securities Commission dated March 22, 2017 (the **Settlement Agreement**);

AND ON READING the materials filed by Staff, including an email dated October 2, 2017 expressing the consent of Jawhari, and on hearing the submissions of the representative for Staff, appearing in person;

IT IS ORDERED pursuant to paragraphs 127(1)2 and 2.1 of the Act that Jawhari shall not trade in or purchase securities until March 23, 2020, except in a single account in his own name or in the name of 1601590 Alberta Ltd. so long as any trade or purchase is made through a registrant who has been given a copy of the Settlement Agreement and a copy of this Order.

"Philip Anisman"

2.2.3 Royal Bank of Canada and BMO Nesbitt Burns Inc. – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – issuer proposes to purchase, pursuant to a repurchase program and at a discounted purchase price, up to a specified number of its common shares under its normal course issuer bid from a third party – the third party will abide by the requirements governing normal course issuer bids as though it was the issuer, subject to certain modifications, including that the third party will not make any purchases under the program pursuant to a pre-arranged trade – common shares delivered to the issuer for cancellation will be common shares from the third party's existing inventory – due to the discounted purchase price, the common shares cannot be acquired through the TSX trading system – but for the fact that the common shares cannot be acquired through the TSX trading system, the issuer could otherwise acquire such shares in accordance with TSX rules and in reliance upon the issuer bid exemption available under section 4.8 of NI 62-104 – the third party will purchase common shares under the program on the same basis as if the issuer had conducted the bid in reliance on the normal course issuer bid exemptions set out in securities legislation – no adverse economic impact on, or prejudice to, the issuer or its security holders – acquisition of securities exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the number of common shares transferred by the third party from its existing inventory to the issuer for purchase under the program be equivalent to the number of common shares that the third party has purchased, or had purchased on its behalf, on Canadian markets.

Statutes Cited

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

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

AND

IN THE MATTER OF
ROYAL BANK OF CANADA AND
BMO NESBITT BURNS INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Royal Bank of Canada (the "**Issuer**") and BMO Nesbitt Burns Inc. ("**BMO Nesbitt**", and together with the Issuer, the "**Filers**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**") exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the "**Issuer Bid Requirements**") in respect of the proposed purchases by the Issuer of up to 5,000,000 (the "**Program Maximum**") of its common shares (the "**Common Shares**") from BMO Nesbitt pursuant to a share repurchase program (the "**Program**");

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

AND UPON the Issuer having represented to the Commission the matters set out in paragraphs 1 to 4, inclusive, 9 to 19, inclusive, 21 to 28, inclusive, 32, 34, 36, 37, 38, 40 and 41;

AND UPON BMO Nesbitt and Bank of Montreal ("**BMO**", and together with BMO Nesbitt, the "**BMO Entities**") having represented to the Commission the matters set out in paragraphs 5 to 8, inclusive, 19 to 22, inclusive, 26, 27, 29 to 33, inclusive, 35, 39, 41 and 42 as they relate to the BMO Entities;

1. The Issuer is a Schedule I bank governed by the *Bank Act* (Canada).

2. The Issuer's corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, Canada, M5J 2J1 and its head office is located at 1 Place Ville-Marie, Montreal, Quebec, Canada.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada (the "**Jurisdictions**") and the Common Shares are listed for trading on the TSX, the New York Stock Exchange (the "**NYSE**") and the SIX Swiss Exchange under the symbols "RY","RY:US" and "RY", respectively. The Issuer is not in default of any requirement of the securities legislation of the Jurisdictions.

4. The authorized share capital of the Issuer consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of first preferred shares and second preferred shares without nominal or par value, issuable in series and whose classes may be issued for maximum consideration of $20 billion and $5 billion, respectively. As at September 22, 2017, the Issuer had the following shares outstanding:

Common Shares outstanding	1,457,584,184
First preferred shares outstanding	
Non-cumulative Series W	12,000,000
Non-cumulative Series AA	12,000,000
Non-cumulative Series AC	8,000,000
Non-cumulative Series AD	10,000,000
Non-cumulative Series AE	10,000,000
Non-cumulative Series AF	8,000,000
Non-cumulative Series AG	10,000,000
Non-cumulative Series AJ	13,578,815
Non-cumulative Series AK	2,421,185
Non-cumulative Series AL	12,000,000
Non-cumulative Series AZ	20,000,000
Non-cumulative Series BB	20,000,000
Non-cumulative Series BD	24,000,000
Non-cumulative Series BF	12,000,000
Non-cumulative Series BH	6,000,000
Non-cumulative Series BI	6,000,000
Non-cumulative Series BJ	6,000,000
Non-cumulative Series BK	29,000,000
Non-cumulative Series BM	30,000,000
Non-cumulative Series C-1	82,050
Non-cumulative Series C-2	815,400

5. BMO Nesbitt is registered as an investment dealer under the securities legislation of each of the Jurisdictions. It is also registered as: (a) a futures commission merchant under the *Commodity Futures Act* (Ontario); (b) a derivatives dealer under the *Derivatives Act* (Québec); and (c) a dealer (futures commission merchant) under *The Commodity Futures Act* (Manitoba). BMO Nesbitt is a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**") and the Canadian Investor Protection Fund, a participating organization or member of the TSX, TSX Venture Exchange and Canadian Securities Exchange, and an approved participant of the Bourse de Montréal. The head office of BMO Nesbitt is located in Toronto, Ontario.

6. BMO Nesbitt does not own, directly or indirectly, more than 5% of the issued and outstanding Common Shares.

7. BMO Nesbitt is the beneficial owner of at least 5,000,000 Common Shares, none of which were acquired by, or on behalf of, BMO Nesbitt in anticipation or contemplation of resale to the Issuer (such Common Shares over which BMO Nesbitt has beneficial ownership, the "**Inventory Shares**"). All of the Inventory Shares are held by BMO Nesbitt in the Province of Ontario and all purchases of Inventory Shares by the Issuer from BMO Nesbitt will be executed and settled in the Province of Ontario. No Common Shares were purchased by, or on behalf of, BMO Nesbitt on or after August 26, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by BMO Nesbitt to the Issuer.

8. BMO Nesbitt is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). BMO Nesbitt is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

9. Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**"), which was accepted by the TSX effective March 9, 2017, the Issuer is permitted to make a normal course issuer bid (the "**NCIB**") to purchase for cancellation, during the 12-month period beginning on March 14, 2017 and ending on March 10, 2018, up to 30,000,000 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the date specified in the Notice. The Notice specifies that purchases under the NCIB will be conducted through the facilities of the TSX, the NYSE and other designated exchanges and Canadian alternative trading systems, if eligible, or by such other means as may be permitted by the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX Rules**"), a securities regulatory authority, or applicable securities laws and regulations, including under automatic purchase plans and by private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities.

10. The NCIB is being conducted in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(2) of NI 62-104 (the "**Designated Exchange Exemption**").

11. The NCIB is also being conducted in the normal course on the NYSE and other permitted published markets (collectively with the NYSE, the "**Other Published Markets**") in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(3) of NI 62-104 (the "**Other Published Markets Exemption**", and together with the Designated Exchange Exemption, the "**Exemptions**").

12. Pursuant to the TSX Rules, the Issuer has appointed RBC Dominion Securities Inc. as its designated broker in respect of the NCIB (the "**Responsible Broker**").

13. The Notice states that the Issuer may implement an automatic repurchase plan (an "**ARP**") to permit the Issuer to make purchases under the NCIB at such times when the Issuer would not be permitted to trade in its securities, including regularly scheduled quarterly blackout periods and other internal blackout periods (each such time, a "**Blackout Period**"). No ARP has been implemented at this time and no ARP will be implemented or operative during the Program Term (as defined below).

14. The Notice also provides that, during the course of the NCIB, Common Shares may be purchased by trustees or administrators that are not independent of the Issuer (a "**Plan Trustee**") in the open market to satisfy net requirements of employee plans that have been specifically identified in the Notice (the Common Shares purchased under such specified plans, the "**Plan Trustee Purchases**"). The maximum number of Common Shares that the Issuer is permitted to repurchase under the NCIB, being 30,000,000, will be reduced by the number of Plan Trustee Purchases. No Plan Trustee Purchases are expected to occur during the Program Term. In the event that Plan Trustee Purchases are required to be made during the Program Term, the Issuer will not provide instructions to BMO pursuant to the Program in respect of the relevant Trading Day (as defined below) unless such instructions include the number of Plan Trustee Purchases that will be made on that Trading Day.

15. The TSX granted the Issuer relief on December 1, 2003 from the applicable provisions of the TSX Rules in respect of NCIBs that deem six specified employee share purchase plans of the Issuer to have non-independent trustees (the "**Exempted Plans**"). As a result, any Common Shares purchased by Plan Trustees pursuant to Exempted Plans (the "**Exempted Plan Purchases**") do not count towards the Issuer's NCIB and the limits applicable thereto.

16. To the best of the Issuer's knowledge the "public float" (calculated in accordance with the TSX Rules) for the Common Shares as at July 31, 2017 consisted of 1,457,505,091 Common Shares. The Common Shares are "highly-liquid securities" as that term is defined in section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* ("**OSC Rule 48-501**") and section 1.1 of the Universal Market Integrity Rules ("**UMIR**").

17. The Commission granted the Issuer two orders on March 9, 2017 pursuant to section 6.1 of NI 62-104 exempting the Issuer from the Issuer Bid Requirements in connection with proposed purchases by the Issuer of (a) up to 5,000,000 Common Shares from The Bank of Nova Scotia (the "**BNS Order**"), and (b) up to 10,000,000 Common Shares from The Toronto-Dominion Bank (the "**TD Order**" and together with the BNS Order, the "**Prior Orders**"), in each case, pursuant to a share repurchase program. The Issuer completed the purchase of 5,000,000 Common Shares under the BNS Order on April 28, 2017, and such program was terminated on that date. The Issuer completed the purchase of 10,000,000 Common Shares under the TD Order on March 31, 2017, and such program was terminated on that date.

18. As at September 22, 2017, the Issuer had purchased for cancellation a total of 15,652,000 Common Shares under the NCIB, including 15,000,000 Common Shares pursuant to the Prior Orders.

19. The Filers wish to participate in the Program during, and as part of, the NCIB to enable the Issuer to purchase from BMO Nesbitt, and for BMO Nesbitt to sell to the Issuer, that number of Common Shares equal to the Program Maximum.

20. Pursuant to the terms of the Program Agreement (as defined below), BMO Nesbitt has been retained by BMO to acquire Common Shares through the facilities of the TSX and on Other Published Markets in Canada (each, a "**Canadian Other Published Market**" and collectively with the TSX, the "**Canadian Markets**") under the Program. No Common Shares will be acquired under the Program on a market that is not a Canadian Market.

21. The Program will be governed by, and conducted in accordance with, the terms and conditions of a Share Repurchase Program Agreement (the "**Program Agreement**") that will be entered into among the Filers and BMO prior to the commencement of the Program and a copy of which will be delivered by the Filers to the Commission promptly thereafter.

22. The Program will terminate on the earlier of: (a) October 30, 2017; and (b) the date on which the Issuer will have purchased the Program Maximum under the Program (the "**Program Term**"). Neither the Issuer nor any of the BMO Entities may unilaterally terminate the Program Agreement during the Program Term, except in the case of an event of default by a party thereunder or a change in law or announced change in law that would have adverse consequences to the transactions contemplated under the Program Agreement or to the Issuer or either of the BMO Entities.

23. At least two clear Trading Days prior to the commencement of the Program, the Issuer will issue and file a press release that has been pre-cleared by the TSX that: (a) describes the material features of the Program, including the Program Term; (b) discloses the Issuer's intention to participate in the Program during the NCIB; (c) states that it is the Issuer's current intention to purchase the Program Maximum, but that the number of Common Shares purchased pursuant to the Program may be less than the Program Maximum; (d) provides an explanation as to why less than the Program Maximum may be purchased; and (e) states that, immediately following the Program Term, the Issuer will issue and file the Completion Press Release (as defined below) (the "**Commencement Press Release**").

24. The Program Maximum will be less than the number of Common Shares remaining that the Issuer is entitled to acquire under the NCIB, calculated as at the date of the Program Agreement.

25. The TSX has: (a) been advised of the Issuer's intention to enter into the Program, (b) been provided with a copy of the Program Agreement and a draft of the Commencement Press Release, and (c) confirmed that it has no objection to the Issuer conducting the Program as part of the NCIB.

26. The Program Term will not include a Blackout Period. In the event that a Blackout Period should arise during the Program Term, purchasing under the Program will cease immediately and will not recommence until following the expiration of the Blackout Period.

27. During the Program Term, BMO Nesbitt will purchase Common Shares on the applicable Trading Day in accordance with instructions received by BMO from the Issuer prior to the opening of trading on such day, which instructions will be relayed by BMO to BMO Nesbitt without modification and which instructions will be the same instructions that the Issuer would have given to the Responsible Broker, as its designated broker in respect of the NCIB, if the Issuer was conducting the NCIB in reliance on the Exemptions.

28. The Issuer will not give purchase instructions in respect of the Program to BMO at any time that the Issuer is aware of Undisclosed Information (as defined below).

29. All Common Shares acquired for the purposes of the Program by BMO Nesbitt on a day during the Program Term on which Canadian Markets are open for trading (each, a "**Trading Day**") must be acquired on Canadian Markets in accordance with the TSX Rules and any by-laws, rules, regulations or policies of any Canadian Markets upon which purchases are carried out (collectively, the "**NCIB Rules**") that would be applicable to the Issuer in connection with the NCIB, provided that:

    (a) the aggregate number of Common Shares to be acquired on Canadian Markets by BMO Nesbitt and any Plan Trustees (other than Exempted Plan Purchases) on each Trading Day shall not exceed the maximum daily limit that is imposed upon the NCIB pursuant to the TSX Rules, determined with reference to an average daily trading volume that is based on the trading volume of the Common Shares on all Canadian Markets rather than being limited to the trading volume on the TSX only (the "**Modified Maximum Daily Limit**"), it being understood that the aggregate number of Common Shares to be acquired on the TSX by BMO Nesbitt and any Plan Trustees (other than Exempted Plan Purchases) on each Trading Day will not exceed the maximum daily limit that is imposed on the NCIB pursuant to the TSX Rules; and

(b) notwithstanding the block purchase exception provided for in the TSX Rules, no purchases will be made by BMO Nesbitt on any Canadian Markets pursuant to a pre-arranged trade.

30. The aggregate number of Common Shares acquired by BMO Nesbitt in connection with the Program:

(a) shall not exceed the Program Maximum; and

(b) on Canadian Other Published Markets, shall not exceed that number of Common Shares remaining eligible for purchase by the Issuer pursuant to the Other Published Markets Exemption, calculated as at the date of the Program Agreement.

31. On every Trading Day, BMO Nesbitt will purchase the Number of Common Shares. The "**Number of Common Shares**" will be no greater than the least of:

(a) the maximum number of Common Shares established in the instructions received by BMO from the Issuer prior to the opening of trading on such day;

(b) the Program Maximum less the aggregate number of Common Shares previously purchased by BMO Nesbitt under the Program;

(c) on a Trading Day where trading ceases on the TSX or some other event that would impair BMO Nesbitt's ability to acquire Common Shares on Canadian Markets occurs (a "**Market Disruption Event**"), the number of Common Shares acquired by BMO Nesbitt on such Trading Day up until the time of the Market Disruption Event; and

(d) the Modified Maximum Daily Limit.

The "**Discounted Price**" per Common Share will be equal to: (a) the volume weighted average price of the Common Shares on the Canadian Markets on the Trading Day on which purchases were made less an agreed upon discount; or (b) upon the occurrence of a Market Disruption Event, the volume weighted average price of the Common Shares on the Canadian Markets at the time of the Market Disruption Event less an agreed upon discount.

32. BMO Nesbitt will deliver to the Issuer that number of Inventory Shares equal to the number of Common Shares purchased by BMO Nesbitt on a Trading Day under the Program on the Trading Day immediately thereafter (or such other Trading Day as agreed to between the parties to the Program Agreement), and the Issuer will pay BMO Nesbitt a purchase price equal to the Discounted Price for each such Inventory Share on the date of delivery thereof. Each Inventory Share purchased by the Issuer under the Program will be cancelled upon delivery to the Issuer.

