The Ontario Securities Commission

OSC Bulletin

March 8, 2018

Volume 41, Issue 10

(2018), 41 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 OSC Staff Notice 51-711 (Revised) Refilings and Corrections of Errors

OSC STAFF NOTICE 51-711 (Revised)

REFILINGS AND CORRECTIONS OF ERRORS

March 8, 2018

This Notice has been amended to clarify and expand on our expectations when, during the course of a staff review, an issuer amends its continuous disclosure record, including disclosure made on the issuer's website or on social media.

Background

This staff notice (the **Notice**) discusses our expectations when an issuer amends its continuous disclosure (**CD**) record or makes changes to its website or social media to comply with CD requirements. The Notice also discusses the public list of Refilings and Errors (the **List**).

On October 25, 2002, we introduced the List on the Commission's web site (**http://www.osc.gov.on.ca/en/Investors_refilings-errors-list.htm)**. The purpose of the List is to provide transparency to the market when, during a staff review, an issuer has amended its CD record, website or social media.

We refer to any changes made by an issuer to CD filings, website or social media in the circumstances described in the Notice as "Corrective Disclosure". It is our view that Corrective Disclosure should be communicated to the market in a transparent manner. The following are examples of Corrective Disclosure that may be made by an issuer:

(1) restating and refiling its financial statements;

(2) implementing accounting or disclosure changes on a retroactive basis if the changes correct an error in the originally filed information;

(3) amending and refiling other CD documents previously filed with the Commission;

(4) filing document(s) that were required to be filed at an earlier date;

(5) clarifying or removing content from the issuer's website or made by the issuer on social media;

(6) issuing a news release to clarify information included in a CD document or news release previously filed with the Commission.

Part A of the Notice provides clarification around the circumstances when staff will put an issuer on the List and our expectations regarding Corrective Disclosure identified during, or as a result of a staff review. Part B of the Notice outlines guidance on what communication issuers are expected to provide with Corrective Disclosure whether or not it is identified in the course of a staff review.

Part A – Corrective Disclosure identified during a staff review

Any deficiency for an issuer that is identified during a staff review and that leads to Corrective Disclosure will result in the issuer being placed on the List. Please note that we will add the name of an issuer to the List irrespective of whether the deficiency was identified by staff, by the issuer or the issuer's advisors during the review process. We will also add the issuer to the List regardless of whether the Commission ordered the filing or refiling or the issuer took this step voluntarily.

An issuer's name will be kept on the List for a period of three years from the date the Corrective Disclosure is made to an issuer's CD record or website, or on social media. After the three-year period, the issuer's name will be archived.

The following are frequently-asked questions and answers about errors identified during a staff review:

Q1: What constitutes the beginning and end of a staff review?

A1: The beginning and end of a staff review will vary depending on the basis for staff's review. A CD review pursuant to CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program* is considered to begin when an issuer receives a comment letter from staff and ends when the issuer is notified that staff has completed its review.

A review in connection with a prospectus or application begins when an issuer delivers materials to the OSC and ends when (a) a final receipt is issued for a prospectus, (b) the issuer is granted the exemption sought for an application, or (c) the issuer is otherwise notified that staff has completed its review.

Q2: Can an issuer wait until a subsequent filing to make Corrective Disclosure?

A2: Generally, staff expect Corrective Disclosure to be made by an issuer as soon as possible after the determination that the CD record needs to be corrected. However, in limited circumstances, staff may not object if the issuer includes its Corrective Disclosure in an imminent CD filing. In either case, we expect the issuer to follow the guidelines in Part B of the Notice about the details of the Corrective Disclosure. The issuer will be placed on the List shortly after filing its Corrective Disclosure.

Q3: What if an issuer is asked to remove or clarify content on its website or social media?

A3: If the issuer provides social media disclosure which staff conclude is potentially misleading or unbalanced, or is otherwise inconsistent with information already disclosed on SEDAR, we would ask the issuer to clarify the disclosure on SEDAR as soon as possible and/or to remove the social media disclosure. In these circumstances, the issuer will be placed on the List.

Q4: Should issuers provide a draft of the Corrective Disclosure and a draft of any news release to OSC staff prior to disseminating to the public?

A4: Yes, we generally recommend that an issuer share a draft of any news release as well as a draft of the Corrective Disclosure, with sufficient time for staff review, before making the documents public.

Please note that responsibility for the content of the news release and the Corrective Disclosure remains with the issuer and their advisors. Our review does not in any way diminish such responsibility.

Q5: Should the news release make reference to the Ontario Securities Commission (OSC)?

A5: Yes. For greater transparency, the news release should indicate that the Corrective Disclosure was requested by staff of the OSC in connection with a staff review.

Q6: Will an issuer be noted in default until it files or makes Corrective Disclosure?

A6: Depending on the nature of the issue(s) identified, the issuer may be noted in default of its disclosure requirements under the *Securities Act* (Ontario) (the **Act**) and regulations. Please refer to the guidance contained in OSC Policy 51-601 *Reporting Issuer Defaults*.

Part B – What other communications or documentation should accompany the Corrective Disclosure?

Once an issuer has decided to file or make Corrective Disclosure, staff would consider this to be an acknowledgement by the issuer of a significant event that should be clearly and broadly disclosed to the market in a timely manner by way of a news release and, if appropriate and required, a material change report. Consistent with this view, it would not generally be considered appropriate for an issuer to withhold the Corrective Disclosure until the next required filing or the next earnings news release, even if the issuer requires more time to investigate and quantify all aspects of the error. We further note that the issuer's responsibility is the same whether the correction is made in the context of a staff review or at any other time.

A news release should be widely and publicly disseminated. Issuers should consider both the timing of the news release and the prominence of the description of the Corrective Disclosure to ensure that market participants are not likely to miss it. Also, staff expect the news release and any Corrective Disclosure to be prominently displayed on the issuer's website.

We note that if the issuer identifies and makes Corrective Disclosure that is not in the context of a staff review, the issuer will not be placed on the List.

The following are frequently-asked questions and answers about Corrective Disclosure and news releases:

Q7: What should issuers include in the communication/news release?

A7: The news release should clearly describe the nature and implication(s) of any error or other factors leading to the Corrective Disclosure as well as how the issuer is proposing to correct the disclosure. The Corrective Disclosure should not be put at the end of a news release that includes other disclosure. We expect the news release to be clear on its face that the issuer has made Corrective Disclosure.

As noted above in the responses to Q4 and Q5, if the Corrective Disclosure is made during the time of a staff review, we recommend that an issuer provide staff with a draft of the news release before its dissemination and we expect the issuer to include reference to a review by the OSC in the news release.

Q8: Is the Corrective Disclosure a material change?

A8: When Corrective Disclosure is required, issuers are reminded to consider whether the circumstances give rise to a material change under the Act. If so, issuers must comply with the applicable reporting obligations. However, even where the Corrective Disclosure (including the surrounding circumstances giving rise to the correction(s)) does not represent a material change, we take the view that investors should be informed as soon as possible by way of a news release (as described in the Notice).

Q9: How should an error be described in the Corrective Disclosure of a CD document and how should it be filed on SEDAR?

A9: Any documents that are amended and refiled should be clearly titled as “revised” or “restated”, should identify and describe the nature of the revisions and should be filed under the applicable “amended” document type on SEDAR.

Any documents that are being filed for the first time to correct a non-filing at an earlier date should clearly indicate that the filing is remedying a previous non-filing and should describe the circumstances surrounding the late filing of the document.

Questions or comments concerning the Notice should be provided to:

Sonny Randhawa
Deputy Director, Corporate Finance
416-204-4959
srandhawa@osc.gov.on.ca

Michael Balter
Manager, Corporate Finance
416-593-3739
mbalter@osc.gov.on.ca

Christine Krikorian
Senior Accountant, Corporate Finance
416-593-2313
ckrikorian@osc.gov.on.ca

Ray Ho
Senior Accountant, Corporate Finance
416-593-8106
rho@osc.gov.on.ca

1.1.2 Notice of Memorandum of Understanding – Cooperation and the Exchange of Information Related to the Supervision of Cross-Border Clearing Agencies Operating as Central Counterparties in Ontario and Germany

NOTICE OF MEMORANDUM OF UNDERSTANDING

COOPERATION AND THE EXCHANGE OF INFORMATION RELATED TO THE SUPERVISION OF CROSS-BORDER CLEARING AGENCIES OPERATING AS CENTRAL COUNTERPARTIES IN ONTARIO AND GERMANY

The Ontario Securities Commission has recently entered into a Memorandum of Understanding with the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and Deutsche Bundesbank concerning regulatory cooperation related to the supervision and oversight of clearing agencies operating as central counterparties in Ontario and Germany (the "MOU"). The MOU provides a comprehensive framework for consultation, cooperation and information-sharing related to the day-to-day supervision and oversight of clearing agencies operating as central counterparties and enhances the OSC's ability to supervise these entities.

The MOU is subject to the approval of the Minister of Finance. The MOU was delivered to the Minister of Finance on March 1, 2018.

Questions may be referred to:

Emily Sutlic
Senior Legal Counsel
Market Regulation
416-593-2362
esutlic@osc.gov.on.ca

Cindy Wan
Senior Advisor
Office of Domestic and International Affairs
416-263-7667
cwan@osc.gov.on.ca

MEMORANDUM OF UNDERSTANDING

Ontario Securities Commission

Bundesanstalt für Finanzdienstleistungsaufsicht

Deutsche Bundesbank

COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION OF CROSS-BORDER CLEARING AGENCIES OPERATING AS CENTRAL COUNTERPARTIES

2018

MEMORANDUM OF UNDERSTANDING
CONCERNING COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION OF CROSS-BORDER CLEARING AGENCIES
OPERATING AS CENTRAL COUNTERPARTIES

In view of the growing globalization of the world's financial markets and the increase in cross-border operations and activities of regulated entities, the Ontario Securities Commission and the German Bundesanstalt für Finanzdienstleistungsaufsicht and Deutsche Bundesbank (collectively, "the Authorities") have reached this Memorandum of Understanding ("MOU") regarding cooperation and the exchange of information in the supervision and oversight of clearing agencies that operate on a cross-border basis in both Ontario, Canada, and Germany. The Authorities express, through this MOU, their willingness to cooperate with each other in the interest of fulfilling their respective regulatory mandates with respect to clearing agencies operating as central counterparties.

ARTICLE ONE: DEFINITIONS

For purposes of this MOU:

1. "Authority" means:

    a. In Ontario, Canada, the Ontario Securities Commission ("OSC"); and

    b. In Germany, the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") or the Deutsche Bundesbank ("Bundesbank") – which cooperate closely in supervising banks (including clearing agencies) and which has an oversight function on clearing and settlement systems, financial service providers, and investment firms (individually, a "German Authority", and together referred to as the "German Authorities").

2. "Requesting Authority" means the Authority making a request under this MOU.

3. "Requested Authority" means:

    a. The German Authority to which a request is made under this MOU, where the Requesting Authority is the OSC; or

    b. The OSC, where the Requesting Authority is a German Authority.

4. "Laws and Regulations" means:

    a. For the OSC, the *Securities Act* (Ontario) and related rules and regulations ("OSA") and successor legislation; the *Commodity Futures Act* (Ontario) and related rules and regulations ("CFA") and successor legislation; and other relevant requirements in Canada and Ontario; and

    b. For the German Authorities, the German Banking Act ("Kreditwesengesetz") and related ordinances as parts of the German law, the Act on the Deutsche Bundesbank (Bundesbank Act) the German Securities Trading Act ("Wertpapierhandelsgesetz"), the German Stock Exchange Act ("Börsengesetz"), the Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories ("EMIR") and related Regulatory Technical Standards as parts of the European Union ("EU") law and other applicable legal or regulatory requirements applicable in Germany, and the Capital Requirements Regulation ("CRR") and related Regulatory Technical Standards as parts of the EU law and other applicable legal or regulatory requirements applicable in Germany.

5. "Person" means a natural person, unincorporated association, partnership, trust, investment company, or corporation and may be a Central Counterparty.

6. "Central Counterparty" ("CCP") means an organization in either Ontario, Canada, or Germany that satisfies both of the following criteria:

    a. A clearing agency operating as a CCP that is, or that has applied to be, recognized or exempted from the requirement to be recognized as a clearing agency under the Laws and Regulations in Ontario, Canada; and

    b. A CCP that is, or that has applied to be, authorized or recognized as a CCP under EMIR or licensed or exempted from licensure as a credit institution or a financial services institution under the Kreditwesengesetz.

7. "Clearing Member" means a member of a CCP that also serves as an intermediary through which market participants access the CCP's services.

8. "Clearing Participant" means a member of a CCP that does not serve as an intermediary, but trades and clears transactions through the CCP solely for its own account, as principal.

9. "Books and Records" means documents, electronic media, and books and records within the possession, custody, and control of, and other information about, a CCP or the CCP's clearing services.

10. "Emergency Situation" means the occurrence of an event that could materially impair the financial or operational condition of a CCP.

11. "Exchange Supervisory Authority" ("ESA") means an authority of one of the Bundesländer (German federal states) that has statutory responsibility under the Börsengesetz over a CCP organized in Germany.

12. "On-Site Visit" means any regulatory visit as described in Article Five to the premises of a CCP for the purposes of ongoing supervision and oversight including the inspection of Books and Records.

13. "Local Authority" means the Authority in whose jurisdiction a CCP that is the subject of an On-Site Visit is physically located.

14. "Visiting Authority" means the Authority conducting an On-Site Visit.

15. "Governmental Entity" means:

    a. If the Requesting Authority is the OSC:

        (i) the Ministry of Finance – Ontario;

        (ii) the Federal Ministry of Finance;

        (iii) the Bank of Canada; and

        (iv) any provincial or territorial securities or derivatives regulatory authority in Canada which, from time to time, is or becomes a party to the Memorandum of Understanding Respecting the Oversight of Clearing Agencies, Trade Repositories and Matching Service Utilities, dated December 3, 2015"as amended or supplemented from time to time;

    b. If the Requesting Authority is the BaFin or Bundesbank, the Bundesministerium der Finanzen (Federal Ministry of Finance).

16. "CPMI-PFMIs" means the Principles for Financial Market Infrastructures published by the Committee on Payments and Market Infrastructures and the Technical Committee of the International Organization of Securities Commissions ("IOSCO"), as amended from time to time.

ARTICLE TWO: GENERAL PROVISIONS

17. This MOU is a statement of intent to consult, cooperate, and exchange information in connection with each of the Authorities' respective functions, responsibilities, oversight, supervision and mandates relating to CCPs. The cooperation and information sharing arrangements under this MOU will be interpreted and implemented in a manner and to the extent that is permitted by, and consistent with, the laws and requirements that govern each Authority. With respect to cooperation pursuant to this MOU, at the date this arrangement is executed, each Authority believes that no domestic secrecy or blocking laws or regulations should prevent it from providing assistance to any other Authority. The Authorities anticipate that cooperation primarily will be achieved through ongoing informal consultations, supplemented as needed by more formal cooperation, including through mutual assistance in obtaining information related to CCPs. The provisions of this MOU are intended to support both informal consultations and formal cooperation, as well as to facilitate the written exchange of non-public information in accordance with applicable laws and apply for both sides equally.

18. This MOU does not create any legally binding obligations, confer any rights, or modify or supersede domestic laws or regulations. This MOU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MOU.

19. This MOU is not intended to limit or condition the discretion of an Authority in any way in the discharge of its regulatory responsibilities or to prejudice the individual responsibilities or autonomy of any Authority. This MOU does not limit an Authority to taking solely those measures described herein in fulfillment of its supervisory functions or preclude Authorities from sharing information or documents with each other with respect to Persons that are not CCPs, but may be subject to Laws and Regulations in Ontario, Canada and in Germany. In particular, this MOU does not affect any right of any Authority to communicate with, conduct an On-Site Visit of (subject to the procedures described in Article Five), or obtain information or documents from any Person subject to its jurisdiction that is physically located in the territory of another Authority.

20. This MOU is intended to complement, but does not alter, the *IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (revised May 2012) ("IOSCO MMOU") to which the OSC and BaFin are signatories, which covers primarily information sharing in the context of enforcement matters.

21. This MOU will not impact any arrangements that have been or may be entered into between the OSC and the European Securities and Markets Authority ("ESMA") with regard to their respective responsibilities in connection with CCPs.

22. To facilitate cooperation under this MOU, the Authorities hereby designate contact persons as set forth in Appendix A, which may be amended from time to time by an Authority transmitting revised contact information in writing to the other Authorities.

ARTICLE THREE: SCOPE OF SUPERVISORY CONSULTATION, COOPERATION, AND EXCHANGE OF INFORMATION

General

23. The Authorities recognize the importance of close communication concerning their supervision of CCPs and intend to consult regularly, as appropriate, regarding:

    a. General supervisory issues, including regulatory, oversight, or other related developments;

    b. Issues relevant to the operations, activities, and regulation of CCPs; and

    c. Any other areas of mutual supervisory interest.

24. The Authorities recognize in particular the importance of close cooperation in the event that a CCP experiences, or is threatened by, a potential financial crisis or other Emergency Situation.

25. Cooperation will be most useful in, but is not limited to, the following circumstances where issues of common regulatory concern may arise:

    a. The initial application for registration, authorization, licensure, designation, recognition, qualification, or exemption therefrom, by a CCP that is registered, authorized, licensed, designated, recognized, qualified or exempted therefrom, in the other jurisdiction;

    b. The ongoing supervision and oversight of a CCP including, for example, compliance with applicable statutory and regulatory requirements in either jurisdiction or with international standards, including the CPMI-PFMIs; and

    c. Regulatory or supervisory actions or approvals taken by an Authority in relation to a CCP that may impact the operations of the entity in the jurisdiction of the other Authority or Authorities.

Event-Triggered Notification

26. As appropriate in the particular circumstances, the OSC and each German Authority endeavors to inform, respectively, the German Authorities or the OSC promptly, and where practicable in advance, of:

    a. Pending regulatory and/or legislative changes that may have a significant impact on the operations, activities, or reputation of a CCP, including those that may affect the rules or procedures of a CCP;

    b. Any material event of which the Authority is aware that could adversely impact the financial or operational stability of a CCP including such events as a default or potential default of a Clearing Member or Clearing Participant; market or settlement bank difficulties that might adversely impact the CCP; failure by a CCP to

satisfy any of its requirements for continued registration, authorization, licensure, designation, qualification or recognition or exemption therefrom, where that failure could have a material adverse effect in the other jurisdiction; and any known adverse material change in the ownership, operating environment, operations, financial resources, management, or systems and controls of a CCP, including such as material cyberattack, breach in security or material system failure;

c. Any material extension of the range of activities and services that a CCP provides with respect to current or new asset classes or current or new European Union trading venues;

d. The status of efforts of which the Authority is aware to address any material event that could adversely impact the financial or operational condition of a CCP, Clearing Member, or Clearing Participant as described in Subparagraph b; and

e. Enforcement actions or sanctions or significant regulatory actions, including the revocation, suspension, or modification of relevant registration, authorization, recognition, designation or licensure, or exemption therefrom, concerning a CCP.

27. The determination of what constitutes “significant impact”, “material event”, “adversely impact”, “difficulties”, “material adverse effect”, “adverse material change”, “material” or “significant regulatory actions” for purposes of Paragraph 26 shall be left to the reasonable discretion of the relevant Authority that determines to notify the other Authority.

28. Paragraphs 26 and 27 shall not preclude the Authorities from entering into any further arrangements relating to notification regarding specific financial or operational issues related to a CCP.

Request-Based Information Sharing

29. To the extent appropriate to supplement informal consultations, upon written request, the Requested Authority intends to provide to the Requesting Authority the fullest possible cooperation subject to the terms in this MOU in assisting the Requesting Authority’s supervision and oversight of a CCP, including assistance in obtaining and interpreting information that is relevant to ensuring compliance with the Laws and Regulations of the Requesting Authority and that is not otherwise available to the Requesting Authority. Such requests shall be made pursuant to Article Four of this MOU, and the Authorities anticipate that such requests will be made in a manner that is consistent with the goal of minimizing administrative burdens.

30. The cooperation covered by Paragraph 29 includes:

a. Information relevant to the financial and operational condition of a CCP including, for example, financial resources, risk management, and internal control procedures;

b. Relevant regulatory information and filings that a CCP is required to submit to an Authority including, for example, interim and annual financial statements and event-specific notices; and

c. Regulatory reports prepared by an Authority including, for example, examination reports, findings, or information contained in such reports regarding CCPs.

Periodic Meetings

31. Representatives of the Authorities intend to meet periodically, as appropriate, to update each other on their respective functions and regulatory oversight programs and to discuss issues of common interest relating to the supervision of CCPs, including but not limited to: contingency planning and crisis management, the adequacy of existing cooperative arrangements, systemic risk concerns, default procedures, and the possible improvement of cooperation and coordination among the Authorities. Such meetings may be conducted by conference call or on a face-to-face basis, as appropriate.

ARTICLE FOUR: EXECUTION OF REQUESTS FOR INFORMATION

32. To the extent possible, a request for information pursuant to Article Three should be made in writing (which may be transmitted electronically), and addressed to the relevant contact person in Appendix A. A request generally should specify the following:

a. The information sought by the Requesting Authority;

b. A general description of the matter that is the subject of the request;

c. The purpose for which the information is sought; and

d. The desired time period for reply and, where appropriate, the urgency thereof.

Information responsive to the request, as well as any subsequent communication among Authorities, may be transmitted electronically. Any electronic transmission should use means that are appropriately secure in light of the confidentiality of the information being transmitted.

33. In an Emergency Situation, the OSC and the relevant German Authority or Authorities will endeavor to notify the other(s) as soon as possible of the Emergency Situation and communicate information as appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During an Emergency Situation, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.

ARTICLE FIVE: ON-SITE VISITS

34. In fulfilling its supervision and oversight responsibilities pursuant to, and to ensure compliance with, Laws and Regulations, an Authority may need to conduct On-Site Visits to a CCP physically located in the jurisdiction of the other Authority(ies). The Authorities will consult and work collaboratively in conducting an On-Site Visit.