33. BMO Nesbitt will not sell any Inventory Shares to the Issuer unless BMO Nesbitt has purchased the equivalent number of Common Shares on Canadian Markets under the Program. The number of Common Shares that are purchased by BMO Nesbitt on Canadian Markets under the Program on a Trading Day will be equal to the Number of Common Shares for such Trading Day. BMO Nesbitt will provide the Issuer with a daily written report of BMO Nesbitt's purchases, which report will indicate, inter alia, the aggregate number of Common Shares acquired under the Program, the Canadian Market on which such Common Shares were acquired, and the Modified Maximum Daily Limit.

34. During the Program Term, the Issuer will: (a) not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program); (b) prohibit the Responsible Broker from acquiring any Common Shares on its behalf; and (c) prohibit any Plan Trustee from undertaking any Plan Trustee Purchases that would, when taken together with any purchases of Common Shares pursuant to the Program on the applicable Trading Day, exceed the Modified Maximum Daily Limit.

35. All purchases of Common Shares under the Program will be made by BMO Nesbitt and neither of the BMO Entities will engage in any hedging activity in connection with the conduct of the Program.

36. The Issuer will report its purchases of Common Shares under the Program to the TSX in accordance with the TSX Rules. In addition, immediately following the end of the Program Term, the Issuer will: (a) report the total number of Common Shares acquired under the Program to the TSX and the Commission; and (b) issue and file a press release that announces the completion of the Program and sets out the number of Common Shares acquired under the Program and the aggregate dollar amount paid for such Common Shares (the "**Completion Press Release**").

37. The Issuer is of the view that: (a) it will be able to purchase Common Shares from BMO Nesbitt at a lower price than the price at which it would be able to purchase an equivalent quantity of Common Shares under the NCIB in reliance

on the Exemptions; and (b) the purchase of Common Shares pursuant to the Program is in the best interests of the Issuer and constitutes an appropriate use of the Issuer's funds.

38. The entering into of the Program Agreement, the purchase of Common Shares by BMO Nesbitt in connection with the Program, and the sale of Inventory Shares by BMO Nesbitt to the Issuer will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect control of the Issuer.

39. The sale of Inventory Shares to the Issuer by BMO Nesbitt will not be a "distribution" (as defined in the Act).

40. The Issuer will be able to acquire the Inventory Shares from BMO Nesbitt without the Issuer being subject to the dealer registration requirements of the Act.

41. At the time that the Issuer and the BMO Entities enter into the Program Agreement, neither the Issuer, nor any member of the Trading Products Group of BMO Nesbitt, nor any personnel of either of the BMO Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Common Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) with respect to the Issuer or the Common Shares that has not been generally disclosed (the "**Undisclosed Information**").

42. Each of the BMO Entities:

(a) has policies and procedures in place to ensure that the Program will be conducted in accordance with, among other things, the Program Agreement and this Order, and to preclude those persons responsible for administering the Program from acquiring any Undisclosed Information during the conduct of the Program; and

(b) will, prior to entering into the Program Agreement: (i) ensure that its systems are capable of adhering to, and performing in accordance with, the requirements of the Program and this Order; and (ii) provide all necessary training and take all necessary actions to ensure that the persons administering and executing the purchases under the Program are aware of, and understand the terms of this Order.

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

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in respect of the purchase of Inventory Shares from BMO Nesbitt pursuant to the Program, provided that:

(a) at least two clear Trading Days prior to the commencement of the Program, the Issuer issues and files the Commencement Press Release;

(b) all purchases of Common Shares under the Program are made on Canadian Markets by BMO Nesbitt, and are:

(i) made in accordance with the NCIB Rules applicable to the NCIB, as modified by paragraph 29 of this Order;

(ii) taken into account by the Issuer when calculating the maximum annual aggregate limits that are imposed upon the NCIB in accordance with the TSX Rules, with those Common Shares purchased on Canadian Other Published Markets being taken into account by the Issuer when calculating the maximum aggregate limits that are imposed upon the Issuer in accordance with the Other Published Markets Exemption;

(iii) marked with such designation as would be required by the applicable marketplace and UMIR for trades made by an agent of the Issuer; and

(iv) monitored by the BMO Entities on a continual basis for the purposes of ensuring compliance with the terms of this Order, NCIB Rules, and applicable securities law;

(c) during the Program Term: (i) the Issuer does not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program); (ii) no Common Shares are purchased on behalf of the Issuer by the Responsible Broker; and (iii) no Plan Trustee Purchases are undertaken by any Plan Trustee that would, when taken together with any purchases of Common Shares pursuant to the Program on the applicable Trading Day, exceed the Modified Maximum Daily Limit;

(d) the number of Inventory Shares transferred by BMO Nesbitt to the Issuer for purchase under the Program in respect of a particular Trading Day is equal to the number of Common Shares purchased by BMO Nesbitt on Canadian Markets under the Program in respect of the Trading Day;

(e) no hedging activity is engaged in by the BMO Entities in connection with the conduct of the Program;

(f) at the time that the Program Agreement is entered into by the Filers and BMO:

(i) the Common Shares are "highly liquid securities", as that term is defined in section 1.1 of OSC Rule 48-501 and section 1.1 of UMIR; and

(ii) none of the Issuer, any member of the Trading Products Group of BMO Nesbitt, or any personnel of either of the BMO Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Common Shares, was aware of any Undisclosed Information;

(g) no purchase instructions in respect of the Program are given by the Issuer to BMO at any time that the Issuer is aware of Undisclosed Information;

(h) no purchases of Common Shares under the Program will occur during a Blackout Period;

(i) the BMO Entities maintain records of all purchases of Common Shares that are made by BMO Nesbitt pursuant to the Program, which will be available to the Commission and IIROC upon request; and

(j) in addition to reporting its purchases of Common Shares under the Program to the TSX in accordance with the TSX Rules, immediately following the end of the Program Term, the Issuer will: (i) report the total number of Common Shares acquired under the Program to the TSX and the Commission; and (ii) issue and file the Completion Press Release.

DATED at Toronto, Ontario, this 11th day of October, 2017.

"Naizam Kanji"
Ontario Securities Commission

2.2.4 Franco-Nevada GLW Holdings Corp.

Headnote

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

Applicable Legislative Provisions

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

October 13, 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
FRANCO-NEVADA GLW HOLDINGS CORP.
(THE FILER)

ORDER

Background

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

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

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

b) the Filer has provided notice that sub-section 4C.5(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in each 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 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.

"Sonny Randhawa"
Deputy Director
Corporate Finance Branch

2.4 Rulings

2.4.1 Goldman Sachs International – s. 38 of the CFA and s. 6.1 of OSC Rule 91-502 Trades in Recognized Options

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. The Applicant will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside of 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(OSC Rule 91-502) exempting the Applicant and its Representatives from the proficiency requirements in section 3.1 of OSC Rule 91-502 for trades in commodity futures options on exchanges located outside of Canada.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 23, 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.

October 11, 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
GOLDMAN SACHS INTERNATIONAL

RULING & EXEMPTION
(Section 38 of the CFA and Section 6.1 of Rule 91-502)

UPON the application (the **Application**) of Goldman Sachs International (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 exchanges located outside Canada (**Non-Canadian Exchanges**) where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below);

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

(c) a decision of the Director, pursuant to section 6.1 of Rule 91-502, exempting the Applicant and its salespersons, directors, officers and employees (the **Representatives**) from section 3.1 of Rule 91-502 in connection with trades in Exchange-Traded Futures;

AND WHEREAS for the purposes of this ruling and exemption (collectively, the **Decision**):

(i) **"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;

"EEA" means the 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-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;

"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 Applicant having represented to the Commission and the Director as follows:

1. The Applicant is an unlimited company formed under the laws of England. Its head office is located in London in the United Kingdom (**U.K.**).

2. The Applicant acts as a broker for customers buying and selling equity and/or debt securities and as a broker for futures and options on futures contracts. Its clients include corporations, financial institutions, governments and investment funds.

3. The Applicant's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (**GS Group**). GS Group is a bank holding company under the United States *Bank Holding Company Act of 1956* (**BHC Act**) and financial holding company under amendments to the BHC Act, and is regulated by the Board of Governors of the Federal Reserve System.

4. Goldman Sachs Canada Inc. (**GS Canada**) is an affiliate of the Applicant. GS Canada is registered as an investment dealer in each of the provinces of Canada and is a dealer member of the Investment Industry Regulatory Organization of Canada. GS Canada is not currently, but may in the future become, registered as a Futures Commission Merchant (**FCM**) under the CFA. GS Canada does not currently act as a broker with respect to trades in Exchange-Traded Futures.

5. The Applicant relies on the international dealer exemption in section 8.18 of NI 31-103 in Ontario and is not registered under the OSA or the CFA.

6. The Applicant 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. The Applicant is currently licensed in the U.K. to deal with eligible counterparties, professional clients and retail clients with respect to its permitted activities. The Applicant 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., the Applicant'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.

7. The Applicant has "passported" its U.K. registration into the EEA Member States. In relation to the Applicant's futures services, the Applicant utilizes its EEA passport to the extent that it may provide commodity futures services into other EEA member states. The Applicant does not utilize any of its EEA branch offices which have been established under its EEA passport in this regard.

8. The Applicant 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 futures commission merchant. As a result, the Applicant is a member of the NFA and is approved by the NFA as an exempt foreign firm under CFTC Regulation 30.10 under the U.S. *Commodity Exchange Act*.

9. The Applicant 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. The Applicant is not in default of securities or commodity futures legislation in any jurisdiction in Canada or under the CFA, subject to the matter to which this Decision relates. The Applicant is in compliance in all material respects with U.K. and U.S. securities and commodity futures laws, as applicable.

11. Pursuant to its authorizations and approvals, the Applicant may (*inter alia*) 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 the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, 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 the Applicant

to treat Permitted Clients materially the same as the Applicant'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 the Applicant, the Applicant is required to ensure that customer securities and monies be separately accounted for and segregated from the securities and monies of the Applicant. The Applicant is subject to the FCA's Client Asset Rules, which impose a general duty to segregate client assets and require the Applicant to place client money exclusively with counterparties selected and approved in compliance with the criteria set out in the FCA's Client Asset Rules.

12. The Applicant proposes to offer Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures through the Applicant.

13. The Applicant will execute and clear trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it executes and clears trades on behalf of its U.K. clients, EEA clients and U.S. clients. The Applicant 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 the Applicant with the requirements of the FSMA and the statutory and other requirements of the U.K. regulators, recognised investment exchanges and applicable European law and regulations. Permitted Clients in Ontario will generally have the same contractual rights against the Applicant as U.K. clients of the Applicant.

14. The Applicant is required under U.K. securities laws to categorise 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.

15. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

16. The Applicant will solicit trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients.

17. Permitted Clients of the Applicant will only be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

18. 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.

19. Permitted Clients of the Applicant will be able to execute Exchange-Traded Futures orders through the Applicant by contacting the Applicant's applicable execution desks. Permitted Clients may also be able to self-execute Exchange-Traded Futures orders electronically via an independent service vendor and/or other electronic trading routing. Permitted Clients may also be able to execute Exchange-Traded Futures orders through third party brokers and then "give up" the transaction for clearance through the Applicant.

20. The Applicant may execute a Permitted Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders where the Applicant is not a member of the Non-Canadian Exchange. The Applicant will remain responsible for all executions when the Applicant is listed as the executing broker of record on the relevant Non-Canadian Exchange.

21. The Applicant may perform both execution and clearing functions for trades in Exchange-Traded Futures or may direct that a trade executed by it be cleared through a carrying broker if the Applicant is not a clearing member of the Non-Canadian Exchange on which the trade is executed and cleared. Alternatively, the Permitted Client of the Applicant will be able to direct that trades executed by the Applicant be cleared through clearing brokers not affiliated with the Applicant (each a **Non-Applicant Clearing Broker**).

22. If the Applicant performs only the execution of a Permitted Client's Exchange-Traded Futures order and "gives-up" the transaction for clearance to a Non-Applicant Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under the CFA, as applicable. Each such Non-Applicant Clearing Broker will represent to the Applicant, in an industry-standard give-up agreement, that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's Exchange-Traded Futures order will be executed and cleared. The Applicant will not enter into a give-up agreement with any Non-Applicant Clearing Broker located in (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 authorised by the PRA or the FCA, as required.

23. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures and Permitted Client orders that are submitted to the exchange in the name of the Non-Applicant Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. The Permitted Client of the Applicant is responsible to the Applicant for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Applicant, the carrying broker or the Non-Applicant Clearing Broker is in turn responsible to the clearing corporation/division for payment.

24. Permitted Clients that direct the Applicant to give up transactions in Exchange-Traded Futures for clearance and settlement by Non-Applicant Clearing Brokers will execute the give-up agreements described above.

25. Permitted Clients will pay commissions for trades to the Applicant. In the event that the Applicant needs to utilize a Non-Applicant Clearing Broker for clearing or execution services in relation to such trades, the Applicant will pay the Non-Applicant Clearing Broker for such services.

26. 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.

27. If the Applicant was 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.

28. 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).

29. All Representatives of the Applicant 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 (the **Handbook**).

30. 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.

31. Under the U.K. Senior Managers & Certification Regime, these Representatives who trade futures and options will be classified by the Applicant as certified individuals. Although these Representatives will not be subject to direct approval by the FCA or PRA, the Applicant 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 the Director being satisfied that it would not be prejudicial to the public interest to do so;

IT IS RULED, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients provided that:

(a) each client effecting trades in Exchange-Traded Futures is a Permitted Client;

(b) any Non-Applicant Clearing Broker has represented and covenanted to the Applicant that the broker is appropriately registered or exempt from registration under the CFA;

(c) the Applicant only executes and clears trades in Exchange-Traded Futures for Permitted Clients on Non-Canadian Exchanges;

(d) at the time trading activity is engaged in, the Applicant:

(i) has its head office or principal place of business in the U.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; and

(iv) engages in the business of an authorized firm in Exchange-Traded Futures in the U.K.;

(e) the Applicant has provided to the Permitted Client the following disclosure in writing:

(i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;

(ii) a statement that the Applicant's head office or principal place of business is located in London in the United Kingdom;

(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; provided that the Applicant 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 the Applicant 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 the Applicant;

(h) if the Applicant does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**), by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Applicant relied on the IDE;

(i) by December 1st of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement in the CFA granted pursuant to this Decision by filing Form 13-502F4 *Capital Markets Participation Fee Calculation*; and

(j) this Decision shall expire 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 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.

"D. Grant Vingoe"
Vice Chair
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant or its Representatives in respect of trades in Exchange-Traded Futures, provided that:

(a) the Applicant and its Representatives maintain their respective 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

(b) 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 requirement in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

"Elizabeth King"
Deputy Director
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:
   E-mail address:
   Phone:
   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;

    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 TCM Investments Ltd. et al. – s. 127

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

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

Citation: *TCM Investments Ltd. (Re)*, 2017 ONSEC 35

Date: 2017-10-11

Hearing:	September 27, 2017		
Decision:	October 11, 2017		
Panel:	Timothy Moseley	–	Chair of the Panel
Appearances:	Matthew Britton Raphael Eghan	–	For Staff of the Commission
	No one appearing for the respondents		

TABLE OF CONTENTS

REASONS AND DECISION

I. OVERVIEW

[1] Staff alleges that from January 1, 2012, to July 31, 2017 (the **Material Time**):

- TCM Investments Ltd., carrying on business as OptionRally (**TCM**),
- LFG Investments Ltd. (**LFG**),
- AD Partners Solutions Ltd. (**AD Partners**), and
- InterCapital SM Ltd. (**InterCapital**),

collectively referred to as the **Respondents**, engaged in the business of trading binary options without being registered. Staff alleges that the trading was a distribution of securities in circumstances where no preliminary prospectus or prospectus was filed and receipted. Staff submits that this conduct therefore contravened Ontario securities law.

[2] At the hearing of the merits of Staff's allegations, the Respondents did not appear. Staff adduced evidence that established the alleged contraventions. At the conclusion of the hearing, I gave an oral decision to that effect and advised that reasons would follow. These are my reasons.