35. An On-Site Visit by an Authority will be conducted in accordance with the following procedure:

a. The Visiting Authority will provide reasonable advance notice to the Local Authority of its intent to conduct an On-Site Visit and the intended time frame for, and the purpose and scope of, the On-Site Visit. Other than in exceptional circumstances, the Visiting Authority will notify the Local Authority prior to notifying the CCP.

b. The Local Authority will endeavor to share any relevant reports, or information contained therein, related to examinations it may have undertaken of the CCP.

c. The Authorities will assist each other regarding On-Site Visits, including providing information that the Visiting Authority may request and that is available prior to the On-Site Visit; cooperating and consulting in reviewing, interpreting, and analyzing the contents of public and non-public Books and Records; and obtaining information from directors and senior management of a CCP.

d. The Authorities will consult with each other, and the Local Authority may in its discretion accompany or assist the Visiting Authority during the On-Site Visit, or the Authorities may conduct joint visits where appropriate.

ARTICLE SIX: PERMISSIBLE USES OF INFORMATION

36. The Requesting Authority may use non-public information obtained under this MOU solely for the supervision and oversight of CCPs and seeking to ensure compliance with the Laws and Regulations of the Requesting Authority.

37. The Authorities recognize that, while this MOU is not intended to gather information for enforcement purposes, the Authorities may subsequently want to use the non-public information provided pursuant to this MOU for enforcement purposes. In cases where a Requesting Authority that is a signatory to the IOSCO MMOU seeks to use non-public information obtained pursuant to this MOU for enforcement purposes, including in conducting investigations or bringing administrative, civil or criminal proceedings, treatment of the non-public information will be in accordance with the terms and conditions of the IOSCO MMOU, as amended from time to time. With respect to information shared between the OSC and Bundesbank, Paragraph 38 will apply.

38. Before using non-public information furnished under this MOU for any purpose other than those stated in Paragraph 36 and Paragraph 37, the Requesting Authority must first consult with and obtain the written consent of the Requested Authority for the intended use. If consent is denied by the Requested Authority, the Requesting and Requested Authorities will discuss the reasons for withholding approval and the circumstances, if any, under which the intended use by the Requesting Authority might be allowed.

39. The restrictions in this Article do not apply to an Authority's use of information it obtains directly from a CCP, whether during an On-Site Visit or otherwise. However, where non-public information is provided to the Requesting Authority pursuant to an information-sharing request pursuant to Article Four of this MOU, the restrictions in this MOU apply to the use of the information by that Requesting Authority.

ARTICLE SEVEN: CONFIDENTIALITY OF INFORMATION AND ONWARD SHARING

40. Except as provided in Paragraphs 41-46, each Authority will keep confidential, to the extent permitted by law, non-public information shared under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising under this MOU.

41. Each German Authority may share non-public information obtained from the OSC under this MOU with the other German Authority so long as that other German Authority uses and treats the information in accordance with the terms of this MOU.

42. In cases where the BaFin seeks to share non-public information obtained from the OSC pursuant to this MOU with an ESA, prior to sharing such information, the BaFin shall:

    a. Consult with the OSC and work with the ESA to establish a written arrangement for sharing non-public information;

    b. Provide the OSC with adequate assurances that:

        i. The sharing of the non-public information between the BaFin and the ESA is required pursuant to Article 8, Paragraph 1 of the Börsengesetz and Article 6, Paragraph 2 of the Wertpapier-handelsgesetz;

        ii. The information will be used by the ESA for a relevant supervisory purpose;

        iii. The use and confidential treatment of the information will be governed by Article 10 of the Börsengesetz, except that the information may also be used for a relevant supervisory purpose and shall not be shared by the ESA with other parties without getting the prior written consent of the OSC; and

        iv. To the extent possible, the BaFin intends to notify the OSC of any legally enforceable demand to the ESA for non-public information furnished under this MOU and shared with the ESA. Prior to compliance with the demand, the ESA will assert all appropriate legal exemptions or privileges with respect to such information as may be available.

    c. Provide the OSC with prompt notice of any relevant changes to German law or requirements and of any changes that would affect the sharing of non-public information obtained from the OSC pursuant to this MOU in accordance with a written arrangement with an ESA.

43. As required by law, it may become necessary for a Requesting Authority to share non-public information obtained under this MOU with a Governmental Entity. In these circumstances and to the extent permitted by law:

    a. The Requesting Authority will notify the Requested Authority; and

    b. Prior to the Requesting Authority sharing the non-public information, the Requesting Authority will notify the Requested Authority and provide it with adequate assurances concerning the use and confidential treatment of the information by the Governmental Entity, including, as necessary, assurances that:

        i. The Governmental Entity has confirmed that it requires the information for a purpose within the scope of its jurisdiction; and

        ii. The information will not be shared by the Governmental Entity with other parties unless:

            A. The Governmental Entity is required to do so by law; or

            B. The Requested Authority has provided prior written consent.

44. As required by EMIR, it may become necessary for the German Authorities to share non-public information obtained from the OSC under this MOU with the European Banking Authority, European Securities and Markets Authority, or the European Systemic Risk Board or, with regard to the implementation of the Single Supervisory Mechanism in the EU insofar as this is necessary for the German Authorities on the basis of EU law in connection with CCPs, the European Central Bank in its function as banking supervisor (each an “EU Entity”). In these circumstances and to the extent permitted by law:

a. The German Authority will notify the OSC prior to sharing the information and indicate the purpose for which the information will be shared with an EU Entity; and

b. Prior to the German Authority sharing the non-public information, the German Authority will provide adequate assurances to the OSC concerning the EU Entity's use and confidential treatment of the information, including, as necessary, assurances that:

i. The EU Entity has confirmed that it requires the information and will use the information only for a purpose within the scope of its jurisdiction; and

ii. The information will not be shared by the EU Entity with other parties without getting the prior written consent of the OSC.

45. Except as provided in Paragraphs 41, 42, 43, 44 and 46, the Requesting Authority must obtain the prior written consent of the Requested Authority before disclosing non-public information received under this MOU to any non-signatory to this MOU. The Requested Authority will take into account the level of urgency of the request and respond in a timely manner. During an Emergency Situation, consent may be obtained in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification. If consent is denied by the Requested Authority, the Requesting and Requested Authorities will consult to discuss the reasons for withholding approval of such disclosure and the circumstances, if any, under which the intended disclosure by the Requesting Authority might be allowed.

46. To the extent possible, the Requesting Authority intends to notify the Requested Authority of any legally enforceable demand for non-public information furnished under this MOU. When complying with the demand, the Requesting Authority intends to assert all appropriate legal exemptions or privileges with respect to such information as may be available.

47. The Authorities intend that the sharing or the disclosure of non-public information, including deliberative and consultative materials, such as written analysis, opinions, or recommendations relating to non-public information that is prepared by or on behalf of an Authority, pursuant to the terms of this MOU, will not constitute a waiver of privilege or confidentiality of such information.

ARTICLE EIGHT: AMENDMENTS

48. The Authorities intend periodically to review the functioning and effectiveness of the cooperation arrangements between the OSC and the BaFin and the Bundesbank with a view, *inter alia*, to expanding or altering the scope or operation of this MOU should that be judged necessary. This MOU may be amended with the written consent of all of the Authorities referred to in Paragraph 1.

ARTICLE NINE: EXECUTION OF MOU

49. Cooperation in accordance with this MOU will become effective on the date determined in accordance with the OSA, following the date this MOU is signed by all of the Authorities.

ARTICLE TEN: SUCCESSORS

50. Where the relevant functions of a signatory to this MOU are transferred or assigned to another authority or authorities, the terms of this MOU shall apply to the successor authority or authorities performing those relevant functions without the need for any further amendment to this MOU or for the successor to become a signatory to the MOU. This will not affect the right of any Authority to terminate the MOU as provided hereunder. The Authorities shall work to ensure a seamless transition to any successor into the MOU, including the continued handling of outstanding matters.

51. Where regulatory functions have been assigned to another authority or authorities under paragraph 50, the successor authority may use non-public information previously obtained under this MOU if the successor authority uses and treats the information in accordance with the terms of this MOU.

ARTICLE ELEVEN: TERMINATION

52. Cooperation in accordance with this MOU will continue until the expiration of 30 days after any Authority gives written notice to the other Authorities of its intention to terminate the MOU. If an Authority gives notice of termination, the relevant parties will consult concerning the disposition of any pending requests. If an agreement cannot be reached through consultation, cooperation will continue with respect to all requests for assistance that were made under this MOU before the expiration of the 30-day period until all such requests are fulfilled or the Requesting Authority

withdraws such request(s) for assistance. In the event of termination of this MOU, information obtained under this MOU will continue to be treated in the manner described under Articles Six and Seven.

53. If a German Authority terminates the MOU in accordance with this Article, the MOU shall remain effective between the OSC and the remaining German Authority.

This MOU is executed in triplicate, this 26th day of February 2018.

"Maureen Jensen"
Maureen Jensen
Chair and Chief Executive Officer
Ontario Securities Commission

"Elisabeth Roegele"
Elisabeth Roegele
Chief Executive Director
Bundesanstalt für Finanzdienstleistungsaufsicht

"Andreas Dombret"
Andreas Dombret
Member of the Executive Board
Deutsche Bundesbank

"Erich Loeper"
Erich Loeper
Head of Banking and Financial Supervision Department
Deutsche Bundesbank

APPENDIX A

CONTACT PERSONS

In addition to the following contact information, the OSC, BaFin, and Bundesbank will exchange confidential emergency contact telephone information.

OSC

Director, Office of Domestic and International Affairs
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto ON
M5H 3S8
Phone: (416) 593-8131
Email: mourequest@osc.gov.on.ca

Manager, Market Regulation
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto ON
M5H 3S8
Phone: (416) 593-3676
Email: marketregulation@osc.gov.on.ca

BaFin

Thomas Schmitz-Lippert
Executive Director, Department IFR (International Policy, Financial Stability and Regulation)
Bundesanstalt für Finanzdienstleistungsaufsicht
GraurheindorferStraße 108
53117 Bonn, Germany
Phone: +49 228 4108 1639
Email: thomas.schmitz-lippert@bafin.de

Susanne Bergsträsser
Executive Director, Department WA 2 / Asset Management
Bundesanstalt für Finanzdienstleistungsaufsicht
Marie-Curie-Straße 24-28
D – 60439 Frankfurt/Main
Phone: +49 228 4108 3128
Fax: +49 228 4108 63497
Email: susanne.bergstraesser@bafin.de

Bundesbank

Christian Denk
Head of Banking Law and International Banking Supervision Division
Deutsche Bundesbank
Postfach 10 06 02
D – 60006 Frankfurt am Main, Germany
Phone: +49 69 9566 2155
Email: christian.denk@bundesbank.de

Johannes Kaiser
Head of Section Oversight of Payments and Financial Market Infrastructures
Deutsche Bundesbank
Postfach 10 06 02
D – 60006 Frankfurt am Main, Germany
Phone: +49 69 9566 6607
Email: johannes.kaiser@bundesbank.de

Christian Weiss
Deputy Head of Section Financial Markets Infrastructures, Banking and Financial Supervision
Deutsche Bundesbank
Regional Office in Hesse
Postfach 11 12 32
D –60047 Frankfurt am Main, Germany
Phone: +49 69 2388 1240
Email: christian.weiss1@bundesbank.de

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Majd Kitmitto et al. – ss. 127(1), 127.1

FILE NO.: 2018-9

IN THE MATTER OF
MAJD KITMITTO,
STEVEN VANNATTA,
CHRISTOPHER CANDUSSO AND
CLAUDIO CANDUSSO

NOTICE OF HEARING
Subsection 127(1) and Section 127.1 of the
Securities Act, RSO 1990, c S.5

PROCEEDING TYPE: Enforcement Proceeding

HEARING DATE AND TIME: March 27, 2018 at 10:00 a.m.

LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the orders requested in the Statement of Allegations filed by Staff of the Commission on February 28, 2018.

The hearing set for the date and time indicated above is the first attendance in this proceeding, as described in subsection 5(1) of the Commission's Practice Guideline.

REPRESENTATION

Any party to the proceeding may be represented by a representative at the hearing.

FAILURE TO ATTEND

IF A PARTY DOES NOT ATTEND, THE HEARING MAY PROCEED IN THE PARTY'S ABSENCE AND THE PARTY WILL NOT BE ENTITLED TO ANY FURTHER NOTICE IN THE PROCEEDING.

FRENCH HEARING

This Notice of Hearing is also available in French on request of a party. Participation may be in either French or English. Participants must notify the Secretary's Office in writing as soon as possible if the participant is requesting a proceeding be conducted wholly or partly in French.

AVIS EN FRANÇAIS

L'avis d'audience est disponible en français sur demande d'une partie, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plut tôt si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 28th day of February 2018.

"Grace Knakowski"
Secretary to the Commission

For more information

Please visit www.osc.gov.on.ca or contact the Registrar at registrar@osc.gov.on.ca.

IN THE MATTER OF
MAJD KITMITTO,
STEVEN VANNATTA,
CHRISTOPHER CANDUSSO AND
CLAUDIO CANDUSSO

STATEMENT OF ALLEGATIONS
(Subsection 127(1) and Section 127.1 of the
***Securities Act*, RSO 1990, c S.5)**

A. ORDERS SOUGHT:

1. Staff of the Enforcement Branch ("Enforcement Staff") of the Ontario Securities Commission (the "Commission") request that the Commission make the following orders against:

(i) Majd Kitmitto ("Kitmitto") and Steven Vannatta ("Vannatta"):

(a) pursuant to paragraph 1 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), that Vannatta's registration under Ontario securities law be terminated, or be suspended or restricted for such period as is specified by the Commission, or that terms and conditions be imposed on Vannatta's registration;

(b) pursuant to paragraph 2 of subsection 127(1) of the Act, that trading by each of Kitmitto and Vannatta in any securities or derivatives cease permanently, or for such period as is specified by the Commission;

(c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by each of Kitmitto and Vannatta is prohibited permanently, or for such period as is specified by the Commission;

(d) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to each of Kitmitto and Vannatta permanently, or for such period as is specified by the Commission;

(e) pursuant to paragraph 6 of subsection 127(1) of the Act, that each of Kitmitto and Vannatta be reprimanded;

(f) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that each of Kitmitto and Vannatta resign one or more positions that they hold as a director or officer of any issuer, registrant, or investment fund manager;

(g) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that each of Kitmitto and Vannatta be prohibited from becoming or acting as directors or officers of any issuer, registrant, or investment fund manager, permanently, or for such period as is specified by the Commission;

(h) pursuant to paragraph 8.5 of subsection 127(1) of the Act, that each of Kitmitto and Vannatta be prohibited from becoming or acting as registrants, investment fund managers, or as promoters, permanently, or for such period as is specified by the Commission;

(i) pursuant to paragraph 9 of subsection 127(1) of the Act, that each of Kitmitto and Vannatta pay an administrative penalty of not more than $1 million for each failure by each of them to comply with Ontario securities law;

(j) pursuant to paragraph 10 of subsection 127(1) of the Act, that each of Kitmitto and Vannatta disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law;

(k) pursuant to section 127.1 of the Act, that each of Kitmitto and Vannatta pay the costs of the Commission investigation and the hearing; and

(l) such other order as the Commission considers appropriate in the public interest.

(ii) Christopher Candusso ("Christopher") and Claudio Candusso ("Claudio"):

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, that trading by each of Christopher and Claudio in any securities or derivatives cease permanently, or for such period as is specified by the Commission;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by each of Christopher and Claudio is prohibited permanently, or for such period as is specified by the Commission;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to each of Christopher and Claudio permanently, or for such period as is specified by the Commission;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, that each of Christopher and Claudio be reprimanded;

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that each of Christopher and Claudio resign one or more positions that they hold as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that each of Christopher and Claudio be prohibited from becoming or acting as directors or officers of any issuer, registrant, or investment fund manager, permanently, or for such period as is specified by the Commission;

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, that each of Christopher and Claudio be prohibited from becoming or acting as registrants, investment fund managers, or as promoters, permanently, or for such period as is specified by the Commission;

(h) pursuant to paragraph 9 of subsection 127(1) of the Act, that each of Christopher and Claudio pay an administrative penalty of not more than $1 million for each failure by each of them to comply with Ontario securities law;

(i) pursuant to paragraph 10 of subsection 127(1) of the Act, that each of Christopher and Claudio disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law;

(j) pursuant to section 127.1 of the Act, that each of Christopher and Claudio pay the costs of the Commission investigation and the hearing; and

(k) such other order as the Commission considers appropriate in the public interest.

B. FACTS:

2. Enforcement Staff make the following allegations of fact:

Overview

3. Ontario's securities laws prohibit insider tipping and trading to protect investors and the integrity of the province's capital markets. Anti-tipping and insider trading laws are designed to prevent unscrupulous insiders, and their family and friends, from gaining an unfair advantage because they have privileged access to valuable information. This case involves the very sort of misuse of inside information which the Act is designed to prevent.

4. The respondents in this case carried out illegal insider tipping and trading during the period April 25, 2014 to June 12, 2014 (the "Relevant Period").

5. Kitmitto, a senior analyst at Aston Hill Asset Management Inc. ("AHAMI"), disseminated material, non-public information about Amaya Gaming Group Inc. ("Amaya") to his officemate and friend, Vannatta, and to his roommate and friend, Christopher. Each of Vannatta and Christopher then traded in Amaya securities, and passed on the information to their relatives, including, in Christopher's case, his father Claudio.

6. Vannatta was a portfolio manager at AHAMI and is registered with the Commission. As a registrant, Vannatta has a duty to adhere to high standards of conduct. Vannatta failed to discharge this duty, not only by trading on material, non-public information, and tipping his relatives, but also by concealing his activities from his employer, and misleading Enforcement Staff.

The Respondents

7. Kitmitto is a resident of Toronto, Ontario. During the Relevant Period, Kitmitto was a senior analyst at AHAMI who, among other things, covered securities in the technology and gaming sectors. Kitmitto was an access person ("Access Person") at AHAMI. The Personal Trading Policy of AHAMI's parent company, Aston Hill Financial Inc. ("AHF"), defined

an Access Person as an employee "… deemed to have regular access to non-public information regarding transactions and compositions of funds managed by AHF or one of its affiliates." Kitmitto has never been registered with the Commission in any capacity.

8. Vannatta is a resident of Toronto, Ontario. During the Relevant Period, Vannatta was a portfolio manager at AHAMI who managed the Aston Hill Global Resource & Infrastructure Fund. Vannatta was also an Access Person at AHAMI. During the Relevant Period, Vannatta was registered with the Commission as an Advising Representative, Portfolio Manager, Investment Fund Manager and Exempt Market Dealer. Vannatta is currently registered in the same capacity with another employer.

9. Vannatta shared an office at AHAMI with his friend and colleague, Kitmitto, during the Relevant Period. Vannatta knew that Kitmitto covered technology securities, including Amaya.

10. Christopher is a resident of Toronto, Ontario. During the Relevant Period, he owned a women's skincare business. He has never been registered with the Commission.

11. Kitmitto and Christopher have been friends since 2004, when they met as students at Wilfred Laurier University. Later, during the Relevant Period, they were roommates and friends who lived together in a condominium owned by Claudio. Christopher knew that Kitmitto was an analyst at AHAMI who covered the gaming sector, including Amaya.

12. Claudio is Christopher's father and a resident of Toronto, Ontario. During the Relevant Period, Claudio practiced dentistry in Sudbury, Ontario. Claudio and Christopher had a close relationship and were in regular contact. Claudio and Kitmitto were friends, and Claudio knew that Kitmitto worked at Aston Hill. Claudio has never been registered with the Commission.

Kitmitto Learns Material, Non-Public Information about Amaya

13. In 2014:

    (a) AHAMI was a wholly-owned subsidiary of AHF. According to AHF's Annual Information Form for the year ended December 31, 2014:

        i. AHF (through its subsidiaries) was engaged in the management, marketing, distribution and administration of mutual funds, closed-end funds, private equity funds, hedge funds and segregated institutional funds; and

        ii. AHAMI was a Toronto-based registered investment fund manager specializing in the development, sales and management of closed-end investment funds, open-end funds and hedge funds;

    (b) AHF was a reporting issuer in Ontario with its securities publicly traded on the Toronto Stock Exchange (the "TSX") under the symbol AHF;

    (c) Amaya was an entertainment solutions provider for the regulated gaming industry and a reporting issuer in Ontario. Its securities traded on the TSX under the symbol AYA. In April 2014, Amaya had a market capitalization of approximately $600 million; and

    (d) Canaccord Genuity Group Inc. ("Canaccord") was a Toronto-based financial services firm providing financial advice to Amaya.

14. Beginning on or about April 25, 2014, Kitmitto learned material, non-public information about Amaya. On or about April 25, 2014, Kitmitto was contacted by a representative of Canaccord, who wanted to set up a meeting to explore whether AHAMI would participate in a proposed strategic transaction involving Amaya. Kitmitto also learned that in order to become involved, AHAMI would, as a first step, have to sign a non-disclosure agreement ("NDA") because the proposed transaction was confidential.

15. On or about April 28, 2014, Canaccord provided Kitmitto with an NDA. On or about April 29, 2014, Kitmitto signed the NDA, and attended a meeting with representatives of Amaya and Canaccord, where he learned that the proposed strategic transaction involved Amaya acquiring all of the issued and outstanding shares of Oldford Group Limited ("Oldford Group"), the parent company of the owner and operator of the PokerStars and Full Tilt Poker brands, in a transaction valued at over US$4 billion.

16. Following the April 29, 2014 meeting, Amaya was placed on AHAMI's restricted trading list. As a result, all AHAMI Access Persons and funds, including Kitmitto and Vannatta, were restricted from trading Amaya securities.

17. Amaya's acquisition of the Oldford Group was publicly announced on June 12, 2014 at 9:00 p.m. (the "Announcement").

Kitmitto Tipped His Friend, Colleague and Officemate Vannatta

18. Kitmitto and Vannatta shared an office at AHAMI. Beginning on or about April 25, 2014, while in a special relationship with Amaya pursuant to subsection 76(5)(b) of the Act, Kitmitto informed his officemate, Vannatta, of material, non-public information about Amaya. Pursuant to subsection 76(5)(e) of the Act, Vannatta became a person in a special relationship with Amaya.

19. Vannatta had never purchased Amaya securities before April 29, 2014. Vannatta purchased Amaya securities, contrary to 76(1) of the Act as follows:

    (a) On April 29, 2014, Vannatta purchased 1,750 securities of Amaya for approximately $12,000 in his Scotia iTRADE RRSP account ("Scotia RRSP Account");

    (b) On May 6, 2014, Vannatta used $5,000 from his line of credit to fund his purchase of 2,043 securities of Amaya for approximately $16,650 in his Scotia iTRADE TFSA account ("Scotia TFSA Account"); and

    (c) On May 14, 2014, Vannatta used his line of credit to purchase 410 securities of Amaya for approximately $3,000 in his Scotia iTRADE regular account ("Scotia Regular Account").

20. Vannatta sold his Amaya securities after the Announcement, and realized a profit of $96,136 (a 304% return).

Vannatta Concealed His Trading In Amaya

(a) AHF's Personal Trading Policy

21. Vannatta failed to pre-clear his April 29, May 6 and May 14, 2014 trades in Amaya with AHAMI's Chief Compliance Officer ("CCO"), contrary to AHF's Personal Trading Policy. Vannatta also failed to submit any of his brokerage account statements for his three Scotia accounts on a monthly or quarterly basis to AHAMI's CCO, contrary to AHF's Personal Trading Policy.

(b) AHAMI's Internal Review

22. In June 2014, AHAMI conducted an internal review of trading in Amaya securities by its employees and funds. As part of this review, AHAMI's CCO asked AHAMI Access Persons to submit all of their brokerage statements for April and May 2014, including in respect of any accounts in which they had a beneficial ownership. In response to the CCO's request, Vannatta did the following:

    (a) He failed to provide brokerage statements for his Scotia RRSP, Scotia TFSA or Scotia Regular Accounts to AHAMI's CCO, advising that such brokerage statements were not available;

    (b) Instead, on June 26, 2014, Vannatta provided transaction histories for his Scotia RRSP and Scotia TFSA Accounts, which purportedly covered the period of March 25, 2014 to June 25, 2014. However, Vannatta had manipulated the transaction histories to show only trading for the 45 day period prior to June 26, 2014;

    (c) As such, the transaction histories for Vannatta's Scotia RRSP and TFSA Accounts only showed trading for the period of May 13 to June 25, 2014. Vannatta thereby concealed his April 29, 2014 purchase of Amaya securities in his Scotia RRSP Account, and his May 6, 2014 purchase of Amaya securities in his Scotia TFSA Account; and

    (d) Vannatta failed to provide any transaction histories for his Scotia Regular Account to AHAMI's CCO. Vannatta had purchased Amaya securities in his Scotia Regular Account on May 14, 2014.

(c) Certificate

23. In July 2014, AHAMI's CCO asked all Access Persons to execute a certificate listing all of their brokerage and trading accounts in which they had a direct or indirect interest, or over which they exercised control or direction, during the months of April, May and June 2014. Access Persons were also asked to certify that the list was complete and accurate.

24. On or about July 14, 2014, Vannatta signed and submitted a false and incomplete certificate to AHAMI's CCO. Vannatta listed his Scotia RRSP and TFSA Accounts, but made no mention of his Scotia Regular Account on the certificate.

25. By concealing his unlawful trading in Amaya from his employer, Vannatta acted contrary to the public interest.

Vannatta's Misleading Statements to Enforcement Staff

26. Vannatta was interviewed under oath by Enforcement Staff on October 19, 2016 and August 16, 2017, pursuant to subsection 13(1) of the Act. In the course of these examinations, Vannatta misled Enforcement Staff by:

    (a) claiming that he did not know that he had traded in Amaya on May 14, 2014;

    (b) claiming that he had pre-cleared his April 29, May 6 and May 14, 2014 trades in Amaya with AHAMI's CCO;

    (c) claiming that he submitted brokerage statements for each of his Scotia RRSP, TFSA and Regular Accounts to AHAMI'S CCO for the period of April to June 2014;

    (d) claiming that he did not intentionally select a 45 day range on the transaction histories for his Scotia RRSP and Scotia TFSA Accounts that he provided to AHAMI's CCO; and

    (e) claiming that he had provided AHAMI's CCO with a transaction history for his Scotia Regular Account for April and May 2014.

27. Vannatta thereby breached subsection 122(1)(a) of the Act, because he made statements that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

Vannatta Tipped His Family Members

28. In addition, beginning on or about April 30, 2014, Vannatta informed members of his family in Alberta of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Between April 30 and June 10, 2014, four of Vannatta's relatives purchased a total of 14,883 Amaya securities. Vannatta's relatives sold all of their Amaya securities after the Announcement, and realized profits of approximately $195,000 (a 140% return).

Kitmitto Tipped His Friend and Roommate Christopher

29. On or before May 8, 2014, Kitmitto informed his friend and roommate, Christopher of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Pursuant to subsection 76(5)(e) of the Act, Christopher became a person in a special relationship with Amaya.

30. Christopher had never purchased Amaya securities before May 8, 2014, and had not done any trading in the two year period prior to that date. On May 8, 2014, Christopher bought approximately $5,400 worth of Amaya securities, contrary to subsection 76(1) of the Act. Christopher used $5,000 from a line of credit to fund the purchase. The line of credit was jointly held by Christopher and his father, Claudio.

31. On May 21, 2014, Christopher purchased another approximately $5,400 worth of Amaya securities, contrary to subsection 76(1) of the Act.

32. Christopher sold all of his Amaya securities on September 9, 2014 (after the Announcement) and realized a profit of $30,782 (a 285% return).

Christopher's Misleading Statements to Enforcement Staff

33. Christopher was interviewed under oath by Enforcement Staff on September 8, 2016, pursuant to subsection 13(1) of the Act. In the course of this examination, Christopher misled Enforcement Staff by:

    (a) denying that he had a line of credit, when in fact he held a line of credit jointly with his father, Claudio; and

    (b) falsely stating that he used a dividend from his father's professional corporation to fund his May 8, 2014 purchase of Amaya securities, when in fact he used his and his father's joint line of credit for that purchase, and then later received a dividend of $5,000 which he used to repay his line of credit.

34. Christopher thereby breached subsection 122(1)(a) of the Act because he made statements that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

Christopher Tipped His Father and Landlord Claudio

35. On or before May 16, 2014, Christopher informed his father, Claudio, of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Pursuant to subsection 76(5)(e) of the Act, Claudio became a person in a special relationship with Amaya.

36. Claudio had never purchased Amaya securities before May 16, 2014, and had not done any trading in the two year period prior to that date. On May 16, 2014, Claudio bought approximately $10,000 worth of Amaya securities, contrary to subsection 76(1) of the Act.

37. Claudio sold all of his Amaya securities on the same day as his son, Christopher, sold his Amaya securities. Claudio sold his Amaya securities on September 9, 2014 (after the Announcement) and realized a profit of $31,956 (a 325% return).

C. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST:

38. Enforcement Staff alleges the following breaches of Ontario securities law and conduct contrary to the public interest:

    (a) Kitmitto, Vannatta and Christopher, while in a special relationship with Amaya, informed other persons of material facts with respect to Amaya, before the information was generally disclosed, contrary to subsection 76(2) of the Act and contrary to the public interest;

    (b) Vannatta, Christopher and Claudio, while in a special relationship with Amaya, traded securities of Amaya with knowledge of material facts before the information was generally disclosed, contrary to subsection 76(1) of the Act and contrary to the public interest;

    (c) Vannatta engaged in conduct contrary to the public interest by concealing his trading in Amaya securities from his employer, AHAMI; and

    (d) Vannatta and Christopher made misleading statements to Enforcement Staff on material matters and/or omitted facts required to make the statements not misleading, contrary to subsection 122(1)(a) of the Act and contrary to the public interest.

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

DATED this 28th day of February, 2018.

1.5 Notices from the Office of the Secretary

1.5.1 Majd Kitmitto et al.

FOR IMMEDIATE RELEASE
February 28, 2018

MAJD KITMITTO,
STEVEN VANNATTA,
CHRISTOPHER CANDUSSO AND
CLAUDIO CANDUSSO,
File No. 2018-9

TORONTO – The Office of the Secretary issued a Notice of Hearing on February 28, 2018 setting the matter down to be heard on March 27, 2018 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated February 28, 2018 and Statement of Allegations dated February 28, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.2 Dennis L. Meharchand and Valt.X Holdings Inc.

FOR IMMEDIATE RELEASE
February 28, 2018

DENNIS L. MEHARCHAND and
VALT.X HOLDINGS INC.

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated February 28, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.3 Miles S. Nadal

FOR IMMEDIATE RELEASE
March 1, 2018

MILES S. NADAL,
File No. 2017-77

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

A copy of the Order and the Reasons for Decision dated February 28, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.4 Quadrexx Hedge Capital Management Ltd. et al.

FOR IMMEDIATE RELEASE
March 2, 2018

QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY AND
TONY SANFELICE

TORONTO – The Commission issued an Order in the above noted matter.

A copy of the Order dated March 2, 2018 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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Brookfield Renewable Partners L.P.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer requires relief from the requirement in Part 8 of National Instrument 51-102 Continuous Disclosure Obligations to file a business acquisition report – Acquisition is insignificant applying the asset and investment tests – Applying the profit or loss test produces an anomalous result because the significance of the acquisition under this test is disproportionate to its significance on an objective basis in comparison to the results of the other significance tests and from a practical, commercial and financial perspective – Issuer has provided additional measures that demonstrate the insignificance of the acquisition to the issuer and that are generally consistent with the results when applying the asset and investment tests.

Applicable Legislative Provisions

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.3, 13.1.

Applicable Decisions

In the Matter of Brookfield Renewable Partners L.P., dated December 15, 2017, (2017), 40 OSCB 10096

February 23, 2018

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

AND

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

AND

IN THE MATTER OF
BROOKFIELD RENEWABLE PARTNERS L.P.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in the Jurisdiction (the **Decision Maker**) has received an application (the Application) from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdiction (the **Legislation**) for relief from the requirement under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) to file a business acquisition report (a **BAR**) in connection with the acquisition of TerraForm Global Inc. (**TerraForm Global**) on December 28, 2017 by the Filer and its institutional partners (the **TerraForm Global Acquisition)**.

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is an exempted limited partnership existing under the laws of Bermuda. The Filer was established on June 27, 2011 under the provisions of the *Exempted Partnerships Act 1992* of Bermuda and the *Limited Partnership Act 1883* of Bermuda. The Filer's head and registered office is located at 73 Front Street, 5th Floor, Hamilton, HM 12, Bermuda.

2. The Filer is a reporting issuer (or the equivalent thereof) under the securities legislation of each of the provinces and territories of Canada. The Filer is not in default of securities legislation in any jurisdiction of Canada.

The TerraForm Transactions

3. On October 16, 2017, the Filer and its institutional partners completed their previously announced investment in TerraForm Power Inc. (**TerraForm Power**), pursuant to which the Filer acquired an approximate 13.5% incremental proportionate interest in TerraForm Power (the **TerraForm Power Investment**). After giving effect to the TerraForm Power Investment and the Filer's existing investment in TerraForm Power, the Filer and its institutional partners collectively hold an approximate 51% interest in TerraForm Power and the Filer's proportionate interest is approximately 16%. On December 15, 2017, the Filer received relief from the Decision Maker from the requirement under Part 8 of NI 51-102 to file a BAR in connection with the TerraForm Power Investment.