II. PRELIMINARY MATTERS

A. Related proceeding

[3] On May 10, 2017, the Ontario Securities Commission issued a temporary order against the Respondents.[1] The temporary order was issued because it appeared to the Commission that the Respondents may have contravened Ontario securities law by:

a. trading securities and advising without registration and without an applicable exemption, contrary to subsection 25(1) of the *Securities Act*[2] (the **Act**); and

b. trading securities without a prospectus having been filed and receipted as required, contrary to subsection 53(1) of the Act; and

c. perpetrating a fraud, contrary to clause 126.1(1)(b) of the Act.

[4] The temporary order provided that all trading in any securities by the Respondents was to cease, and that the exemptions contained in Ontario securities law no longer applied to the Respondents.

[5] On May 24, the Commission held a hearing to consider Staff's request to extend the temporary order. Staff properly served the Notice of Hearing and the temporary order on the Respondents but none of them communicated with Staff or appeared at the hearing. Pursuant to Rule 7.1 of the Ontario Securities Commission *Rules of Procedure*[3] and subsection 7(1) of the *Statutory Powers Procedure Act*,[4] the hearing proceeded in the absence of the Respondents. The Commission extended the temporary order.[5]

[6] The Commission extended the temporary order again on June 13.[6] The portion of the temporary order with respect to exemptions expired on July 7. On July 6, the portion of the temporary order prohibiting the Respondents from trading in securities was extended to September 28, the day following the merits hearing in this proceeding.[7]

---

1 *Re TCM Investments Ltd.* (2017), 40 OSCB 4636.

2 RSO 1990, c S.5.

3 (2014), 37 OSCB 4168.

4 RSO 1990, c S.22.

5 *Re TCM Investments Ltd.* (2017), 40 OSCB 4838.

6 *Re TCM Investments Ltd.* (2017), 40 OSCB 5140.

7 *Re TCM Investments Ltd.* (2017), 40 OSCB 6055.

B. This proceeding

[7] This proceeding was commenced on August 25, 2017, when the Secretary to the Commission issued a Notice of Hearing in relation to Staff's Statement of Allegations dated August 24. The Notice of Hearing set September 26, 2017, as the hearing date.

[8] Staff properly served the Notice of Hearing and Statement of Allegations on the Respondents, none of whom communicated with Staff or appeared at the hearing on September 26. The Commission was not in a position to proceed with the hearing on that day so issued an order providing that the merits hearing would commence the following day, September 27. On that day, the hearing proceeded in the absence of the Respondents.

III. BACKGROUND FACTS

A. Introduction

[9] At the merits hearing in this proceeding, Staff filed the May 23, 2017, affidavit of Steve Carpenter, an investigator in the Commission's Enforcement Branch. The same affidavit had previously been filed in support of Staff's request to extend the temporary order. Staff also called Mr. Carpenter to give oral evidence. No other evidence was adduced.

[10] I accept all of Mr. Carpenter's evidence.

B. The Respondents

[11] The Respondent TCM is a United Kingdom corporation that operates a website using the name "**OptionRally**". That website indicates that TCM is authorized and regulated by the International Financial Services Commission of Belize. As of May 3, 2017, however, TCM is no longer licensed by that authority.

[12] OptionRally provides a platform for trading binary options, the reference assets for which include stocks, indices and commodities. Investors are invited to open accounts with OptionRally, following which the account holders may elect to purchase binary options using funds debited from their accounts.

[13] The Respondent LFG is the principal on behalf of OptionRally, in an affiliate program through which investors could be compensated for referring new clients to OptionRally.

[14] The Respondent AD Partners is identified on the OptionRally website as a United Arab Emirates-based potential recipient of funds deposited by investors.

[15] The Respondent InterCapital is a United Kingdom corporation. According to the OptionRally website, InterCapital provides clearing and billing services to OptionRally.

[16] During the Material Time, none of the Respondents was registered with the Commission. All four Respondents were engaged together in the sale of binary options in Ontario.

C. Investors

[17] Since May 2014, the Commission's Inquiries and Contact Centre received more than 30 complaints or enquiries regarding OptionRally. More than 20 of the complainants invested an aggregate of approximately $300,000. Those figures include investments by 14 Ontario residents.

[18] Mr. Carpenter gave evidence, either in his affidavit or orally, about information received from various Ontario residents, including:

a. E.E., who invested US$3,000 with OptionRally in October 2015;

b. D.T., who opened an OptionRally account in April 2016 after speaking to a representative by telephone;

c. M.B., who:

i. paid US$250 to OptionRally in April 2016;

ii. received a telephone call several days later from an OptionRally representative pressuring him to make a larger deposit;

iii. paid an additional US$2,000 to OptionRally;

iv. permitted an OptionRally representative to take remote control of her computer in order to enter trades on M.B.'s behalf on the OptionRally trading platform; and

v. was directed by the OptionRally representative on at least one occasion to make specific trades;

d. H.B., who opened an OptionRally account in May 2016 after speaking to a representative by telephone, and who deposited approximately $20,000;

e. N.A., who complained in June 2016 that OptionRally representatives convinced him to invest over $100,000, all but $58 of which was lost;

f. G.B., who advised in March 2017 that he had invested $250 with OptionRally by way of a charge to his credit card;

g. D.A., who had invested $50,000 with OptionRally; and

h. C.G., who had invested $50,000 with OptionRally.

[19] At least one investor sent funds to OptionRally through AD Partners.

[20] Most investors reported having lost all or substantially all of their funds. As far as Mr. Carpenter knows, no investor experienced a net gain.

IV. ANALYSIS

A. Introduction

[21] The evidence shows that TCM was the principal actor in the matters alleged by Staff. I begin the analysis by considering TCM's activities, and whether those activities contravene Ontario securities law. I then consider the role of the other three Respondents.

B. Did TCM engage in the business of trading in securities?

[22] Staff's allegations require consideration of whether the binary options offered for sale by the Respondents are securities, and if so whether the Respondents have engaged in the business of trading in those securities.

[23] Binary options are all-or-nothing bets by the investor. Typically, and in the case of the OptionRally binary options, the bet is successful if a reference asset, such as a share, commodity or currency, meets one or more predetermined conditions at a specified time; for example, if the price of a share of a particular issuer will be above a specified amount on a certain date. Generally, binary options settle in cash if they are successful. A binary option does not provide for delivery of the reference asset.

[24] The binary options offered by the Respondents meet the definition of "investment contract", and were therefore securities under paragraph (n) of the definition of "security" in subsection 1(1) of the Act. The term "investment contract" is not defined in the Act, but previous Commission decisions have consistently followed the Supreme Court of Canada decision in *Pacific Coast Coin Exchange v Ontario (Securities Commission)*,[8] and held that an investment contract will be found where, as in this case:

a. there is an investment of funds with a view to profit;

b. in a common enterprise; and

c. the profits are to be derived solely from the efforts of others.[9]

[25] TCM, using the name OptionRally, directly solicited transactions in the binary options, and regularly undertook activities similar to those of a registrant by offering the binary options for sale. OptionRally was being remunerated for this activity, and as a result I conclude that OptionRally meets the test set out in Part 1.3 of Companion Policy NI 31-103CP

[8] [1978] 2 SCR 112.

[9] See, *e.g.*, *Re Black Panther Trading Corp.* (2017), 40 OSCB 1115 at paras 83-84.

Registration Requirements, Exemptions and Ongoing Registrant Obligations. OptionRally was engaged in the business of trading.

C. Did TCM illegally distribute securities?

[26] Subsection 53(1) of the Act prohibits any person or company from trading in a security if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued for them.

[27] The binary options sold by TCM had not previously been issued. Each trade in those binary options was therefore a "distribution" as that term is defined in subsection 1(1) of the Act. No preliminary prospectus or prospectus was filed.

[28] As a result, each trade of a binary option by TCM contravened subsection 53(1) of the Act.

D. Did the other Respondents engage in acts in furtherance of trades?

[29] Subsection 1(1) of the Act defines "trade" to include "any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of", among other things, any sale or disposition of a security. Staff alleges that the respondents LFG, AD Partners and InterCapital all played a role in TCM's trading of binary options, and therefore that those respondents engaged in acts in furtherance of the trades.

[30] As noted above, LFG was the principal in an OptionRally affiliate program, through which investors could be compensated for referring other investors to OptionRally. In addition, investor E.O. reported to the Commission's Inquiries and Contact Centre that she had been advised that LFG was OptionRally's "registrant".

[31] AD Partners accepted investor funds on behalf of OptionRally, according to the OptionRally website. At least one investor sent funds through AD Partners.

[32] Finally, with respect to InterCapital, at least one investor, M.B., had his OptionRally payments charged directly to InterCapital. In addition, InterCapital was described on the OptionRally website as providing clearing and billing services.

[33] I find that each of these three Respondents committed acts in furtherance of the prohibited trades, and that they thereby committed the same contraventions as found against TCM in paragraphs [25] and [28] above.

E. Offers to cover losses

[34] Some of the evidence adduced by Staff described instances of OptionRally investors who had lost money, receiving unsolicited contacts from apparently unrelated parties seeking their business. When the investors told these parties that the investors had lost money through OptionRally, the parties attempted to persuade the investors to deposit money with them. The parties promised to facilitate trading that would allow the investors to make up their losses.

[35] To Staff's knowledge, there is no commonality among the names of individuals or entities who contacted investors for this purpose. Despite that, Staff points to the pattern of these "recovery schemes" and submits that one ought to be suspicious about the correlation between investor losses and approaches by the third parties. Staff also notes that some investors (the identities of whom were not specified) were asked to deposit more money or to join a class action lawsuit against OptionRally.

[36] Staff urges the conclusion that the parties are connected to OptionRally and that these offers to help the investors recoup their losses were nothing more than further attempts to get more money from the OptionRally victims.

[37] Staff's suspicion is reasonable and may be correct. However, there are other reasonable possibilities, including that the investors' information was sold to these other parties. I am not prepared to find, on a balance of probabilities, that any of the Respondents was in fact connected to these subsequent offers to help the investors. There is no direct evidence of any such connection, and the circumstantial evidence is not substantial enough to support that conclusion. I decline to engage in the speculation that would be required in order to accede to Staff's submission on this point.

V. CONCLUSION

[38] For the reasons set out above, I find that each of the four Respondents contravened subsection 25(1) of the Act by engaging in the business of trading in securities without being registered, and that they contravened subsection 53(1) of the Act by conducting illegal distributions of the securities.

[39] As I ordered following the conclusion of the merits hearing,[10] the hearing on sanctions and costs will be held on November 15, 2017, at 10:00 am.

Dated at Toronto this 11th day of October, 2017.

"Timothy Moseley"

[10] *Re TCM Investments Ltd.* (2017), 40 OSCB 8044.

3.1.2 Khalid Walid Jawhari – ss. 127(1), 127(10)

IN THE MATTER OF
KHALID WALID JAWHARI

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

Citation: *Jawhari (Re)*, 2017 ONSEC 36

Date: 2017-10-11

Hearing:	October 10, 2017		
Reasons:	October 11, 2017		
Panel:	Philip Anisman	–	Commissioner
Appearances by:	Malinda N. Alvaro	–	For Staff of the Commission
	Khalid Walid Jawhari not appearing		

REASONS FOR DECISION

[1] On March 22, 2017, Khalid Walid Jawhari entered a settlement agreement and undertaking (Settlement Agreement) with the Alberta Securities Commission (ASC),[1] in which he admitted to having engaged in insider trading in shares of Artek Exploration Ltd. (Artek) preceding a public announcement of a takeover offer for Artek by Kelt Exploration Ltd. (Kelt), contrary to the Alberta *Securities Act*[2] and the public interest. Mr. Jawhari's wholly-owned corporation, 1601590 Alberta Ltd., purchased over 40,000 shares, which it sold less than a week later, following the announcement of the proposed acquisition, for a net profit of almost $40,000. At the time he traded, the shares of Artek and Kelt were listed for trading on the Toronto Stock Exchange (TSX).

[2] On August 30, 2017, the Ontario Securities Commission (the Commission) issued a Notice of Hearing, based on a Statement of Allegations of Staff of the Commission (Staff) dated August 29, 2017, pursuant to subsections 127(1) and 127(10) of the Ontario *Securities Act*[3] (the Act), giving notice of a hearing to be held on September 26, 2017.

[3] Mr. Jawhari did not appear at the hearing on September 26, although he had been properly served.[4] Staff Counsel informed the Commission that Staff had been in contact with Mr. Jawhari earlier that day, and an adjournment was granted to permit them to prepare an order for his consent.[5] The hearing reconvened on October 10, 2017.

[4] Following the hearing on September 26, 2017, Staff sent a draft order and form of consent to Mr. Jawhari.[6] Although he did not sign the form, Mr. Jawhari indicated his consent in an email dated October 2, 2017.[7]

[5] An order reciprocating the sanctions agreed to by Mr. Jawhari in the Settlement Agreement is clearly in the public interest. Mr. Jawhari, after receiving a tip from a friend employed by Kelt, engaged in a type of insider trading that undermines investor confidence in the integrity of our securities markets and has long been universally condemned.[8] As it is reasonable to infer that his purchase and sale were executed through the TSX, his trading reflects the national scope of the securities markets in Canada and affected the integrity of the market in Ontario.[9]

---

1 *Re Jawhari*, 2017 ABASC 51.

2 *Securities Act*, RSA 2000, c S-4, s. 147(3), as amended (the **ASA**).

3 *Securities Act*, RSO 1990, c S.5, as amended (the **Act**).

4 Exhibit 1, Affidavit of Service of Lee Crann, sworn September 21, 2017.

5 *Re Jawhari* (2017), 40 OSCB 8101 (Order, September 26, 2017).

6 Exhibit 2, Email of Lee Crann, September 26, 2017.

7 Exhibit 3, Email of Kelly Jawhari, October 2, 2017.

8 See, e.g., *Report of the Attorney General's Committee on Securities Legislation in Ontario* (J. R. Kimber, Chair, 1965), para. 3.08 ("most controversial feature of take-over bid transactions in recent years").

9 Although conduct in Ontario is not a prerequisite for a reciprocal order, the facts in this case illustrate the need for the interprovincial cooperation furthered by provisions like subsection 127(10); see Act, s. 2.1(5); and see *Re Dhanani* (2017), 40 OSCB 4457.

[6] The order made today (the Order) requires a brief explanation. The Settlement Agreement prohibits Mr. Jawhari from trading in securities. The order requested in the Notice of Hearing and the draft order to which he consented go further and would have prohibited him from trading in both securities and derivatives.[10] Although Staff submitted that the broader prohibition is necessary to protect investors in Ontario, the Settlement Agreement does not refer to trading in derivatives and Mr. Jawhari was not represented by counsel in this proceeding. As the Order is intended to reciprocate the sanctions agreed to by Mr. Jawhari[11], it prohibits him only from trading in or purchasing securities.

[7] The Settlement Agreement prohibits only "trading" in securities,[12] which is defined in both the ASA and the Act as including sales, not purchases.[13] As Mr. Jawhari purchased shares of Artek ahead of, and sold them after, the announcement of Kelt's acquisition offer, the Order prohibits Mr. Jawhari from trading and purchasing securities for a three-year period ending March 22, 2020. The prohibition in the Order thus reciprocates the substance of the Settlement Agreement in a manner that is necessary to protect investors and the securities market in Ontario.

Dated at Toronto this 11th day of October, 2017.

"Philip Anisman"

10 Exhibit 1, Tab 1, Notice of Hearing, August 30, 2017; Exhibit 2, Draft Order, para 1.

11 See Act, s. 127(10)5.

12 Exhibit 1, Tab 1, Settlement Agreement, para. 22.2.

13 Act, s. 1(1) "trade" (a); ASA, s. 1(jjj)(i). Nevertheless, the Settlement Agreement contains a carve-out permitting both trades and purchases by Mr. Jawhari in an account in his or his numbered corporation's name.