4. On December 28, 2017, the Filer and its institutional partners completed the TerraForm Global Acquisition. After giving effect to the TerraForm Global Acquisition, the Filer and its institutional partners hold 100% of TerraForm Global and the Filer's proportionate interest is approximately 30.7%.

Application of the Significance Tests

5. Under Part 8 of NI 51-102, the Filer is required to file a BAR for any completed business acquisition that is determined to be significant based on the acquisition satisfying any of the three significance tests set out in section 8.3(2) of NI 51-102.

6. Under section 8.3(12) of NI 51-102, the Filer is required to evaluate the significance of the TerraForm Global Acquisition and the TerraForm Power Investment (collectively, the **TerraForm Transactions**) on a combined basis, as TerraForm Global and TerraForm Power were formerly under the common control of SunEdison Inc.

7. The TerraForm Transactions are not a significant acquisition under the asset test in section 8.3(2)(a) of NI 51-102 as the Filer's incremental proportionate share of the consolidated assets of TerraForm Power and TerraForm Global as at December 31, 2016 represented only approximately 6.5% of the Filer's total assets as at December 31, 2016.

8. The TerraForm Transactions are not a significant acquisition under the investment test in section 8.3(2)(b) of NI 51-102 as the Filer's completed investments in and advances to TerraForm Power and TerraForm Global pursuant to the TerraForm Power Investment and TerraForm Global Acquisition represented only approximately 3.5% of the Filer's total assets as at December 31, 2016.

9. The TerraForm Transactions would, however, be a significant acquisition under the profit or loss test in section 8.3(2)(c) of NI 51-102 as the Filer's incremental proportionate share of the consolidated specified profit or loss of TerraForm Power and TerraForm Global for the twelve months ended December 31, 2016 represented approximately 38.9% of the consolidated specified profit or loss of the Filer for the twelve months ended December 31, 2016.

10. The application of the profit or loss test leads to an anomalous result in that the significance of the TerraForm Transactions is exaggerated out of proportion to their significance on an objective basis and in comparison to the results of the asset test and the investment test.

11. For the purposes of completing its quantitative analysis of the asset test, investment test and profit or loss test, the Filer utilized financial statements of TerraForm Power and TerraForm Global which were prepared in accordance with U.S. generally accepted accounting principles and the Filer's financial statements which were prepared in accordance with International Financial Reporting Standards (**IFRS**). The differences between U.S. generally accepted accounting principles and IFRS would not be significant to the quantitative analysis presented in the Application.

The Significance of the TerraForm Transactions from a Practical, Commercial and Financial Perspective

12. The Filer does not believe (nor did it at the time that it completed the TerraForm Transactions) that the TerraForm Transactions are significant to it from a practical, commercial and financial perspective.

13. The Filer has provided the principal regulator with additional operating measures that demonstrate the non-significance of the TerraForm Transactions to the Filer. These operating measures compared generation (in GWh), generation capacity (in MW), generation capacity (in MW in North America only) and generation capacity (in MW in Brazil only) of the Filer's incremental proportionate interest in TerraForm Power and TerraForm Global to that of the Filer, and the results of those measures are generally consistent with the results of the asset test and the investment test.

14. The Filer is of the view that the asset test, the investment test and these alternative operating metrics much more closely reflect the actual significance of the TerraForm Transactions to the Filer from a practical, commercial and financial perspective.

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 Exemption Sought is granted.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Potash Corporation of Saskatchewan Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer not required to send an information circular as it is a wholly-owned subsidiary – issuer required to include certain prescribed executive compensation disclosure in its annual information form – issuer granted relief from requirement to include certain prescribed executive compensation disclosure in its annual information form as such relevant information will be included in the information circular of the sole shareholder of the issuer – issuer granted relief from requirement to disclose certain prescribed executive compensation disclosure where such disclosure has not been included in an information circular or annual information form as such information will be included in the information circular of the sole shareholder of the issuer.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 11.6(1), 13.1.
Form 51-102F2 Annual Information Form, Item 18.1.

February 22, 2018

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

AND

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

AND

IN THE MATTER OF
POTASH CORPORATION OF SASKATCHEWAN INC.,
AGRIUM INC. AND
NUTRIEN LTD.

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from Potash Corporation of Saskatchewan Inc. (the **Filer**) for a decision under the securities legislation of the Jurisdictions (the Legislation), granting the Filer an exemption from:

(a) the requirement under Item 18.1 of Form 51-102F2 *Annual Information Form* (**Form 51-102F2**) of the Legislation that the Filer's 2017 AIF (as defined below) disclose the information required under Item 8 of Form 51-102F5 *Information*

Circular (**Form 51-102F5**) and Form 51-102F6 *Statement of Executive Compensation* (**Form 51-102F6**) of the Legislation, where an issuer is not required to send a Form 51-102F5 to any of its securityholders; and

(b) to provide the disclosure required under subsection 11.6(1) of NI 51-102 in respect of the year ended December 31, 2017 where an issuer is not required to send a Form 51-102F5 to any of its securityholders and does not file an AIF (as defined below), that includes the compensation disclosure required by Item 18 of Form 51-102F2

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

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

(a) the Securities Division – Financial and Consumer Affairs Authority of Saskatchewan is the principal regulator for this application;

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Alberta, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; and

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

Interpretation

Terms defined in the Saskatchewan Act and accompanying Regulations, the *Securities Act* (Ontario) and accompanying Regulations, National Instrument 14-101 *Definitions*, NI 51-102 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 Filer:

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the CBCA) and its head office is located in Saskatoon, Saskatchewan;

2. The Filer is a reporting issuer in each province of Canada and is not in default of its obligations under the securities laws of any jurisdiction in Canada;

3. On September 11, 2016, the Filer and Agrium Inc. a company with its head office in Alberta and governed by the CBCA (**Agrium**), entered into an Arrangement Agreement, pursuant to which the Filer and Agrium agreed to combine their businesses by way of a statutory arrangement (the **Arrangement**) under section 192 of the CBCA;

4. The Arrangement, which was completed effective January 1, 2018, resulted in the acquisition of all of the issued and outstanding common shares of the Filer (**PotashCorp Shares**) and all of the issued and outstanding common shares of Agrium (**Agrium Shares**) by Nutrien Ltd. (**Nutrien**), a new CBCA corporation specifically formed for such purpose;

5. Under the Arrangement, the holders of PotashCorp Shares received 0.40 common shares of Nutrien (**Nutrien Shares**) for each PotashCorp Share and the holders of Agrium Shares received 2.23 common shares of Nutrien for each Agrium Share;

6. Nutrien is a reporting issuer in each of the provinces of Canada and is not in default of its obligations under the securities laws of any jurisdiction of Canada;

7. As a result of completing the Arrangement, the Filer and Agrium became indirect, wholly-owned subsidiaries of Nutrien, which will continue the operations of the Filer and Agrium on a combined basis;

8. All of the Filer's outstanding senior notes (**PotashCorp Notes**) and all of Agrium's outstanding senior notes (**Agrium Notes**) remain outstanding. Neither the PotashCorp Notes nor the Agrium Notes are listed for trading on any exchange;

9. Each of the Filer and Agrium will remain reporting issuers in each of the Jurisdictions until an application is made by each to cease reporting in Canada;

10. In the United States, neither the Filer or Agrium have any statutory reporting obligations with the exception of certain post-closing filings in respect of financial year ended 2017; however, the Filer and Agrium continue to report in the United States as a "foreign private issuer" pursuant to the applicable covenants in the indentures governing the PotashCorp Notes and Agrium Notes;

11. On January 2, 2018, the PotashCorp Shares and the Agrium Shares were delisted from trading on the Toronto Stock Exchange (**TSX**) and were subsequently delisted from the New York Stock Exchange (**NYSE**). On January 2, 2018 the Nutrien Shares were listed and posted for trading

on the TSX and the NYSE under the symbol "NTR";

12. Due to the effective date of the Arrangement being January 1, 2018, each of the Filer and Agrium was a reporting issuer, but not a "venture issuer" (as defined in NI 51-102), in each province of Canada as of December 31, 2017. Accordingly, each is required to file an annual information form prepared in accordance with NI 51-102 and Form 51-102F2 thereunder (an **AIF**) for the year end December 31, 2017 (each, a **Filer 2017 AIF** and, collectively, the **Filer 2017 AIFs**);

13. Item 18.1 of Form 51-102F2 requires reporting issuers that are not required to send an information circular in accordance with NI 51-102 and Form 51-102F5 (an **Information Circular**) to any of their securityholders to disclose in their AIF, in addition to other disclosure, the information required under Item 8 of Form 51-102F5, being the executive compensation disclosure required by Form 51-102F6 (the **CD&A Disclosure**);

14. As Nutrien owns, indirectly, all of the issued and outstanding PotashCorp Shares and Agrium Shares, neither the Filer nor Agrium will be required to prepare and send an Information Circular. Accordingly, absent the Decision Maker granting the Exemption Sought, pursuant to Item 18.1 of Form 51-102F2, the Filer is required to include in the CD&A Disclosure in its Filer 2017 AIF;

15. Subsection 11.6(1) of NI 51-102 requires reporting issuers that are not required to send to their security holders an Information Circular that includes the disclosure required under Item 8 of Form 51-102F5, being the executive compensation disclosure required by Form 51-102F6, and that do not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2, to disclose and file a document that contains the information in paragraphs (a) and (b) of subsection 11.6(1) of NI 51-102 for the periods set out in, and in accordance with, Form 51-102F6;

16. The Filer expects Nutrien to hold the next meeting of shareholders of Nutrien (the **Nutrien Meeting**) prior to September 30, 2018 and that Nutrien will, in connection therewith, prepare and send to the shareholders of Nutrien an Information Circular (the **Nutrien Circular**), which will include, in addition to other disclosure, the following disclosure in respect of the CD&A Disclosure for Nutrien (the **Nutrien CD&A Disclosure**):

    (a) disclosure required under Items 2.1, 2.2, 2.3 and 2.4 of Form 51-102F6 regarding Nutrien's compensation discussion and analysis, its incentive plans and its compensation governance;

    (b) disclosure required under Items 3, 4, 5 and 6 of Form 51-102F6 in respect of Nutrien's five NEOs who will be determined in accordance with Items 1.2 and 1.3(6) based on the compensation awarded to, earned by or paid or payable to such individuals for the year ended December 31, 2017 by the Filer and Agrium; and

    (c) disclosure required under Item 7 of Form 51-102F6 for each of Nutrien's directors;

Decision

Each of the Decision Makers 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 Makers under the Legislation is that the Exemption Sought is granted provided that:

(a) Nutrien includes the Nutrien CD&A Disclosure in the Nutrien Circular in connection with the Nutrien Meeting and the Filer, so long as Nutrien is a reporting issuer, files the Nutrien CD&A Disclosure promptly following the filing of the Nutrien Circular;

(b) the Filer includes in the Filer 2017 AIF a notice that the Nutrien Circular will include the Nutrien CD&A Disclosure; and

(c) the Nutrien Meeting is held prior to September 30, 2018.