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
Kerr Mines Inc.	04 October 2017	11 October 2017

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse

THERE IS NOTHING TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Katanga Mining Limited	15 August 2017	
Canada House Wellness Group Inc.	13 September 2017	

This page intentionally left blank

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Fiera Capital Global Equity Fund
Principal Regulator – Quebec
Type and Date:
Amendment #1 to Final Simplified Prospectus dated October 12, 2017
Received on October 13, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
NA
Promoter(s):
Fiera Capital Corporation
Project #2649089

Issuer Name:
Franklin Liberty Multi-Asset Total Return ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 16, 2017
NP 11-202 Preliminary Receipt dated October 16, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Franklin Templeton Investments Corp.
Project #2683496

Issuer Name:
Multi-Asset Equity Completion
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated October 13, 2017 to Final Simplified Prospectus, Annual Information Form and Fund Facts (NI 81-101) dated June 29, 2017
Received on October 13, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
N/A
Promoter(s):
N/A
Project #2634928

Issuer Name:
Questrade Fixed Income Core Plus ETF
Questrade Global Total Equity ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated October 12, 2017
Received on October 16, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
QUESTRADE WEALTH MANAGEMENT INC.
Project #2648280

Issuer Name:
Questrade Russell 1000 Equal Weight US Consumer Discretionary Index ETF Hedged to CAD
Questrade Russell 1000 Equal Weight US Health Care Index ETF Hedged to CAD
Questrade Russell 1000 Equal Weight US Industrials Index ETF Hedged to CAD
Questrade Russell 1000 Equal Weight US Technology Index ETF Hedged to CAD
Questrade Russell US Midcap Growth Index ETF Hedged to CAD
Questrade Russell US Midcap Value Index ETF Hedged to CAD
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated October 12, 2017
Received on October 16, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
QUESTRADE WEALTH MANAGEMENT INC.
Project #2570154

Issuer Name:
RBC Emerging Markets Equity Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated October 6, 2017
NP 11-202 Receipt dated October 11, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Promoter(s):
N/A
Project #2534654

Issuer Name:
1. RBC Emerging Markets Dividend Fund
2. RBC Emerging Markets Small-Cap Equity Fund
3. RBC Emerging Markets Equity Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated October 6, 2017
NP 11-202 Receipt dated October 11, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Global Asset Management Inc.
RBC Direct Investing Inc.
Phillips, Hager & North Investment Funds Ltd.
The Royal Trust Company
RBC Dominion Securities Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2628996

Issuer Name:
FT Balanced Growth Pool
FT Balanced Income Pool
FT Growth Pool
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated October 4, 2017
NP 11-202 Receipt dated October 10, 2017
Offering Price and Description:
Series O and PF units
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
FTC Investor Services Inc.
Promoter(s):
Franklin Templeton Investments Corp.
Project #2594453

Issuer Name:
NBI Tactical Equity Private Portfolio
NBI Tactical Fixed Income Private Portfolio
Principal Regulator – Quebec
Type and Date:
Final Simplified Prospectus dated October 10, 2017
NP 11-202 Receipt dated October 11, 2017
Offering Price and Description:
N and NR Series Units @ Net Asset Value
Underwriter(s) or Distributor(s):
National Bank Investments Inc.
Promoter(s):
National Bank Investments Inc.
Project #2675271

Issuer Name:
North American Financial 15 Split Corp.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus (NI 44-101) dated October 12, 2017
NP 11-202 Receipt dated October 13, 2017
Offering Price and Description:
$69,249,600 – 3,664,000 Preferred Shares @ $9.90/sh and 3,664,000 Class A Shares @ $9.00/sh
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
N/A
Project #2681013

Issuer Name:
QuantShares Global Equity Rotation ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated October 2, 2017
NP 11-202 Receipt dated October 13, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
AGF Investments Inc.
Project #2534015

NON-INVESTMENT FUNDS

Issuer Name:
Akumin Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 13, 2017
NP 11-202 Preliminary Receipt dated October 13, 2017
Offering Price and Description:
9,919,227 Common Shares Issuable Upon the Exercise of 9,407,223 Special Warrants
and 512,004 Broker Warrants
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Powerone Capital Markets Limited
Promoter(s):
–
Project #2683127

Issuer Name:
Baylin Technologies Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated October 13, 2017
NP 11-202 Preliminary Receipt dated October 16, 2017
Offering Price and Description:
$200,000,000.00 – Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Units, Warrants
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2683191

Issuer Name:
Drone Delivery Canada Corp. (formerly Asher Resources Corporation)
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 11, 2017
NP 11-202 Preliminary Receipt dated October 11, 2017
Offering Price and Description:
$15,015,000.00 – 23,100,000 Common Shares
Price: $0.65 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Promoter(s):
Tony Di Benedetto
Paul Di Benedetto
Richard Buzbuzian
Project #2681527

Issuer Name:
Fairfax Financial Holdings Limited
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated October 12, 2017
NP 11-202 Preliminary Receipt dated October 12, 2017
Offering Price and Description:
Cdn$8,000,000,000.00 – Subordinate Voting Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Share Purchase Contracts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2682758

Issuer Name:
Global Blockchain Technologies Corp. (formerly Carrus Capital Corporation)
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 12, 2017
Received on October 12, 2017
Offering Price and Description:
54,999,998 Common Shares and Warrants Issuable Upon Conversion of 54,999,998 Special Warrants
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2682974

Issuer Name:
Group Eleven Resources Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated October 11, 2017
NP 11-202 Preliminary Receipt dated October 12, 2017
Offering Price and Description:
Minimum Offering: $5.0 Million / * Shares
Maximum Offering: $10.0 Million / * Shares
Price: $ * per Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Cormark Securities Inc.
Sprott Private Wealth LP
Promoter(s):
Bart Jaworski
John Barry
David Furlong
Project #2682632

Issuer Name:
Physinorth Acquisition Corporation Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary CPC Prospectus (TSX-V) dated October 10, 2017
NP 11-202 Preliminary Receipt dated October 12, 2017
Offering Price and Description:
Minimum of $200,000.00 – 1,333,333 Common Shares
Maximum of $400,000.00 – 2,666,667 Common Shares
Price: $0.15 per share
Underwriter(s) or Distributor(s):
Jitney Trade Inc.
Promoter(s):
–
Project #2682294

Issuer Name:
Stingray Digital Group Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated October 10, 2017
NP 11-202 Preliminary Receipt dated October 10, 2017
Offering Price and Description:
$40,001,600.00
4,348,000 Subordinate Voting Shares and Variable Subordinate Voting Shares (depending on whether the purchaser is a "Canadian" under the Broadcasting Act (Canada))
Price: $9.20 per Offered Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
Promoter(s):
–
Project #2680888

Issuer Name:
Atrium Mortgage Investment Corporation
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated October 10, 2017
NP 11-202 Receipt dated October 10, 2017
Offering Price and Description:
$250,000,000.00 – Common Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2680697

Issuer Name:
BRP Inc.
Principal Regulator – Quebec
Type and Date:
Final Short Form Prospectus dated October 10, 2017
NP 11-202 Receipt dated October 10, 2017
Offering Price and Description:
$433,500,000.00 – 10,000,000 Subordinate Voting Shares
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Citigroup Global Markets Canada Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
UBS Securities Canada Inc.
Canaccord Genuity Corp.
Scotia Capital Inc.
Promoter(s):
–
Project #2678651

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator – Quebec
Type and Date:
Final Short Form Prospectus dated October 16, 2017
NP 11-202 Receipt dated October 16, 2017
Offering Price and Description:
4,836,000 Units
$4.55 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
Laurentian Bank Securities Inc.
Raymond James Ltd.
Scotia Capital Inc.
Echelon Wealth Partners Inc.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Eight Capital Inc.
Promoter(s):
–
Project #2680484

Issuer Name:
Cenovus Energy Inc.
Principal Regulator – Alberta (ASC)
Type and Date:
Final Shelf Prospectus dated October 10, 2017
NP 11-202 Receipt dated October 10, 2017
Offering Price and Description:
US$7,500,000,000.00 – Debt Securities, Common Shares, Preferred Shares, Subscription Receipts, Warrants, Share Purchase Contracts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2679379

Issuer Name:
Jamieson Wellness Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated October 11, 2017
NP 11-202 Receipt dated October 11, 2017
Offering Price and Description:
$240,870,000.00 (13,020,000 Common Shares)
Price: $18.50 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 #2680545

Issuer Name:
Titan Mining Corporation
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated October 12, 2017
NP 11-202 Receipt dated October 13, 2017
Offering Price and Description:
Cdn$50,050,000.00 – 35,750,000 Common Shares
Price: Cdn$1.40 per Offered Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
PI Financial Corp.
Promoter(s):
Richard W. Warke
Project #2662712

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Disintermediate Technologies Inc.	Exempt Market Dealer	October 10, 2017
Voluntary Surrender	Wealth Creation Corporation	Exempt Market Dealer	September 29, 2017
Voluntary Surrender	Clifton Capital Management Inc.	Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager	October 2, 2017
New Registration	First Avenue Investment Counsel Inc.	Exempt Market Dealer and Portfolio Manager	October 13, 2017

This page intentionally left blank

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 MFDA – Proposed Amendments to MFDA Rule 5.3.2 (Content of Account Statement) – Notice of Withdrawal

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

PROPOSED AMENDMENTS TO MFDA RULE 5.3.2 (CONTENT OF ACCOUNT STATEMENT)

NOTICE OF WITHDRAWAL

The MFDA has published a Notice withdrawing proposed amendments to MFDA Rule 5.3.2 (Content of Account Statement) (the **Proposed Amendments**). The intent of the Proposed Amendments was to promote client awareness of the regulatory oversight exercised by the MFDA by requiring Members to disclose to clients, on account statements, that they are Members of, and regulated by, the MFDA. The Proposed Amendments were published for public comment on June 18, 2015. See MFDA – Proposed Amendments to MFDA Rule 5.3.2 (Content of Account Statement) – OSC Staff Notice of Request for Comment (2015), 38 OSCB 5666.

The MFDA is withdrawing the Proposed Amendments as it re-published for public comment revisions to proposed requirements relating to the disclosure of MFDA Membership under proposed MFDA Rule 2.13 (Disclosure of MFDA Membership) and proposed MFDA Policy No. 10 (Disclosure of MFDA Membership) on July 4, 2017.

A copy of the MFDA Notice is published on our website at http://www.osc.gov.on.ca.

13.2 Marketplaces

13.2.1 Canadian Securities Exchange – Public Interest Rule – Amendments to Policy 4 Corporate Governance and Miscellaneous Provisions – Notice and Request for Comments

CANADIAN SECURITIES EXCHANGE

PUBLIC INTEREST RULE

CORPORATE GOVERNANCE AND EMERGING MARKETS ISSUERS GUIDANCE AND REQUIREMENTS

NOTICE AND REQUEST FOR COMMENTS

Notice 2017-018 **October 20, 2017**

The Canadian Securities Exchange ("CSE") is publishing amendments to Policy 4 Corporate Governance and Miscellaneous Provisions ("Policy") to incorporate existing guidance into the Policy ("Amendments").

Background

On March 20, 2012, the OSC published the results of the Emerging Markets Issuer Review ("OSC EMIR Report") in Staff Notice 51-719, which identified material disclosure deficiencies in more than 60% of the issuers. On November 9, 2012 the OSC subsequently published Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets* ("OSC EMI Guide").[1] The OSC EMI Guide does not propose or require the implementation of emerging markets issuer requirements. Rather, the OSC EMI Guide highlights potential areas of risk, identifies key questions that directors and management should address and outlines the expectations of OSC Staff with respect to the existing disclosure regime for reporting issuers.

The CSE views the OSC EMI Guide and the OSC EMIR Report as beneficial guidance to all issuers, not just those with operations in emerging markets, and subsequently adopted the guidance by reference through its publication on May 10, 2013 of Notice 2013-002 – CNSX – Issuer Guidance – Disclosure Obligations ("CSE Guidance Notice").[2]

A. Description of the Public Interest Rule

Policy 4

Policy 4 "Corporate Governance and Miscellaneous Provisions" is proposed to be amended.

Directors & Officers

The following new sections codify the CSE's existing practice of requiring separation of the roles of CEO and CFO, and requirements for management experience and expertise:

- new section 3.5 has been added whereby it will be required that Listed Issuers have a CEO, CFO, and a corporate secretary. The CEO and CFO roles will need to be held by different individuals. There is also a proficiency requirement for CFOs.

- new section 3.6 has been added whereby it will be required that an issuer's directors, officers and management have adequate Reporting Issuer experience as well as relevant experience and expertise to the issuer's industry and factors in each jurisdiction within which the issuer operates.

Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets

New section 4 has been added to Policy 4 which provides guidance for issuers with their principal business operations or operating assets in emerging markets based on the OSC EMI Guide.

Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets

New section 5.1 has been added to Policy 4 which requires issuers with principal business operations or operating assets in emerging markets to provide a title opinion or appropriate confirmation and a satisfactory legal opinion that it holds the necessary license, permit, or approvals to operate in the jurisdiction.

1 http://www.osc.gov.on.ca/documents/en/Securities-Category5/sn_20121109_51-720_issuer-guide.pdf.

2 http://thecse.com/en/about/publications/notices/notice-2013-002-cnsx-issuer-guidance-disclosure-obligations.

New section 5.2 has been added to Policy 4 which requires that all [or the majority] of the members of the audit committee must be financially literate as defined in NI 52-110 *Audit Committees*.

New section 5.3 has been added to Policy 4 which requires disclosure of risks and mitigation steps in the Listing Statement.

B. Expected Date of Implementation of the Proposed Public Interest Rule

The proposed Amendments are expected to be implemented December 4, 2017.

C. Rationale for the Proposal and any Relevant Supporting Analysis

The Amendments codify in the Policy the guidance previously provided in the CSE Guidance Notice, and include additional information consistent with the OSC EMI Guide. Specifically, a more descriptive list of the areas of concern as described in the OSC EMI Guide is included. The Amendments outline common best practice and are currently in effect for other exchanges in Canada (see section G below: "Introduction of a fee model, feature or Rule that currently exists in other markets or jurisdictions").

D. Expected Impact of the Proposed Public Interest Rule on the Market Structure, Members and, if applicable, on Investors, Issuers and the Capital Markets

The Amendments are intended to improve Issuer procedures to mitigate certain risks, and to provide adequate disclosure of those procedures and risks. For Listed Issuers, the impact is expected to be negligible because the CSE has been exercising its discretion to apply most of the principles since the publication of the CSE Guidance Notice. Issuers applying for listing will need to follow the new requirements and be expected to take into consideration the codified guidance.

There is no impact on Market Structure and Members.

Investors will be beneficially impacted with the imposition of higher standards. This will also benefit the Canadian capital markets.

E. Expected Impact of the Public Interest Rule on CSE's compliance with Ontario securities law and in particular on requirements for Fair Access and Maintenance of Fair and Orderly Markets

The proposed amendments are not expected to impact the CSE's compliance with Ontario securities law, including the requirements for fair access or the maintenance of fair and orderly markets.

F. Imposed Requirements by the Public Interest Rule on Members and Service Vendors to Modify their Own Systems after Implementation of the Rule, and a Reasonable Estimate of the Amount of Time needed to Perform the Necessary Work, or an Explanation as to why a Reasonable Estimate was not Provided

No technology changes will be required as a direct result of the Amendments.

G. Introduction of a fee model, feature or Rule that currently exists in other markets or jurisdictions

The Amendments are consistent with requirements of other Canadian exchanges, as indicated below.

Requirement	TSX-V	TSX	Aequitas NEO
1. Separate CEO & CFO	Policy 3.1 s. 5.9.[3]	Listed Company Manual Part III sections 311, 316, 321.	Listing Manual, Part 10.02(2).[4]
2. Financially Literate CFO	Policy 3.1 s. 5.8(b)	TSX Staff Notice 2015-001.[5] No specific requirement; guidance is provided.	Not Explicit

[3] https://www.tsx.com/resource/en/430.

[4] https://www.aequitasneo.com/documents/en/listings/Aequitas-NEO-Exchange-Listing-Manual-010617-EN.pdf.

[5] http://tmx.complinet.com/en/display/display_viewall.html?rbid=2072&element_id=918&record_id=1117&filtered_tag.

Requirement	TSX-V	TSX	Aequitas NEO
3. Emerging markets issuers to provide title opinion or legal opinion	Policy 2.10 s. 4.7.[6]	TSX Staff Notice 2015-001. No specific requirement; guidance is provided.	Listing Manual. Part II. s. 2.10 Commentary: "The Exchange has not adopted listing requirements or procedures applicable to the listing of securities of Emerging Market Issuers. The Exchange will not accept an application to list securities of an Emerging Market Issuer until such requirements or procedures are adopted and implemented by the Exchange"
4. Describe steps taken to choose external auditor and procedures to ensure audit committee can evaluate audit process	Not applicable – exchange will assess the auditor's qualifications. Policy 2.10 s. 4.4	TSX Staff Notice 2015-001. No specific requirement; guidance is provided.	
5. For an audit committee with the minimum number of directors (3), each must be financially literate.	Policy 2.10 s. 4.2(e)(i) Every member must be financially literate, regardless of committee size.	TSX Staff Notice 2015-001. No specific requirement; guidance is provided.	

H. Comments

Comments on the proposed amendments should be in writing and submitted no later than November 20, 2017 to:

Mark Faulkner
Vice President, Listings and Regulation
CNSX Markets Inc.
220 Bay Street, 9th Floor
Toronto, ON, M5J 2W4
Fax: 416.572.4160
Email: Mark.Faulkner@thecse.com

A copy of the comments should be provided to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, ON, M5H 3S8
Fax: 416.595.8940
Email: marketregulation@osc.gov.on.ca

The text of the amendments is attached in **Appendix A**.

CSE Policies are available on thecse.com at: http://thecse.com/support/listed-companies/policies

Questions about this notice may be directed to:

Mark Faulkner, Vice President Listings & Regulation

Mark.Faulkner@thecse.com, or 416-367-7340

For questions about Policies or listing requirements of the CSE, please contact the Listings & Regulation team at: listings@thecse.com or 416-367-7340

[6] https://www.tsx.com/resource/en/1159.

Appendix A

Blacklined version indicating changes to existing POLICY 4 – CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS	Version indicating changes incorporated
1.2 No single governance structure fits all publicly held corporations, and there is considerable diversity of organizational styles. Each Listed Issuer should develop a governance structure that is appropriate to its nature and circumstances. See section 4 "Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets".	1.2 No single governance structure fits all publicly held corporations, and there is considerable diversity of organizational styles. Each Listed Issuer should develop a governance structure that is appropriate to its nature and circumstances. See section 4 "Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets.
2.10 For reasons similar to those expressed in paragraph 2.2, the Exchange does not generally consider that it is appropriate to prescribe a higher threshold for Listed Issuers than that prescribed by corporate law or National Instrument 52-110 *Audit Committees*. However, the Exchange endorses the recommendations and guidelines of 52-110CP. Listed Issuers should consider that placing a greater number or higher percentage of outside or unrelated directors on the audit committee may function as an effective protection of shareholder interests. See section "Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets".	2.10 For reasons similar to those expressed in paragraph 2.2, the Exchange does not generally consider that it is appropriate to prescribe a higher threshold for Listed Issuers than that prescribed by corporate law or National Instrument 52-110 *Audit Committees*. However, the Exchange endorses the recommendations and guidelines of 52-110CP. Listed Issuers should consider that placing a greater number or higher percentage of outside or unrelated directors on the audit committee may function as an effective protection of shareholder interests. See section "Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets".
3.5 Management (a) A Listed Issuer must have: i) a Chief Executive Officer (CEO); ii) a Chief Financial Officer (CFO); and iii) a corporate secretary. (b) The CFO must be financially literate, as defined in NI 52-110, and have experience or knowledge of Canadian corporate governance laws and reporting requirements. (c) The CEO or CFO may also act as corporate secretary. No individual may act as both CEO and CFO of a Listed Issuer. 3.6 Collectively, an Issuer's Directors, officers and management must have adequate reporting issuer experience, and experience and expertise relevant to the Issuer's industry and the languages, customs and laws relevant to the Issuer's operations in each of the jurisdictions in which the Issuer operates.	3.5 Management (a) A Listed Issuer must have: i) a Chief Executive Officer (CEO); ii) a Chief Financial Officer (CFO); and iii) a corporate secretary. (b) The CFO must be financially literate, as defined in NI 52-110, and have experience or knowledge of Canadian corporate governance laws and reporting requirements. (c) The CEO or CFO may also act as corporate secretary. No individual may act as both CEO and CFO of a Listed Issuer. 3.6 Collectively, an Issuer's Directors, officers and management must have adequate reporting issuer experience, and experience and expertise relevant to the Issuer's industry and the languages, customs and laws relevant to the Issuer's operations in each of the jurisdictions in which the Issuer operates.
4. Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets The primary focus of the initial and ongoing listing requirements of the Exchange is disclosure. Appropriate guidance about what constitutes meaningful disclosure will help address specific challenges or concerns about listed companies with their principal business operations or operating assets in emerging markets. While relevant to all issuers, the guidance contained in this section is primarily	**4. Guidance for Issuers with Principal Business Operations or Operating Assets in Emerging Markets** The primary focus of the initial and ongoing listing requirements of the Exchange is disclosure. Appropriate guidance about what constitutes meaningful disclosure will help address specific challenges or concerns about listed companies with their principal business operations or operating assets in emerging markets. While relevant to all issuers, the guidance contained in this section is primarily

Blacklined version indicating changes to existing POLICY 4 – CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS	Version indicating changes incorporated
intended for issuers whose directing management is largely outside Canada; and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.	intended for issuers whose directing management is largely outside Canada; and whose principal active operations are outside of Canada, in regions such as Asia, Africa, South America and Eastern Europe.
4.1 Areas of Concern	4.1 Areas of Concern
A listed company with a governance structure that is appropriate to its circumstances would likely have identified and addressed the areas of concern listed in *OSC Staff Notice 51-720 – Issuer Guide for Companies Operating in Emerging Markets ("OSC EMI Guide")*. This should enable the issuer to provide adequate, meaningful disclosure as described in the OSC EMI Guide. Listed companies are encouraged to review the OSC EMI Guide and assess their own approach to specific risks and tailor both their governance practices and disclosure to address the OSC EMI Guide areas of concern that are pertinent to them.	A listed company with a governance structure that is appropriate to its circumstances would likely have identified and addressed the areas of concern listed in *OSC Staff Notice 51-720 – Issuer Guide for Companies Operating in Emerging Markets ("OSC EMI Guide")*. This should enable the issuer to provide adequate, meaningful disclosure as described in the OSC EMI Guide. Listed companies are encouraged to review the OSC EMI Guide and assess their own approach to specific risks and tailor both their governance practices and disclosure to address the OSC EMI Guide areas of concern that are pertinent to them.
a) Business and operating environment	a) Business and operating environment
An Issuer is required by securities legislation to describe its business and operations. Additionally, the CSE Form 2A – Listing Statement must include, among other things, disclosure about the Listed Company's principal markets, competitive conditions in the principal markets and geographic areas in which it operates, and economic dependence on significant contracts. [1]	An Issuer is required by securities legislation to describe its business and operations. Additionally, the CSE Form 2A – Listing Statement must include, among other things, disclosure about the Listed Company's principal markets, competitive conditions in the principal markets and geographic areas in which it operates, and economic dependence on significant contracts. [1]
[1] *CSE Form 2A – Listing Statement*, Item 4 Narrative Description of Business	[1] *CSE Form 2A – Listing Statement*, Item 4 Narrative Description of Business
b) Language and cultural differences	b) Language and cultural differences
In considering the responsibilities of the board of directors as described in section 2.1 of this Policy, the board should include members that have appropriate experience in each market in which the issuer conducts business. This will enable the board to identify specific risks associated with each market so that the governance oversight responsibilities will be met. Reliance on local management may not be appropriate without the provision for additional input from independent sources.	In considering the responsibilities of the board of directors as described in section 2.1 of this Policy, the board should include members that have appropriate experience in each market in which the issuer conducts business. This will enable the board to identify specific risks associated with each market so that the governance oversight responsibilities will be met. Reliance on local management may not be appropriate without the provision for additional input from independent sources.
c) Corporate structure	c) Corporate structure
A corporate structure that addresses differing political, legal and cultural realities may be complex and difficult for investors to understand. The complexity of a corporate structure also creates additional risks associated with effective decision making and accurate reporting across the organization.	A corporate structure that addresses differing political, legal and cultural realities may be complex and difficult for investors to understand. The complexity of a corporate structure also creates additional risks associated with effective decision making and accurate reporting across the organization.
Disclosure about an Issuer's corporate structure should:	Disclosure about an Issuer's corporate structure should:
(i) be clear and understandable;	(i) be clear and understandable;
(ii) explain why the structure is necessary; and	(ii) explain why the structure is necessary; and

Blacklined version indicating changes to existing POLICY 4 – CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS	Version indicating changes incorporated
(iii) describe the risks associated with the structure and how those risks are managed. Policy 2 – Qualifications for Listing specifically disqualifies special purpose entities and variable interest entities. d) Related parties Disclosure requirements for related party transactions are included in both accounting standards and securities legislation. Business, cultural and legal differences may result in increased risks, especially in cases where the interests of the controlling shareholders do not necessarily align with the interests or expectations of the minority shareholders. The board should have appropriate policies and procedures for the evaluation of related party transactions. e) Risk management and disclosure Risk disclosure is an important element of investor protection, and the board should ensure that adequate disclosure is provided of the specific risks of operating in each market in which the Issuer operates. CSE Form 2A – Listing Statement requires full risk disclosure in section 17, as well as reasonable detail and a discussion of any trend, commitment, event or uncertainty that is both presently known and reasonably expected to have a material effect on the Issuer's business, financial condition, or results of operations. [2] [2] CSE Form 2A – Listing Statement, Item 3.3 f) Internal controls Appropriate internal controls will provide checks and balances to reduce the risks of inaccurate financial reporting. If there are concerns about the effectiveness of internal controls, or if material weaknesses have been identified, audit committee members should apply greater scrutiny in their reviews. It is also advisable to Listed Companies to disclose known material weaknesses in their risk disclosure if the weakness creates a risk for the company. Disclosure should be adequate for investors to assess the nature and implications of those weaknesses. g) Use of and reliance on experts Industry professionals in emerging markets will not necessarily be subject to equivalent rules of conduct as in Canada. The board should evaluate an expert's credentials and knowledge in the context of what would be acceptable in Canada. If an expert is retained to perform a service or function that could expose the listed company to a disruption in operations or significant liability, the board should determine whether the level of diligence exercised by the expert is adequate. As part of the oversight role, the board should ensure adequate disclosure of an expert's interests in the Listed Company.	(iii) describe the risks associated with the structure and how those risks are managed. Policy 2 – Qualifications for Listing specifically disqualifies special purpose entities and variable interest entities. d) Related parties Disclosure requirements for related party transactions are included in both accounting standards and securities legislation. Business, cultural and legal differences may result in increased risks, especially in cases where the interests of the controlling shareholders do not necessarily align with the interests or expectations of the minority shareholders. The board should have appropriate policies and procedures for the evaluation of related party transactions. e) Risk management and disclosure Risk disclosure is an important element of investor protection, and the board should ensure that adequate disclosure is provided of the specific risks of operating in each market in which the Issuer operates. CSE Form 2A – Listing Statement requires full risk disclosure in section 17, as well as reasonable detail and a discussion of any trend, commitment, event or uncertainty that is both presently known and reasonably expected to have a material effect on the Issuer's business, financial condition, or results of operations. [2] [2] CSE Form 2A – Listing Statement, Item 3.3 f) Internal controls Appropriate internal controls will provide checks and balances to reduce the risks of inaccurate financial reporting. If there are concerns about the effectiveness of internal controls, or if material weaknesses have been identified, audit committee members should apply greater scrutiny in their reviews. It is also advisable to Listed Companies to disclose known material weaknesses in their risk disclosure if the weakness creates a risk for the company. Disclosure should be adequate for investors to assess the nature and implications of those weaknesses. g) Use of and reliance on experts Industry professionals in emerging markets will not necessarily be subject to equivalent rules of conduct as in Canada. The board should evaluate an expert's credentials and knowledge in the context of what would be acceptable in Canada. If an expert is retained to perform a service or function that could expose the listed company to a disruption in operations or significant liability, the board should determine whether the level of diligence exercised by the expert is adequate. As part of the oversight role, the board should ensure adequate disclosure of an expert's interests in the Listed Company.

Blacklined version indicating changes to existing POLICY 4 – CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS	Version indicating changes incorporated
h) Oversight of the external auditor The auditor's competence, experience and qualifications in the foreign market should be considered by the audit committee. The audit committee should also evaluate the auditor's approach in the areas that present risks specific to the Issuer. 4.2 The Role of the Exchange The Exchange considers the guidance in this section to be consistent with existing disclosure requirements for all listing applicants or listed company. Each listed company and applicants are encouraged to closely adhere to the principles set out in the Guide to assist them in meeting their disclosure obligations under securities legislation and Exchange Requirements. 4.3 Application of the Guidance a) Original Listing CSE Form 2A – Listing Statement includes specific disclosure requirements concerning risk issues. Section 17 – Risk Factors – includes, in the first 2 sections, some of the common risks that should be described. Section 17.3 specifically addresses "any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2." For listing applicants with their principal business operations or operating assets in emerging markets, the OSC EMI Guide areas of concern should be addressed in the context of the guidance provided by OSC Staff. b) Continued Listing All listed companies are reminded that the OSC EMI Guide provides an excellent reference for any questions regarding continuous disclosure requirements, including disclosure in CSE filings. CSE Form 9 – Notice of Proposed Issuance of Listed Securities, and CSE Form 10 – Notice of Proposed Transaction, for example, each include questions that relate to one or more of the OSC EMI Guide areas of concern. A change related to any of these areas could be material information that requires immediate disclosure by news release. 5. **Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets** 5.1 An Issuer must demonstrate clear title or right to its assets or operations, and the receipt of the relevant licence or permit required to operate. At the time of listing, the Issuer must provide a title opinion or appropriate confirmation, and a legal opinion that the Issuer has the required permits, licenses or approvals	h) Oversight of the external auditor The auditor's competence, experience and qualifications in the foreign market should be considered by the audit committee. The audit committee should also evaluate the auditor's approach in the areas that present risks specific to the Issuer. 4.2 The Role of the Exchange The Exchange considers the guidance in this section to be consistent with existing disclosure requirements for all listing applicants or listed company. Each listed company and applicants are encouraged to closely adhere to the principles set out in the Guide to assist them in meeting their disclosure obligations under securities legislation and Exchange Requirements. 4.3 Application of the Guidance a) Original Listing CSE Form 2A – Listing Statement includes specific disclosure requirements concerning risk issues. Section 17 – Risk Factors – includes, in the first 2 sections, some of the common risks that should be described. Section 17.3 specifically addresses "any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2." For listing applicants with their principal business operations or operating assets in emerging markets, the OSC EMI Guide areas of concern should be addressed in the context of the guidance provided by OSC Staff. b) Continued Listing All listed companies are reminded that the OSC EMI Guide provides an excellent reference for any questions regarding continuous disclosure requirements, including disclosure in CSE filings. CSE Form 9 – Notice of Proposed Issuance of Listed Securities, and CSE Form 10 – Notice of Proposed Transaction, for example, each include questions that relate to one or more of the OSC EMI Guide areas of concern. A change related to any of these areas could be material information that requires immediate disclosure by news release. 5. **Requirements for Issuers with Principal Business Operations or Operating Assets in Emerging Markets** 5.1 An Issuer must demonstrate clear title or right to its assets or operations, and the receipt of the relevant licence or permit required to operate. At the time of listing, the Issuer must provide a title opinion or appropriate confirmation, and a legal opinion that the Issuer has the required permits, licenses or approvals

Blacklined version indicating changes to existing POLICY 4 – CORPORATE GOVERNANCE AND MISCELLANEOUS PROVISIONS	Version indicating changes incorporated
to carry out its operations in each relevant jurisdiction.	to carry out its operations in each relevant jurisdiction.
5.2 Audit Committee	5.2 Audit Committee
In addition to the guidance in section 2.7 and requirements of NI 52-110 *Audit Committees*, the majority of the members of an Issuer's audit committee must be financially literate as defined in NI 52-110 *Audit Committees*, subject to a minimum of three financially literate members.	In addition to the guidance in section 2.7 and requirements of NI 52-110 *Audit Committees*, the majority of the members of an Issuer's audit committee must be financially literate as defined in NI 52-110 *Audit Committees*, subject to a minimum of three financially literate members.
Disclosure in the Listing Statement must include a summary of the steps taken in selecting an external auditor and the procedures in place to ensure the audit committee can effectively evaluate the audit process.	Disclosure in the Listing Statement must include a summary of the steps taken in selecting an external auditor and the procedures in place to ensure the audit committee can effectively evaluate the audit process.
5.3 Risk Disclosure and Mitigation	5.3 Risk Disclosure and Mitigation
Disclosure in the CSE Form 2A – Listing Statement must address and adequately explain the risks and the reasonable steps taken, consistent with the OSC EMI Guide, to mitigate these risks.	Disclosure in the CSE Form 2A – Listing Statement must address and adequately explain the risks and the reasonable steps taken, consistent with the OSC EMI Guide, to mitigate these risks.