"Dean Murrison"
Director, Securities Division
Financial and Consumer Affairs
Authority of Saskatchewan

2.1.3 Agrium Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer not required to send an information circular as it is a wholly-owned subsidiary – issuer required to include certain prescribed executive compensation disclosure in its annual information form – issuer granted relief from requirement to include certain prescribed executive compensation disclosure in its annual information form as such relevant information will be included in the information circular of the sole shareholder of the issuer – issuer granted relief from requirement to disclose certain prescribed executive compensation disclosure where such disclosure has not been included in an information circular or annual information form as such information will be included in the information circular of the sole shareholder of the issuer.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 11.6(1), 13.1.
Form 51-102F2 Annual Information Form, Item 18.1.

Citation: *Re Agrium Inc.*, 2018 ABASC 33

February 22, 2018

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

AND

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

AND

IN THE MATTER OF
AGRIUM INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirement: (i) under Item 18.1 of Form 51-102F2 *Annual Information Form* (**Form 51-102F2**) that the Filer's 2017 AIF (as defined below) disclose the information required under Item 8 of Form 51-102F5 *Information Circular* (**Form 51-102F5**) and Form 51-102F6 *Statement of Executive Compensation* (**Form 51-102F6**), where an issuer is not required to send a Form 51-102F5 to any of its securityholders; and (ii) to provide the disclosure required under subsection 11.6(1) of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) in respect of the year ended December 31, 2017 where an issuer is not required to send a Form 51-102F5 to any of its securityholders and does not file an AIF (as defined below), that includes the compensation disclosure required by Item 18 of Form 51-102F2 (collectively, the **Exemption Sought**).

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions* 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 Filer:

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the **CBCA**) and its head office is located in Calgary, Alberta.

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

3. On September 11, 2016, the Filer and PotashCorp Corporation of Saskatchewan Inc. (**PotashCorp**) entered into an Arrangement Agreement, pursuant to which the Filer and PotashCorp agreed to combine their businesses by way of a statutory arrangement (the **Arrangement**) under section 192 of the CBCA.

4. The Arrangement, which was completed effective January 1, 2018, resulted in the acquisition of all of the issued and outstanding common shares of the Filer (**Agrium Shares**) and all of the issued and outstanding common shares of PotashCorp (**PotashCorp Shares**) by Nutrien Ltd. (**Nutrien**). Under the Arrangement, the holders of Agrium

Shares received 2.23 common shares of Nutrien (**Nutrien Shares**) for each Agrium Share and the holders of PotashCorp Shares received 0.40 Nutrien Shares for each PotashCorp Share.

5. As a result of the Arrangement, Agrium and PotashCorp became indirect, wholly-owned subsidiaries of Nutrien, which is continuing the operations of Agrium and PotashCorp on a combined basis.

6. All of the outstanding senior notes of Agrium (**Agrium Notes**) remain outstanding. The Agrium Notes are not listed for trading on any exchange.

7. The Filer will remain a reporting issuer in each province of Canada until an application is made by the Filer to cease reporting in Canada. In the United States, the Filer does not have any statutory reporting obligations with the exception of certain post-closing filings in respect of the financial year ended 2017. The Filer continues to report in the United States as a "foreign private issuer" pursuant to the applicable covenants in the indentures governing the Agrium Notes.

8. On January 2, 2018, the Agrium Shares were delisted from trading on the Toronto Stock Exchange (**TSX**) and were subsequently delisted from the New York Stock Exchange (**NYSE**). On January 2, 2018, the Nutrien Shares were listed and posted for trading on the TSX and the NYSE under the symbol "NTR".

9. Due to the effective date of the Arrangement being January 1, 2018, the Filer was a reporting issuer, but not a "venture issuer" (as defined in NI 51-102), in each province of Canada as of December 31, 2017. Accordingly, the Filer is required to file an annual information form prepared in accordance with NI 51-102 and Form 51-102F2 (an **AIF**) for the year ended December 31, 2017 (the **2017 AIF**).

10. Item 18.1 of Form 51-102F2 requires reporting issuers that are not required to send an information circular in accordance with NI 51-102 and Form 51-102F5 (an **Information Circular**) to any of their securityholders to disclose in their AIF, in addition to other disclosure, the information required under Item 8 of Form 51-102F5, being the executive compensation disclosure required by Form 51-102F6 (the **CD&A Disclosure**).

11. As Nutrien owns, indirectly, all of the issued and outstanding Agrium Shares, the Filer will not be required to prepare and send an Information Circular. Accordingly, absent the Exemption Sought, pursuant to Item 18.1 of Form 51-102F2, the Filer is required to include the CD&A Disclosure in its 2017 AIF.

12. Subsection 11.6(1) of NI 51-102 requires reporting issuers that are not required to send to their security holders an Information Circular that includes the disclosure required under Item 8 of Form 51-102F5, being the executive compensation disclosure required by Form 51-102F6, and that do not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2 to disclose and file a document that contains the information in paragraphs (a) and (b) of subsection 11.6(1) of NI 51-102 for the periods set out in, and in accordance with, Form 51-102F6.

13. The Filer expects that Nutrien will hold the next meeting of shareholders of Nutrien (**Nutrien Meeting**) prior to September 30, 2018 and that Nutrien will, in connection therewith, prepare and send to the shareholders of Nutrien an Information Circular (the **Nutrien Circular**), which will include, in addition to other disclosure, the following disclosure in respect of the CD&A Disclosure for Nutrien (the **Nutrien CD&A Disclosure**):

    (a) disclosure required under Items 2.1, 2.2, 2.3 and 2.4 of Form 51-102F6 regarding Nutrien's compensation discussion and analysis, its incentive plans and its compensation governance;

    (b) disclosure required under Items 3, 4, 5 and 6 of Form 51-102F6 in respect of Nutrien's five NEOs (as defined in Form 51-102F6) who will be determined in accordance with Items 1.2 and 1.3(6) based on the compensation awarded to, earned by or paid or payable to such individuals for the year ended December 31, 2017 by the Filer and PotashCorp; and

    (c) disclosure required under Item 7 of Form 51-102F6 for each of Nutrien's directors.

Decision

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

(a) Nutrien includes the Nutrien CD&A Disclosure in the Nutrien Circular in connection with the Nutrien Meeting and the Filer, so long as it is a reporting issuer, files the Nutrien CD&A Disclosure promptly following the filing of the Nutrien Circular;

(b) the Filer includes in its 2017 AIF a notice that the Nutrien Circular will include the Nutrien CD&A Disclosure; and

(c) the Nutrien Meeting is held prior to September 30, 2018.

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.4 MedReleaf Corp.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by an issuer for a decision that a Management's Discussion & Analysis previously filed and made public on SEDAR be held in confidence for an indefinite period by the Commission, to the extent permitted by law – Documents contain intimate financial, personal and other sensitive information, the disclosure of which would be seriously prejudicial to the interests of the issuer and other persons affected – Issuer to file and make public on SEDAR a revised version of the Management's Discussion & Analysis in which the intimate financial, personal and other sensitive information is omitted – Omitted information would not be material to an investor – Relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 140(1), 140(2).

February 20, 2018

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
MEDRELEAF CORP.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**), being section 140(2) of the *Securities Act* (Ontario) (the **Act**) that the requirement for public inspection of records not apply to the version of the Filer's Management's Discussion and Analysis dated February 12, 2018 (the **Filed MD&A**) that was filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**) on February 13, 2018 and that the Filed MD&A be held in confidence (and therefore not available to the public for inspection) for an indefinite period, to the extent permitted by law (the **Passport Exemption**).

Furthermore, the principal regulator has received a request from the Filer for a decision that the Filer's application be kept confidential and not be made public until the date that is three years after the date of this decision (the **Confidentiality Relief**).

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

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

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

Interpretation

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

Representations

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

1. the Filer is a corporation incorporated under the *Business Corporations Act* (Ontario) on February 28, 2013, as amended on December 16, 2013, March 27, 2015, and June 6 2017;

2. the Filer's head office is located in Ontario, Canada;

3. the common shares of the Filer are listed on the Toronto Stock Exchange;

4. the Filer is a reporting issuer in each of the provinces and territories of Canada and is not in default of its reporting issuer obligations under the securities legislation of the Principal Regulator or any of the Non-Principal Passport Jurisdictions;

5. on February 13, 2018, the Filer filed the Filed MD&A on SEDAR in accordance with sections 5.1 of National Instrument 51-102 *Continuous Disclosure Obligations* containing certain information (the **Confidential Information**) that is subject to a confidentiality agreement (the **Confidentiality Agreement**);

6. it came to the Filer's attention that the Confidentiality Agreement states that each party is precluded from making any public comment, statement or communication with respect to any business arrangements between the parties without the written consent of the other party and the counterparty to the Confidentiality Agreement would not consent to the disclosure of the Confidential Information;

7. the Filer believes that continued public access to the Confidential Information would seriously prejudice the interests of the Filer for the following reasons:

   a) maintaining the confidentiality of the Confidential Information is important to the relations of the Filer with the counterparty to the Confidentiality Agreement, with whom the Filer has a commercial relationship, as well as the Filer's ability to negotiate future transactions;

   b) disclosure of the Confidential Information is not required to understand the Filer's Management Discussion & Analysis (**MD&A**);

   c) the making and keeping private of the Confidential Information will not adversely affect investors or impact the decision by an investor for the purposes of making any investment decision with respect to the Filer; and

   d) the desirability of avoiding disclosure of the Confidential Information in the interests of the Filer and the other parties affected outweighs the desirability of adhering to the principle that material filed with the principal regulator be available to the public for inspection and the disclosure of the Confidential Information is not necessary in the public interest;

8. following discussions with staff of the Principal Regulator, on January 14, 2018 the Filer filed a revised MD&A with the Confidential Information removed on SEDAR and staff of the Principal Regulator temporarily marked the Filed MD&A private on SEDAR pending the decision of the Principal Regulator;

9. the Filer acknowledges that making the Filed MD&A private on the SEDAR website does not guarantee that the Filed MD&A is not available elsewhere in the public domain.

Decision

10. The Principal Regulator is satisfied that the decision meets the test set out in the Legislation for the Principal Regulator to make the decision.

11. The decision of the Principal Regulator under the Legislation is that the Passport Exemption is granted.

12. The further decision of the Principal Regulator is that the Confidentiality Relief is granted.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.1.5 Counsel Portfolio Services Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because certain mergers do not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – the fundamental investment objectives of the terminating funds and the continuing funds are not substantially similar – securityholders of terminating funds are provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

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

February 28, 2018

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
COUNSEL PORTFOLIO SERVICES INC.
(the Manager)

AND

IN THE MATTER OF
COUNSEL INCOME MANAGED PORTFOLIO
AND
COUNSEL WORLD MANAGED PORTFOLIO
(each, a Terminating Fund, and collectively the Terminating Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) approving the proposed mergers (each a **Merger**, and collectively the **Mergers**) of each of the Terminating Funds into the applicable Continuing Funds (each as defined below) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Merger 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 Manager has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces and territories of Canada, other than Quebec (together with Ontario, the **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. The following additional terms shall have the following meanings:

Continuing Fund or **Continuing Funds** means, individually or collectively, Counsel Monthly Income Portfolio (prior to January 17, 2018, “Counsel Regular Pay Portfolio”) and Counsel Balanced Portfolio;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

Income Tax Act means the *Income Tax Act* (Canada);

IRC means the independent review committee for the Funds;

Representations

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

The Manager and the Funds

1. The Manager is governed by the laws of the Province of Ontario with its head office in Toronto, Ontario.

2. The Manager is registered as follows:

   a) under the securities legislation of Ontario as a portfolio manager;

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

   c) under the *Commodity Futures Act* (Ontario) as a commodity trading manager.