13.2.2 TSX – Amendments to Parts IV and VI of the TSX Company Manual – Notice of Approval

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO PARTS IV AND VI OF THE TORONTO STOCK EXCHANGE COMPANY MANUAL

October 19, 2017

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits thereto for recognized exchanges, Toronto Stock Exchange ("**TSX**") has adopted, and the Ontario Securities Commission has approved, the following amendments: (i) the introduction of website disclosure requirements for listed issuers (the "**Part IV Amendments**"); and (ii) amendments to the disclosure requirements regarding security based compensation arrangements (the "**Part VI Amendments**"). The Part IV Amendments, the Part VI Amendments, and certain ancillary changes are collectively referred to as the "**Amendments**". The Amendments were published for public comment in a request for comments on April 6, 2017 ("**Request for Comments**").

Overview

On May 26, 2016, TSX published a Request for Comments in respect of proposed amendments (the "**May RFC**") to the Manual to introduce website disclosure requirements for TSX listed issuers, to amend the disclosure requirements regarding security based compensation arrangements, and to introduce Form 15 – *Disclosure of Security Based Compensation Arrangements* ("**Form 15**") (collectively, the "**May Amendments**"). In response to the May RFC, some market participants expressed concerns with the May Amendments including the increase in a listed issuer's disclosure obligations, the uncertainty in the types of documents required to be posted on a listed issuer's website, and the insufficiency of disclosure provided by Form 15. Following the May RFC, TSX modified the May Amendments as a result of the comments received and published the second Request for Comment on April 6, 2017.

SUMMARY AND RATIONALE FOR THE AMENDMENTS

Part IV Amendments

The Part IV Amendments introduce a new Section 473 to the Manual and amend Section 461.3 and Part XI of the Manual as ancillary matters.

The Part VI Amendments require listed issuers (other than Non-Corporate Issuers, Eligible Interlisted Issuers and Eligible International Interlisted Issuers (as such terms are defined in the Manual)) to make available on their websites the current, effective versions of their constating documents, and, if adopted, certain corporate policies and corporate governance documents.

Rationale for the Part IV Amendments

Section 473 will provide participants in the Canadian capital markets with ready access to key security holder documents. Reporting issuers are required to file certain material documents with Canadian securities regulators, which are publicly available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). However, these documents may be difficult to find on SEDAR due to issuers' differing practices for identifying and filing materials under consistent categories. Additionally, certain of the policies and corporate governance documents required in Section 473 may not be required to be filed on SEDAR. Therefore, TSX believes that Section 473 will be beneficial to security holders by making such documents more readily accessible to the investing public. TSX continues to believe that there is value in providing investors with a centralized location for a listed issuer's corporate governance information and that the modest increase in a listed issuer's disclosure obligations is outweighed by the benefits to investors.

Part VI Amendments

The Part VI Amendments clarify and amend Section 613(d) and introduce Section 613(p).

Section 613(d) requires the disclosure of an annual burn rate for each security based compensation arrangement (a "**Plan**") maintained by the listed issuer, and clarifies existing disclosure regarding securities awarded or to be awarded under a Plan ("**Awards**"). The Part VI Amendments also introduce Section 613(p), which provides the formula for calculating the annual burn rate.

In addition, Section 613(d) was amended to clarify the type of disclosure required in respect of the maximum number of Awards issuable, the number of outstanding Awards, and the number of Awards available for grant.

Finally, Section 613(d) was amended to change the time period covering the disclosure. For any annual meeting (whether an Approval Meeting or not), the information should be prepared as at the end of the listed issuer's most recently completed fiscal year. For any Approval Meeting, which is not also an annual meeting, the information (other than the annual burn rate) should be prepared as at the date of the materials, which would remain unchanged from the current requirements.

Rationale for the Part VI Amendments

Pursuant to the May RFC, TSX proposed introducing Form 15 in order to simplify the disclosure required in meeting materials however, after further consideration, TSX removed the previously proposed use of Form 15. A large majority of the comments were supportive of adding disclosure regarding burn rate, with certain modifications. The revised burn rate formula is derived from the comments received.

The amendments in respect of the time period covered by the disclosure for annual meetings (whether an Approval Meeting or not) are being made to better align the disclosure requirements of Section 613(d) with executive compensation disclosure requirements of National Instrument 51-102F6 *Statement of Executive Compensation*.

Summary of the Final Amendments

TSX received seven comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix A**. TSX thanks all commenters for their feedback and suggestions.

As a result of the comment process, TSX has adopted the Amendments with the following changes:

- Eligible Interlisted Issuers, Eligible International Interlisted Issuers and Non-Corporate Issuers are exempted from the disclosure requirements set forth in Section 473;
- The reference to "key officers" from the position descriptions required to be posted on a listed issuer's website pursuant to Section 473(b)(iii) was removed;
- Section 613(p) was amended so that listed issuers are required to disclose the annual burn rate for each of the listed issuer's three most recently completed fiscal years for both Approval Meetings, and annual security holder meetings that are not Approval Meetings; and
- Sections 613(d)(x) and (xi) were amended so that the disclosure requirements (i.e. vesting and term) set forth therein apply to all Plans and are not limited to stock option plans.

As a result of the Amendments, TSX has also made ancillary revisions to the Manual as follows:

- Section 613(g) has been amended to align with Section 613(d) so that the information required under Section 613(d) (other than the disclosure regarding the annual burn rate under Section 613(d)(iii)) be presented as at the end of the listed issuer's most recently completed fiscal year.

A blackline of the Amendments showing changes made since they were published in the Request for Comments, is attached as **Appendix B**.

A blackline of the final Amendments is attached as **Appendix C**.

Text of the Amendments

Please refer to the text of new Section 473, revised Section 613, and ancillary amendments to Part XI at **Appendix D**.

Effective Date

The Part IV Amendments, including the ancillary amendments to Part XI of the Manual, will become effective for TSX-listed issuers on April 1, 2018.

The Part VI Amendments will become effective for TSX-listed issuers for financial years ending on or after October 31, 2017.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

Blakes, Cassels & Graydon LLP ("**Blakes**")

Institutional Shareholder Canada Corp ("**ISS**")

Canadian Coalition for Good Governance ("**CCGG**")

Norton Rose Fulbright Canada LLP ("**Norton Rose**")

Canadian Investor Relations Institute ("**CIRI**")

PIA Investment Association of Canada ("**PIA**")

The Canadian Advocacy Council for Canadian CFA Institute Societies ("**CFA**")

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the TSX Request for Comments – *Amendments to Toronto Stock Exchange Company Manual* dated April 6, 2017.

Part IV Amendments – Website Disclosure of Security Holder Information	
1 Should Section 473 require an issuer to disclose, if adopted, its (a) code of business conduct and ethics, (b) diversity policy, (c) anti-corruption policy, (d) human rights policy, (e) environment policy, or (f) health and safety policy?	
Summarized Comments Received	***TSX Response***
Four commenters were supportive of the Part IV Amendments. **(PIA, CFA, CCCG, and ISS)** Reasons provided by the commenters included: • disclosing, and regularly updating such documents would allow investors to assess the extent to which corporate decisions may contribute or detract from shareholder value **(PIA)**, goes to the core of corporate governance practices **(CFA)**, accords well with global trends towards enhanced disclosure **(CFA)**, may assist investors in making informed investment decisions **(CFA)**, is beneficial for shareholders' understanding of a corporation's policies or progress on certain issues **(ISS)**, and would give investors easier access to these documents. **(CFA)** • Section 473 does not unduly create a regulatory burden on issuers as many of these issuers may already publish such policies in their annual reports. **(CFA)** • given the increasing recognition of the importance of "non-financial" or environmental, social and governance matters to investors, issuers should be required to disclose the documents set out in Section 473. **(CCGG)**	TSX thanks these commenters for their input.
Two commenters expressed concern with Section 473, including the following: **(Norton Rose, and CIRI)** • an issuer's code of business conduct and ethics should not be included in Section 473 as most issuers already post this document on both their website and SEDAR. **(Norton Rose)**	Although many of the policies enumerated in Section 473 may be posted on SEDAR, TSX believes that posting these documents to an issuer's website will be beneficial to security holders as it will centralize the location of the documents and will therefore be more readily accessible by investors.

• certain policies included in Section 473, can be very wide in scope, are not standardized as to content, can be very voluminous, and may be internal to the listed issuer and could contain competitively sensitive or confidential information. **(Norton Rose)** • these policies have not been adopted by all issuers and are of little utility to an investor's decision making process. **(Norton Rose)** • while many larger listed issuers may have such policies in place, smaller issuers may not yet have developed and adopted them and may suffer a greater impact of the increased regulatory burden associated with mandated disclosure. **(CIRI)** • the decision to disclose and potentially post to its website, any or all of the policies stated in Section 473 should be left to the discretion of the listed issuer and should not be set out as a mandated requirement. **(CIRI)**	TSX believes that investors are placing greater importance of issuers' corporate governance policies and such policies may assist them in making informed investment decisions. TSX recognizes that not all issuers have adopted the policies set out in Section 473 and reminds issuers that Section 473 only requires the disclosure of the documents set out in Section 473 if adopted by the issuer. Section 473 does not require an issuer to create these policies if the issuer has not adopted them.
One commenter was supportive of the more limited set of documents included in Section 473. However, the commenter stated that it was inappropriate for listed issuers to be required to disclose internal governance and policy materials beyond what is required by applicable securities laws as such policies may in some cases be confidential and internal to issuers. The commenter noted that to the extent such policies are "outward" looking or directed toward a non-investor audience, they may be aspirational in nature, and accordingly required disclosure under stock exchange rules may inadvertently expose issuers to disclosure liability for not meeting aspirational objectives. **(Blakes)**	TSX disagrees that it is inappropriate to require listed issuers to disclose internal governance and policy materials beyond what is required by applicable securities laws. TSX believes that the majority, if not all, of the documents proposed under Section 473 are already publicly disclosed by issuers.
One commenter was of the view that there was a lack of definition in terms of what constitutes the policies required under Section 473 and therefore that it may be premature to subject such policies to regulatory oversight. The commenter stated that the content of these policies, which are not otherwise subject to regulatory guidelines, could vary significantly from issuer to issuer. **(CIRI)**	TSX believes that the enumerated list in Section 473 is clear as it specifically references the types of policies an issuer must post to its website.
2. Should certain types of issuers (e.g., Eligible Interlisted Issuer or Eligible International Interlisted Issuers) be exempt from the requirements of Section 473? If so, please provide an explanation of why they should be exempt.	
Summarized Comments Received	***TSX Response***
Four commenters were supportive of allowing exemptions for interlisted issuers in certain circumstances. **(Norton Rose, Blakes, ISS, and CIRI)** Two such commenter noted that the exemption should be limited to interlisted issuers whose disclosure requirements under other exchanges are substantially similar to, or at least as rigorous as, those that will be ultimately required by TSX. **(ISS and CIRI)** Another such commenter was of the view that these issuers face a considerable challenge in meeting the listing requirements of different exchanges and should be deemed to have met the disclosure requirements of Section 473 if they already disclose the policies listed in Section 473 under the requirements of another exchange or regulatory agency. **(Norton Rose)**	TSX thanks these commenters for their input. TSX has revised the drafting of Section 473 to provide an exemption for Eligible Interlisted Issuers and Eligible International Interlisted Issuers from the requirements of Section 473.

One commenter requested TSX to consider whether to provide an exemption for SEC foreign issuers and designated foreign issuers (each as defined under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("**NI 71-102**")). The commenter was of the view that such an exemption would recognize and be consistent with the TSX's regulatory approach in certain other areas of deferring to the requirements of another recognized exchange or jurisdiction for foreign listed issuers and/or in circumstances where most of the trading activity in the securities of an interlisted issuer occurs on a non-Canadian exchange or market, as well as the Canadian Securities Administrator's ("**CSA**") approach for certain foreign issuers in NI 71-102. **(Blakes)**	TSX believes that it is not appropriate at this time to broaden the category of exemptions to include SEC foreign issuers or designated foreign issuers. TSX will continue to monitor this and may consider providing an exemption for such foreign issuers in the future.
Two commenters were not supportive of interlisted issuers being exempt from the requirements of Section 473. **(CFA, and CCGG)** One such commenter noted that Section 473 does not require an issuer to create any new documents nor does it place any undue or conflicting regulatory burden on issuers. **(CCGG)**	TSX thanks these commenters for their input however, TSX has amended Section 473 to provide an exemption to Eligible Interlisted Issuers and Eligible International Issuers from disclosing the documents set forth thereunder.
3. Are there other modifications TSX should make to the list of documents proposed to be made available?	
Summarized Comments Received	***TSX Response***
One commenter was supportive of the list of documents prescribed under the proposed Section 473. **(CFA)**	TSX thanks the commenter for its input.
One commenter, who was not supportive of the Section 473, stated that Section 473 was preferable to the initial draft included in the May RFC. The commenter stated that listed issuers should be exempted from posting documents which may include competitively sensitive or confidential information, and a period of at least 18 months should be given to comply with the requirements of Section 473. **(Norton Rose)**	TSX believes Section 473 presents a clear list of documents to be posted on an issuer's website. TSX will consider on a case-by-case basis excluding policies which contain competitively sensitive or confidential information of an issuer. TSX believes that six (6) months is a sufficient period of time for listed issuers to comply with the requirements of Section 473.
One commenter was of the view that Section 473 should not refer to "key officers" but instead refer to the position description of the CEO. If Section 473 were to be adopted, the commenter requested TSX to clarify which officers (other than the CEO) required disclosure of their position descriptions. **(Norton Rose)**	TSX thanks the commenter for its input. TSX has removed the reference to "key officers" from the position descriptions to be posted on an issuer's website pursuant to Section 473.
One commenter was not supportive of requiring the disclosure of a listed issuer's constating documents on its website because such documents are already available on SEDAR and their significant provisions are already summarized and explained in plain language in certain of the listed issuer's continuous disclosure documents. The commenter expressed concern with the considerable costs associated with the creation of unofficial versions of a listed issuer's constating documents and by-laws in the other official language of Canada. The commenter stated that since an issuer's website is often available in both languages, mandatory website disclosure rules create pressure to have these documents translated whereas there is not the same pressure when filing on SEDAR. In addition, the commenter was of the view that the burden to comply with Section 473 would be significant and noted the following additional examples of such burden: (i) the costs and time associated with having legal counsel review new documents to be posted on issuers' websites; (ii) additional	Although constating documents are filed on SEDAR, it may be difficult for investors to locate such documents. This is amplified where the document is not filed under the appropriate category of document, or if it is, the investor may not know the correct category of document he/she should be looking for. Section 473 does not require listed issuers to translate documents into another language. TSX does not believe this to be an additional burden on listed issuers as SEDAR is also available in both the English and French language. TSX notes that listed issuers could use the same version of the constating documents they post on the English or French version SEDAR for the listed issuer's website. In addition, Section 473 does not create a new obligation for issuers to maintain an up-to-date website as they are already required to do so under TSX's Applicable Disclosure Standards (see Section 423.11).

resources required to maintain the website up-to-date; and (iii) the creation of additional liability risks under provisions of securities legislation (secondary market liability provisions, for instance). **(Norton Rose)**	TSX believes that any increase in a listed issuer's disclosure obligations would be modest and would be outweighed by the benefits to investors. TSX continues to believe that there is value in providing investors with a centralized location for a listed issuer's corporate governance documents.
One commenter expressed concern about disclosing awards documents and other documents, particularly those pertaining to anti-corruption policies or social and environmental policies, since there are no defined standards for such types of policies and was of the view that these documents should not be included in Section 473. **(CIRI)**	Based on the feedback received pursuant to the May RFC, TSX removed anti-corruption and social and environmental policies, among others, from the list of documents to be posted on a listed issuer's website.
One commenter suggested the inclusion of any environmental and social issue related documents produced by a listed issuer to the list of policies required by Section 473. The commenter noted that such inclusion would provide those shareholders that have incorporated environmental and social guidelines within their investment approaches or voting policies with better information and a heightened ability to discharge their voting responsibilities. **(ISS)**	TSX thanks the commenter for its input. TSX believes that it is not appropriate at this time to include environmental and social issue related documents produced by a listed issuer in Section 473. TSX will continue to monitor this issue and may in the future consider requiring an issuer to post such documents if there is a sufficient demand by investors for issuers to do so.
Two commenters suggested that Section 473 should require issuers to disclose shareholder rights plans and security based compensation arrangements on their website. **(CCGG, and ISS)** One such commenter stated that this disclosure would enhance overall transparency and also provide shareholders with a single source of complete information to better inform their voting decisions on key matters. **(ISS)**	Security based compensation arrangements and security rights plans were removed from the list of documents required to be posted on a listed issuer's website based on the feedback TSX received on the May RFC. TSX also believes that with the adoption of the new takeover bid regime by the CSA, shareholder rights plans may become less common.
One commenter suggested that voting results from the most recent shareholder meetings should be located in the same place on a listed issuer's website as the governance documents because of the importance to shareholders, the timeliness of their relevance, and because they can be difficult to find on SEDAR. **(CCGG)**	TSX thanks the commenter for its input. TSX believes that it is not appropriate to require listed issuers to publish voting results for the most recent shareholder meetings on their websites. Such documents may be found on the issuers' SEDAR profiles and disclosure of voting results may be found in their respective news releases as required by Section 461.4 of the Manual.
General Comments Received	
Summarized Comments Received	***TSX Response***
One commenter was of the view that current disclosure obligations under securities laws already provide comprehensive, meaningful and sufficient disclosure and that the requirements set out in Section 473 would create a second disclosure regime which could cause potential duplications and confusion. The commenter noted that many of the policies are already described in other documents where the information is summarized and explained in plain language. **(Norton Rose)**	TSX is of the view that any duplication in disclosure is outweighed by the benefits to investors. The purpose of Section 473 is to provide investors with a centralized location for a listed issuer's corporate governance documents that may be relevant to investors. TSX believes that this will be beneficial to security holders as the documents will be more readily accessible by investors, thereby decreasing investor confusion.
One commenter was of the view that listed issuers should be required to develop and maintain a publicly accessible website as a means of providing investors access to appropriate corporate governance policies and/or documents. **(CIRI)** Two commenters stated that Section 473 was inconsistent with recent initiatives by the CSA to reduce the regulatory burden of issuers and to eliminate overlap in regulatory requirements. **(Norton Rose and CIRI)** One commenter recognized that Section 473 may result in an increased regulatory burden to listed issuers however, it agreed with TSX's conclusion that the benefit of increased	TSX believes that any increase in a listed issuer's disclosure obligations would be modest and would be outweighed by the benefits to investors. TSX continues to believe that there is value in providing investors with a centralized location for a listed issuer's corporate governance documents.

and centralized access to issuer information outweighs the regulatory burden of disclosing such information. **(PIA)**	
One commenter was of the view that in addition to the increasing risk of errors and/or inconsistencies in different portions of the website, the requirements of Section 473 would invite the potential for investors to lose the context of a disclosure policy that has been extracted from a larger, more comprehensive document which may be needed to properly evaluate the policy or document. **(CIRI)**	TSX believes that an issuer's risk as a result of the requirements set forth in Section 473 is minimal. TSX reminds issuers that it is their responsibility to ensure that any document posted on their website must contain sufficient information to assist in understanding the document.
Part VI – Security Based Compensation Arrangements	
1. Should the requirement to disclose static terms of a Plan (e.g., financial assistance, vesting, etc.) be limited to Approval Meetings?	
Summarized Comments Received	***TSX Response***
Two commenters were supportive of limiting the requirement to disclose static terms of a Plan to Approval Meetings and other types of meetings where shareholders are being asked to approve changes to such static terms. **(Norton Rose, and CIRI)** One such commenter noted that such terms are disclosed at the initial approval of a Plan and are not normally expected to be revised during the remaining period that the Plan is in force. **(CIRI)**	TSX thanks these commenters for their input.
Four commenters were not supportive of limiting the requirement to disclose static terms of a Plan to Approval Meetings and were of the view that the disclosure should be required for annual meetings as well. **(PIA, CFA, ISS, and CCGG)** Reasons provided by the commenters included the following: • many, if not most, static terms of a Plan are material to an understanding of the implications of a Plan and relevant in situations beyond the purposes of approving the Plan (for example, say on pay, whether to vote in favour of certain directors, **(CCGG)** and provide transparency and an understanding to investors regarding the issuer's compensation practices). **(CFA and PIA)** • the disclosure informs institutional investors' views and votes with respect to equity plans, and other ballot items. The disclosure may also be instrumental in the development and implementation of engagement activities that may be undertaken by institutional shareholders. **(ISS)**	TSX thanks the commenters for their input. TSX would like to clarify that materials for Approval Meetings must be pre-cleared with TSX. Materials for annual meetings where the approval of security based compensation arrangements will not be sought are not required to be pre-cleared with TSX. The current requirement is that all meeting materials, whether for an Approval Meeting or not, must provide the disclosure as set forth in Section 613(d). The Part VI Amendments do not change this requirement.
2. Is the burn rate and the formula for calculating it useful and appropriate disclosure?	
Summarized Comments Received	***TSX Response***
Three commenters were supportive of the revised proposed burn rate and formula for calculating it and were of the view that it was useful and appropriate disclosure. **(ISS, PIA and CFA)** One such commenter stated that the burn rate is an important factor considered when evaluating equity based plans up for shareholder approval. **(PIA)** Another such commenter was supportive of disclosing the details of the multiplier where the awards granted include a multiplier. **(CFA)**	TSX thanks these commenters for their input.

Two commenters were supportive of the weighted average number of securities outstanding in the applicable fiscal year in the denominator of the burn rate calculation rather than the number outstanding at the beginning of the most recently completed fiscal year as was proposed in the May 2016 RFC. **(PIA and CCGG)**	TSX thanks these commenters for their input.
Two commenters expressed concern that the disclosure requirement with respect to the impact of a multiplier was unclear and insufficient without prescribing the details that must be disclosed. The commenters were of the view that in order to provide an accurate measure of potential dilution, listed issuers should be required to calculate the burn rate percentage using the maximum payout under the multiplier for the calculation to be able to give investors the intended information. **(PIA and CCGG)** Alternatively, one such commenter recommended that the final amendments clarify and prescribe the sort of details about multipliers that must be disclosed and that one of the details should be the inclusion of any impact on the burn rate calculation if the maximum number of shares eligible to be granted are in fact granted. **(CCGG)**	Listed issuers are required to provide a description of the multiplier. TSX believes that a narrative description, combined with the annual disclosure on issuance, is more appropriate than requiring listed issuers to calculate the burn rate percentage using the maximum payout under the multiplier for the calculation as the maximum payout can be potentially misleading.
Four commenters expressed concerns with respect to the requirement for issuers to only provide one-year burn rate information for annual shareholder meetings in situations where approval for the equity based plan is not being requested. **(ISS, CCGG, CIRI and Norton Rose)** Concerns expressed included the following: • this practice could potentially provide shareholders with a skewed review of equity award usage if, for instance, large one-time inducement awards were granted to new hires in the past year or if equity awards within a compensation program are granted on a cyclical basis but are intended to cover a multi-year period. **(ISS)** • shareholders are interested in burn rates to be able to discern a trend or pattern of issuer behavior not only in the context of deciding whether to approve or amend Plans but also for other reasons (e.g., say on pay votes) and providing one year of data would not permit this. **(CCGG)** • annual burn rate disclosure alone may be misleading since the burn rate can be influenced significantly year-to-year depending on the periodic value of options. **(CIRI and Norton Rose)** One of the commenters suggested that including information for the most recently completed fiscal year and each of the previous two years in the meeting materials for every shareholders' meeting would enable investors to review trends and quickly ascertain whether any such irregularities exist in the underlying annual data. **(ISS)**	TSX thanks these commenters for their input. TSX has amended Section 613(p) so that issuers are required to disclose the annual burn rate for each of the listed issuer's three most recently completed fiscal years for annual shareholder meetings where security holder approval will not be sought for a security based compensation arrangement matter, and for Approval Meetings.
One commenter was of the view that setting the date for disclosure elements for annual meetings as at the end of the most recently completed fiscal year is inappropriate and that the current requirements to disclose as of the date of the meeting materials should be retained. The commenter stated that there could be significant changes between the fiscal	The requirement to disclose the information under Section 613(d) as at the end of the listed issuer's most recently completed fiscal year in the case of an annual security holder meeting, and the date of the meeting materials in the case of an Approval Meeting, is consistent with CSA disclosure requirements. TSX believes that aligning the disclosure

year end and the annual meeting that can stale date information about Plans and make it less meaningful for decisions. The commenter further stated that information as of the date of the meeting materials is not available elsewhere and therefore should be made available in the disclosure elements so that shareholders have current information when they consider how to vote. **(CCGG)**	requirements set forth in Section 613(d) with those of the CSA will reduce inconsistent disclosure provided by listed issuers.
General Comments Received	
Summarized Comments Received	***TSX Response***
One commenter was supportive of largely retaining the existing disclosure requirements for Plans in lieu of publicly posting the Plans themselves. The commenter was supportive of most of the aspects of the proposed revisions relating to disclosure of outstanding awards. However, the commenter suggested that, for fixed plan arrangements, disclosing the percentage that the fixed number is of the existing total outstanding is of no value, as the total outstanding will include securities that were issued historically under security based compensation plans and are now part of the outstanding securities. The commenter was of the view that the most relevant disclosure in this regard is that which is proposed for items ii and iii in subsection (d). **(Blakes)**	TSX thanks the commenter for its comments. TSX believes that the requirement under Section 613(d)(ii) item i to disclose the maximum number of securities issuable under each arrangement expressed as a fixed number together with the percentage this number presents relative to the number of issued and outstanding securities of the listed issuer is relevant disclosure. TSX also believes that investors prefer to see such number expressed as a percentage.
One commenter was of the view that the information required under Sections 613(d)(x) and (xi) concerning award vesting and term should apply to all Plans (and not just options) because the information is integral to evaluating the merits of any Plans. **(CCGG)**	TSX thanks the commenter for its input. TSX believes that most issuers currently disclose vesting and terms for plans other than stock option plans however, for clarity, TSX has amended Sections 613(d)(x) and (xi) so that the disclosure requirements set forth therein apply to all Plans and are not limited to stock option plans.
Two commenters agreed with the elimination of the Form 15 proposed in the May RFC. **(CFA, and ISS)** One such commenter was of the view that, even with the elimination of Form 15, the disclosure provided for Plans would remain undiminished. **(ISS)**	TSX thanks these commenters for their input.

APPENDIX B

BLACKLINE OF AMENDMENTS

PART IV AMENDMENTS

Sec. 461.3.

[…]

If an issuer adopts a Policy to satisfy the Majority Voting Requirement, it must post a copy of the Policy on its website in accordance with Section 473.

[…]

Website Disclosure of Security Holder Information

473. Listed issuers, other than Eligible Interlisted Issuers, Eligible International Interlisted Issuers and Non-Corporate Issuers, must maintain a publicly accessible website and post the current, effective versions of the following documents (or their equivalent), as applicable:

(a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer and its by-laws; and

(b) if adopted, copies of

(i) majority voting policy,

(ii) advance notice policy,

(iii) position descriptions for the chairman of the board, and the lead director, and key officers,

(iv) board mandate, and

(v) board committee charters.

The webpage(s) containing the above noted documents should be easily identifiable and accessible from the listed issuer's home page or investor relations page. If a listed issuer's website is shared with other issuers, each listed issuer should have a separate, dedicated webpage on the website for the purposes of complying with Section 473. For greater certainty, if any document required to be made accessible pursuant to Section 473 is contained within or forms part of a larger document, a listed issuer may satisfy the requirements of Section 473 by posting the current, effective version of such larger document.

[…]

PART VI AMENDMENTS

Sec. 613.

[…]

Disclosure Required when Seeking Security Holder Approval & Annually

(d) Materials provided to security holders in respect of a meeting at which the approval of security based compensation arrangements will be requested must be pre-cleared with TSX. Meeting materials must provide the following disclosure in respect of:

(i) the eligible participants under each arrangement;

(ii) each of the following, as applicable:

i. Plan Maximum – the maximum number of securities issuable under each arrangement expressed as a fixed number (together with the percentage this number represents relative to the number of issued

and outstanding securities of the listed issuer) or fixed percentage of the number of issued and outstanding securities of the listed issuer,

ii. Outstanding Securities Awarded – the number of outstanding securities awarded under each arrangement, together with the percentage this number represents relative to the number of issued and outstanding securities of the listed issuer, and

iii. Remaining Securities Available for Grant – the number of securities under each arrangement that are available for grant, together with the percentage this number represents relative to the number of issued and outstanding securities of the listed issuer;

(iii) the annual burn rate of each arrangement, as calculated in accordance with Section 613(p);

(iv) the maximum percentage, if any, of securities under each arrangement available to insiders of the listed issuer;

(v) the maximum number of securities, if any, any one person or company is entitled to receive under each arrangement and the percentage of the listed issuer's currently outstanding capital represented by these securities;

(vi) subject to Section 613(h)(i), the method of determining the exercise price for securities under each arrangement;

(vii) the method of determining the purchase price for securities under security purchase arrangements, with specific disclosure as to whether the purchase price could be below the market price of the securities;

(viii) the formula for calculating market appreciation of stock appreciation rights;

(ix) the ability for the listed issuer to transform a stock option into a stock appreciation right involving an issuance of securities from treasury;

(x) the vesting of ~~stock options~~the securities issuable under the Plan;

(xi) the term of ~~stock options~~the securities issuable under the Plan;

(xii) the causes of cessation of entitlement under each arrangement, including the effect of an employee's termination for or without cause;

(xiii) the assignability of benefits under each arrangement and the conditions for such assignability;

(xiv) the procedure for amending each arrangement, including specific disclosure as to whether security holder approval is required for amendments;

(xv) any financial assistance provided by the listed issuer to participants under each arrangement to facilitate the purchase of securities under the arrangement, including the terms of such assistance;

(xvi) entitlements under each arrangement previously granted but subject to ratification by security holders; and

(xvii) such other material information as may be reasonably required by a security holder to approve each arrangement.

Should a security based compensation arrangement not provide for the procedure for amending the arrangement, security holder approval will be required for such amendments, as provided for in Subsections 613(a) and (i). In addition, the votes attaching to any securities held by insiders who hold securities subject to the amendment will be excluded. Please see Subsection 613(l) for more information.

Other than the disclosure regarding the annual burn rate under Section 613(d)(iii), the disclosure required by this Section 613(d) should be presented as at (a) the end of the listed issuer's most recently completed fiscal year, in the case of an annual ~~security holder~~ meeting, and (b) the date of the meeting materials, in the case of any security holder meeting (other than an annual meeting) where security holder approval is being sought in connection with a security based compensation arrangement matter.

[…]

C. Security Based Compensation Arrangements

Requirement for Security Holder Approval

Sec. 613.

[…]

Annual Disclosure Requirements

(g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements, including, in both instances, those assumed or created by the listed issuer as part of an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as at the end of the listed issuer's most recently completed fiscal year (other than the disclosure regarding the annual burn rate under Section 613(d)(iii)), as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

[…]

Burn Rate

(p) Annual burn rate disclosure may be omitted for the first fiscal year of newly adopted arrangements, but must be included for new arrangements adopted in replacement of similar arrangements.

For purposes of the disclosure required under Section 613(d)(iii), the annual burn rate of the arrangement must be calculated as follows and expressed as a percentage:

$$\frac{\text{Number of securities}^{1} \text{ granted under the arrangement during the applicable fiscal year}}{\text{Weighted average number of securities outstanding}^{2} \text{ for the applicable fiscal year}}$$

If the securities awarded include a multiplier, listed issuers are required to provide details in respect to such multiplier.

~~For any security holder meeting where security holder approval will be sought for a security based compensation arrangement matter, listed~~Listed issuers are required to disclose the annual burn rate for each of the listed issuer's three most recently completed fiscal years for the relevant arrangement. Where the arrangement has not existed for three fiscal years (including predecessor arrangements which were similar) or was approved by security holders within the last three fiscal years, listed issuers should disclose the annual burn rate for each of the listed issuer's fiscal years completed since adoption ~~or the most recent security holder approval~~.

~~For annual security holder meetings where security holder approval will not be sought for a security based compensation arrangement matter, listed issuers are required to disclose the annual burn rate for the listed issuer's most recently completed fiscal year.~~

[…]

[1] Securities awarded under an arrangement include, but are not limited to, options, performance stock units, deferred stock units, restricted stock units or other similar awards.

[2] The weighted average number of securities outstanding during the period is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the securities are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances. The weighted average number of securities outstanding is to be calculated in accordance with the CPA Canada Handbook, as such may be amended or superseded from time to time.

PART XI AMENDMENTS

Part XI Requirements Applicable to Non-Corporate Issuers

This section sets out the requirements that are specifically applicable to Non-Corporate Issuers.

In addition to the specific requirements outlined in this Part XI, Non-Corporate Issuers must also comply with the following sections of the Manual:

PART IV – MAINTAINING A LISTING

All Sections, other than Shareholders' Meeting and Proxy Solicitation (Sections 455-465) and Website Disclosure of Security Holder Information (Section 473).

[…]

APPENDIX C

BLACKLINE OF FINAL AMENDMENTS

PART IV AMENDMENTS

Sec. 461.3.

[…]

If an issuer adopts a Policy to satisfy the Majority Voting Requirement, it must ~~fully describe~~post a copy of the Policy on ~~an annual basis, in its materials sent to holders of listed securities in connection with a meeting at which directors are being elected.~~its website in accordance with Section 473.

[…]

Website Disclosure of Security Holder Information

473. Listed issuers, other than Eligible Interlisted Issuers, Eligible International Interlisted Issuers and Non-Corporate Issuers, must maintain a publicly accessible website and post the current, effective versions of the following documents (or their equivalent), as applicable:

(a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer and its by-laws; and

(b) if adopted, copies of

(i) majority voting policy,

(ii) advance notice policy,

(iii) position descriptions for the chairman of the board, and the lead director,

(iv) board mandate, and

(v) board committee charters.

The webpage(s) containing the above noted documents should be easily identifiable and accessible from the listed issuer's home page or investor relations page. If a listed issuer's website is shared with other issuers, each listed issuer should have a separate, dedicated webpage on the website for the purposes of complying with Section 473. For greater certainty, if any document required to be made accessible pursuant to Section 473 is contained within or forms part of a larger document, a listed issuer may satisfy the requirements of Section 473 by posting the current, effective version of such larger document.

[…]

PART VI AMENDMENTS

Sec. 613.

[…]

Disclosure Required when Seeking Security Holder Approval & Annually

(d) Materials provided to security holders in respect of a meeting at which the approval of security based compensation arrangements will be requested must be pre-cleared with TSX. ~~Such~~Meeting materials must provide the following disclosure~~, as of the date of the materials,~~ in respect of:

(i) the eligible participants under ~~the~~each arrangement;

(ii) each of the following, as applicable:

i. ~~for plans with a fixed~~Plan Maximum – the maximum number of securities issuable ~~(A) the total number of securities issued and securities issuable~~ under each arrangement ~~and (B) this~~

~~total~~expressed as a fixed number (together with the percentage ~~of~~ this number represents relative to the number of issued and outstanding securities of the listed issuer~~'s securities currently outstanding~~) or fixed percentage of the number of issued and outstanding securities of the listed issuer,

ii. ~~for plans with a fixed maximum percentage of securities issuable, the total number of securities issued and securities issuable under each arrangement as a percentage of the number of the listed issuer's securities currently outstanding~~Outstanding Securities Awarded – the number of outstanding securities awarded under each arrangement, together with the percentage this number represents relative to the number of issued and outstanding securities of the listed issuer, and

iii. Remaining Securities Available for Grant – the ~~total~~ number of securities ~~issuable under actual grants or awards made and this total as a percentage of~~under each arrangement that are available for grant, together with the percentage this number represents relative to the number of issued and outstanding securities of the listed issuer~~'s securities currently outstanding~~;

(iii) the annual burn rate of each arrangement, as calculated in accordance with Section 613(p);

(iv) ~~(iii)~~ the maximum percentage, if any, of securities under each arrangement available to insiders of the listed issuer;

(v) ~~(iv) t~~he maximum number of securities, if any, any one person or company is entitled to receive under each arrangement and the percentage of the listed issuer's currently outstanding capital represented by these securities;

(vi) ~~(v)~~ subject to Section 613(h)(i), the method of determining the exercise price for securities under each arrangement;

(vii) ~~(vi)~~ the method of determining the purchase price for securities under security purchase arrangements, with specific disclosure as to whether the purchase price could be below the market price of the securities;

(viii) ~~(vii)~~ the formula for calculating market appreciation of stock appreciation rights;

(ix) ~~(viii)~~ the ability for the listed issuer to transform a stock option into a stock appreciation right involving an issuance of securities from treasury;

(x) ~~(ix)~~ the vesting of ~~stock options~~the securities issuable under the Plan;

(xi) ~~(x)~~ the term of ~~stock options~~the securities issuable under the Plan;

(xii) ~~(xi)~~ the causes of cessation of entitlement under each arrangement, including the effect of an employee's termination for or without cause;

(xiii) ~~(xii)~~ the assignability of ~~security based compensation arrangements~~ benefits under each arrangement and the conditions for such assignability;

(xiv) ~~(xiii)~~ the procedure for amending each arrangement, including specific disclosure as to whether security holder approval is required for amendments;

(xv) ~~(xiv)~~ any financial assistance provided by the listed issuer to participants under each arrangement to facilitate the purchase of securities under the arrangement, including the terms of such assistance;

(xvi) ~~(xv)~~ entitlements under each arrangement previously granted but subject to ratification by security holders; and

(xvii) ~~(xvi)~~ such other material information as may be reasonably required by a security holder to approve ~~the arrangements~~each arrangement.

Should a security based compensation arrangement not provide for the procedure for amending the arrangement, security holder approval will be required for such amendments, as provided for in Subsections 613(a) and (i). In addition, the votes attaching to any securities held by insiders who hold securities subject to the amendment will be excluded. Please see Subsection 613(l) for more information.

Other than the disclosure regarding the annual burn rate under Section 613(d)(iii), the disclosure required by this Section 613(d) should be presented as at (a) the end of the listed issuer's most recently completed fiscal year, in the case of an annual meeting, and (b) the date of the meeting materials, in the case of any security holder meeting (other than an annual meeting) where security holder approval is being sought in connection with a security based compensation arrangement matter.

[…]

C. Security Based Compensation Arrangements

Requirement for Security Holder Approval

Sec. 613.

[…]

Annual Disclosure Requirements

(g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements, including, in both instances, those assumed or created by the listed issuer as part of an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as ~~of the date of the circular~~at the end of the listed issuer's most recently completed fiscal year (other than the disclosure regarding the annual burn rate under Section 613(d)(iii)), as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

[…]

Burn Rate

(p) Annual burn rate disclosure may be omitted for the first fiscal year of newly adopted arrangements, but must be included for new arrangements adopted in replacement of similar arrangements.

For purposes of the disclosure required under Section 613(d)(iii), the annual burn rate of the arrangement must be calculated as follows and expressed as a percentage:

$$\frac{\text{Number of securities}^{1} \text{ granted under the arrangement during the applicable fiscal year}}{\text{Weighted average number of securities outstanding}^{2} \text{ for the applicable fiscal year}}$$

If the securities awarded include a multiplier, listed issuers are required to provide details in respect to such multiplier.

Listed issuers are required to disclose the annual burn rate for each of the listed issuer's three most recently completed fiscal years for the relevant arrangement. Where the arrangement has not existed for three fiscal years (including predecessor arrangements which were similar) or was approved by security holders within the last three fiscal years, listed issuers should disclose the annual burn rate for each of the listed issuer's fiscal years completed since adoption.

[…]

[1] Securities awarded under an arrangement include, but are not limited to, options, performance stock units, deferred stock units, restricted stock units or other similar awards.

[2] The weighted average number of securities outstanding during the period is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the securities are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances. The weighted average number of securities outstanding is to be calculated in accordance with the CPA Canada Handbook, as such may be amended or superseded from time to time.

PART XI AMENDMENTS

Part XI Requirements Applicable to Non-Corporate Issuers

This section sets out the requirements that are specifically applicable to Non-Corporate Issuers.

In addition to the specific requirements outlined in this Part XI, Non-Corporate Issuers must also comply with the following sections of the Manual:

PART IV – MAINTAINING A LISTING

All Sections, other than Shareholders' Meeting and Proxy Solicitation (Sections 455–465) and Website Disclosure of Security Holder Information (Section 473).

[…]

APPENDIX D

TEXT OF FINAL AMENDMENTS

PART IV AMENDMENTS

Sec. 461.3.

[…]

If an issuer adopts a Policy to satisfy the Majority Voting Requirement, it must post a copy of the Policy on its website in accordance with Section 473.

[…]

Website Disclosure of Security Holder Information

473. Listed issuers, other than Eligible Interlisted Issuers, Eligible International Interlisted Issuers and Non-Corporate Issuers, must maintain a publicly accessible website and post the current, effective versions of the following documents (or their equivalent), as applicable:

(a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer and its by-laws; and

(b) if adopted, copies of

(i) majority voting policy,

(ii) advance notice policy,

(iii) position descriptions for the chairman of the board, and the lead director,

(iv) board mandate, and

(v) board committee charters.

The webpage(s) containing the above noted documents should be easily identifiable and accessible from the listed issuer's home page or investor relations page. If a listed issuer's website is shared with other issuers, each listed issuer should have a separate, dedicated webpage on the website for the purposes of complying with Section 473. For greater certainty, if any document required to be made accessible pursuant to Section 473 is contained within or forms part of a larger document, a listed issuer may satisfy the requirements of Section 473 by posting the current, effective version of such larger document.

[…]

PART VI AMENDMENTS

Sec. 613.

[…]

Disclosure Required when Seeking Security Holder Approval & Annually

(d) Materials provided to security holders in respect of a meeting at which the approval of security based compensation arrangements will be requested must be pre-cleared with TSX. Meeting materials must provide the following disclosure in respect of:

(i) the eligible participants under each arrangement;

(ii) each of the following, as applicable:

i. Plan Maximum – the maximum number of securities issuable under each arrangement expressed as a fixed number (together with the percentage this number represents relative to the number of issued

and outstanding securities of the listed issuer) or fixed percentage of the number of issued and outstanding securities of the listed issuer,

ii. Outstanding Securities Awarded – the number of outstanding securities awarded under each arrangement, together with the percentage this number represents relative to the number of issued and outstanding securities of the listed issuer, and

iii. Remaining Securities Available for Grant – the number of securities under each arrangement that are available for grant, together with the percentage this number represents relative to the number of issued and outstanding securities of the listed issuer;

(iii) the annual burn rate of each arrangement, as calculated in accordance with Section 613(p);

(iv) the maximum percentage, if any, of securities under each arrangement available to insiders of the listed issuer;

(v) the maximum number of securities, if any, any one person or company is entitled to receive under each arrangement and the percentage of the listed issuer's currently outstanding capital represented by these securities;

(vi) subject to Section 613(h)(i), the method of determining the exercise price for securities under each arrangement;

(vii) the method of determining the purchase price for securities under security purchase arrangements, with specific disclosure as to whether the purchase price could be below the market price of the securities;

(viii) the formula for calculating market appreciation of stock appreciation rights;

(ix) the ability for the listed issuer to transform a stock option into a stock appreciation right involving an issuance of securities from treasury;

(x) the vesting of the securities issuable under the Plan;

(xi) the term of the securities issuable under the Plan;

(xii) the causes of cessation of entitlement under each arrangement, including the effect of an employee's termination for or without cause;

(xiii) the assignability of benefits under each arrangement and the conditions for such assignability;

(xiv) the procedure for amending each arrangement, including specific disclosure as to whether security holder approval is required for amendments;

(xv) any financial assistance provided by the listed issuer to participants under each arrangement to facilitate the purchase of securities under the arrangement, including the terms of such assistance;

(xvi) entitlements under each arrangement previously granted but subject to ratification by security holders; and

(xvii) such other material information as may be reasonably required by a security holder to approve each arrangement.

Should a security based compensation arrangement not provide for the procedure for amending the arrangement, security holder approval will be required for such amendments, as provided for in Subsections 613(a) and (i). In addition, the votes attaching to any securities held by insiders who hold securities subject to the amendment will be excluded. Please see Subsection 613(l) for more information.

Other than the disclosure regarding the annual burn rate under Section 613(d)(iii), the disclosure required by this Section 613(d) should be presented as at (a) the end of the listed issuer’s most recently completed fiscal year, in the case of an annual meeting, and (b) the date of the meeting materials, in the case of any security holder meeting (other than an annual meeting) where security holder approval is being sought in connection with a security based compensation arrangement matter.

[…]

C. Security Based Compensation Arrangements

Requirement for Security Holder Approval

Sec. 613.

[…]

Annual Disclosure Requirements

(g) Listed issuers must disclose on an annual basis, in their information circulars, or other annual disclosure document distributed to all security holders, the terms of their security based compensation arrangements and any amendments that were adopted in the last fiscal year (this includes amendments to individual security agreements and amendments to security based compensation arrangements, including, in both instances, those assumed or created by the listed issuer as part of an acquisition). The information circular must provide disclosure in respect of each of the items in Section 613(d), as at the end of the listed issuer's most recently completed fiscal year (other than the disclosure regarding the annual burn rate under Section 613(d)(iii)), as well as the nature of the amendments adopted in the last fiscal year, including whether or not (and if not, why not) security holder approval was obtained for the amendment.

[…]

Burn Rate

(p) Annual burn rate disclosure may be omitted for the first fiscal year of newly adopted arrangements, but must be included for new arrangements adopted in replacement of similar arrangements.

For purposes of the disclosure required under Section 613(d)(iii), the annual burn rate of the arrangement must be calculated as follows and expressed as a percentage:

$$\frac{\text{Number of securities}^{1} \text{ granted under the arrangement during the applicable fiscal year}}{\text{Weighted average number of securities outstanding}^{2} \text{ for the applicable fiscal year}}$$

If the securities awarded include a multiplier, listed issuers are required to provide details in respect to such multiplier.

Listed issuers are required to disclose the annual burn rate for each of the listed issuer's three most recently completed fiscal years for the relevant arrangement. Where the arrangement has not existed for three fiscal years (including predecessor arrangements which were similar) or was approved by security holders within the last three fiscal years, listed issuers should disclose the annual burn rate for each of the listed issuer's fiscal years completed since adoption.

[…]

PART XI AMENDMENTS

Part XI Requirements Applicable to Non-Corporate Issuers

This section sets out the requirements that are specifically applicable to Non-Corporate Issuers.

In addition to the specific requirements outlined in this Part XI, Non-Corporate Issuers must also comply with the following sections of the Manual:

1 Securities awarded under an arrangement include, but are not limited to, options, performance stock units, deferred stock units, restricted stock units or other similar awards.

2 The weighted average number of securities outstanding during the period is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the securities are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances. The weighted average number of securities outstanding is to be calculated in accordance with the CPA Canada Handbook, as such may be amended or superseded from time to time.

PART IV – MAINTAINING A LISTING

All Sections, other than Shareholders' Meeting and Proxy Solicitation (Sections 455–465) and Website Disclosure of Security Holder Information (Section 473).

[…]

13.3 Clearing Agencies

13.3.1 CDS – Material Amendments Related to Canadian Dollar Cash Collateral Management – Notice of Commission Approval

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES RELATED TO CANADIAN DOLLAR CASH COLLATERAL MANAGEMENT

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on October 13, 2017 Material Amendments To CDS Procedures Related To Canadian Dollar Cash Collateral Management.

A copy of the CDS notice was published for comment on August 17, 2017 on the Commission's website at: http://www.osc.gov.on.ca. No comments were received.

This page intentionally left blank

Index