3. The Manager is the manager of each Fund.

4. Each Fund is an open-end mutual fund trust governed by a declaration of trust and qualifies as a mutual fund trust under the Income Tax Act.

5. Neither the Manager nor the Funds are in default of securities legislation.

6. Each Fund is a reporting issuer under the securities legislation of each jurisdiction and is subject to the requirements of NI 81-102 and National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

7. Each Fund follows the standard investment restrictions and practices established under the securities legislation of the Jurisdictions except to the extent that the Funds have received an exemption from the securities regulatory authority of a jurisdiction to deviate therefrom.

8. Each Fund currently distributes its securities in all the Jurisdictions pursuant to a simplified prospectus and annual information form dated October 27, 2017, as amended.

Reason for Merger Approval

9. Regulatory approval of the Mergers is required because none of the Mergers satisfies all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. In particular, in respect of each Merger, a reasonable person may not consider each Terminating Fund to have a substantially similar fundamental investment objective as its corresponding Continuing Fund.

10. Other than the criteria described in paragraph 9, each Merger complies with all the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Mergers

11. The Manager intends to merge each Terminating Fund into the Continuing Fund shown opposite its name in the table below:

Merger #	*Terminating Fund*	*Continuing Fund*
1.	Counsel Income Managed Portfolio	Counsel Monthly Income Portfolio (prior to January 17, 2018, “Counsel Regular Pay Portfolio”)
2.	Counsel World Managed Portfolio	Counsel Balanced Portfolio

12. The proposed Mergers were announced in:

    a) a press release dated November 17, 2017;

    b) a material change report dated November 24, 2017; and

    c) an amendment dated November 24, 2017 to the prospectuses of each of the Terminating Funds,

    each of which has been filed on SEDAR.

13. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, the Manager presented the potential conflict of interest matters related to the Mergers to the IRC for a recommendation. On November 16, 2017, the IRC reviewed the potential conflict of interest matters related to the Mergers and provided its positive recommendation for the Mergers, after determining that the Mergers, if implemented, would achieve a fair and reasonable result for the Terminating Funds.

14. The Manager is convening a special meeting of the securityholders of each Terminating Fund in order to seek the approval of the securityholders of each Terminating Fund to complete its Merger, as required by paragraph 5.1(1)(f) of NI 81-102. The Meetings will be held on or about March 12, 2018.

15. The Manager has concluded that the Mergers are not material changes to the Continuing Funds, and accordingly, there is no intention to convene a meeting of securityholders of the Continuing Funds to approve the Mergers pursuant to paragraph 5.1(g) of NI 81-102.

16. By way of order dated December 14, 2017, the Manager was granted relief (the **Notice-and-Access Relief**) from the requirement set out in paragraph 12.2(2)(a) of National Instrument 81-106 *Investment Fund Continuous Disclosure* to send a printed management information circular to securityholders while proxies are being solicited, and, subject to certain conditions, instead allows a notice-and-access document (as described in the Notice-and-Access Relief) to be sent to such securityholders. In accordance with the Manager's standard of care owed to the Funds pursuant to securities legislation, the Manager will only use the notice-and-access procedure for a particular meeting where it has concluded that it is appropriate and consistent with the purposes of notice-and-access (as described in the Companion Policy to NI 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*) to do so, also taking into account the purpose of the meeting and whether the Funds would obtain a better participation rate by sending the management information circular with the other proxy-related materials.

17. Pursuant to the requirements of the Notice-and-Access Relief, a notice-and-access document and applicable form of proxies in connection with the Meetings, along with the most recent fund facts of the Continuing Fund, as applicable, were mailed to securityholders commencing on January 29, 2018 and were concurrently filed via SEDAR. The management information circular (**Circular**), which the notice-and-access document provides a link to, was also filed via SEDAR at the same time.

18. If all required approvals for a Merger are obtained, it is intended that the Merger will occur after the close of business on or about March 23, 2018 (the **Effective Date**). The Manager therefore anticipates that each securityholder of a Terminating Fund will become a securityholder of its Continuing Fund after the close of business on the Effective Date. Each Terminating Fund will be wound-up as soon as reasonably possible following its Merger.

19. The Circular describes all relevant facts concerning the Mergers, including the investment objectives, strategies and fee structure of the Terminating Funds and the Continuing Funds, the tax implications and other consequences of each Merger, as well as the IRC's recommendation of each Merger, so that securityholders of the Terminating Funds may make an informed decision before voting on whether to approve the Mergers. The Circular will also describe the various ways in which securityholders can obtain a copy of the simplified prospectus, annual information form and fund facts for the applicable Continuing Fund, and the most recent interim and annual financial statements and management reports of fund performance.

20. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately preceding the Effective Date. Following each Merger, all optional plans which were established with respect to the Terminating Funds will be re-established in comparable plans with respect to the Continuing Funds unless securityholders advise otherwise.

21. The Manager will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the trades that occur both before and after the date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

22. There are no charges payable by securityholders in the Funds in connection with the Mergers.

23. The investment portfolio and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund in order to effect the Mergers are currently, or will be, acceptable, on or prior to the Effective Date, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objective of the applicable Continuing Fund.

24. The Continuing Funds have the same valuation procedures as the Terminating Funds.

Merger Steps

25. Prior to the Merger, if required, each Terminating Fund will sell any securities in its portfolio that do not meet the investment objective and strategies of the applicable Continuing Fund. This may result in the Terminating Funds realizing incremental capital gains or losses.

26. Each Terminating Fund will distribute to securityholders its net income and net realized capital gains to the extent required to ensure that each Terminating Fund is not itself subject to tax. Each distribution will be automatically reinvested in additional units of the applicable Terminating Fund.

27. Immediately after the close of business on the Effective Date, each Terminating Fund will transfer all of its net assets to its Continuing Fund in exchange for the applicable Continuing Fund units of the applicable series. The value of each Continuing Fund units received by the applicable Terminating Fund will equal the value of the net assets of the applicable series that were transferred to the applicable Continuing Fund.

28. The units of the series securityholders held in the applicable Terminating Fund will then be redeemed, and securityholders will receive their pro rata share of the applicable series of the Continuing Fund units. The value of the units securityholders receive of the Continuing Fund will be equal to the value of the units that they previously held in the applicable Terminating Fund.

29. Each Terminating Fund will thereafter be terminated.

30. The result of each Merger will be that securityholders in each Terminating Fund will cease to be securityholders of the Terminating Fund, will become securityholders of its Continuing Fund and will realize capital gains or capital losses. The Continuing Funds will continue as publicly-offered open-end mutual funds.

Benefits of the Merger

31. The Merger will benefit securityholders of the Terminating Funds for the following reasons:

    a. **Strategic Mandate:** The Terminating Funds currently employ a dedicated tactical asset allocation approach, overseen by a tactical allocation manager. The Manager believes that this strategy has not materially contributed to performance.

       In contrast, each of the Continuing Funds make use of a dedicated allocation to an underlying fund (Counsel Balanced Portfolio invests in Counsel Global Trend Strategy and Counsel Monthly Income Portfolio invests in Counsel Retirement Income Portfolio) that employs trend-following strategies. (For clarity, note that the Continuing Funds invest in other underlying funds as well.) These strategies enable the Continuing Funds to be responsive to changing market conditions. Allocation changes in the underlying funds can result in tactical changes in the overall weightings of the Continuing Fund. The Manager believes that this strategy, together with the Continuing Funds' dynamic hedging strategy are a more effective approach to achieving the Funds' objectives versus the tactical asset allocation strategy currently employed by the Terminating Funds.

       The Continuing Funds also provide exposure to a wider range of fixed income securities than the Terminating Funds. This includes securities in Canada, as well as exposure to global fixed income and high yield securities, utilizing dedicated sub-advisors in each particular asset class. The Manager believes that this approach to fixed income investing will improve the underlying income generated by the Funds' holdings, and that the Continuing Funds will provide better return potential over the long term.

    b. **Performance of the Continuing Funds:** The Continuing Funds have generally demonstrated better performance than the Terminating Funds with similar levels of risk.

    c. **Lower fees:** Investors of the Terminating Funds will benefit from lower management fees and/or administration fees.

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 Merger Approval is granted.

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

2.2 Orders

2.2.1 Dennis L. Meharchand and Valt.X Holdings Inc. – s. 127(1)

FILE NO.: 2017-4

IN THE MATTER OF
DENNIS L. MEHARCHAND and
VALT.X HOLDINGS INC.

Timothy Moseley, Vice-Chair and Chair of the Panel
Deborah Leckman, Commissioner
Robert P. Hutchison, Commissioner

February 28, 2018

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

WHEREAS on February 27, 2018, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider scheduling and procedural issues arising in this proceeding; and

ON HEARING the submissions of the representatives for Staff of the Commission and for Dennis L. Meharchand, no one appearing on behalf of Valt.X Holdings Inc., although properly served, and on being advised by Mr. Meharchand that he will be the only witness testifying on his behalf at the hearing on the merits;

IT IS ORDERED THAT:

1. By no later than April 2, 2018, Mr. Meharchand shall provide to Staff the summary of his anticipated evidence;

2. The final interlocutory appearance shall be heard on April 9, 2018 at 10:00 a.m.; and

3. The hearing on the merits shall be heard on May 14, 17, 18, 22, 24, 25 and 28, 2018, or such other dates as may be agreed to by the parties and set by the Office of the Secretary, commencing at 10:00 a.m. on each scheduled day except for May 17, which will commence at 10:30 a.m.

“Timothy Moseley”

“Deborah Leckman”

“Robert P. Hutchison”

2.2.2 Miles S. Nadal

FILE NO.: 2017-77

IN THE MATTER OF
MILES S. NADAL

Philip Anisman, Commissioner and Chair of the Panel

February 28, 2018

ORDER

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

ON READING the materials and written submissions filed by Staff and Miles S. Nadal;

IT IS ORDERED THAT:

1. this proceeding shall continue as an oral hearing; and

2. the parties shall contact the Registrar by 4 p.m. on March 7, 2018 with a request to schedule a prehearing attendance or an oral hearing on the merits of Staff's application, as they consider advisable.

“Philip Anisman”

2.2.3 Family Memorials Inc.

Headnote

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

Applicable Legislative Provisions

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

March 1, 2018

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
FAMILY MEMORIALS INC.
(the Filer)

ORDER

Background

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

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

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

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

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

2.2.4 Canadian Arrow Mines Limited

Headnote

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

Applicable Legislative Provisions

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

February 28, 2018

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
CANADIAN ARROW MINES LIMITED
(the Filer)

ORDER

Background

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

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

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta and British Columbia.

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.

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

2.2.5 Quadrexx Hedge Capital Management Ltd. et al. – s. 9(2)

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

Timothy Moseley, Vice-Chair and Chair of the Panel

March 2, 2018

ORDER
(Subsection 9(2) of the
Securities Act, RSO 1990, c S.5)

WHEREAS on March 2, 2018, the Ontario Securities Commission held a hearing in writing to consider the Application of Miklos Nagy and Tony Sanfelice (the "**Applicants**") requesting an order staying certain terms of the Commission's Order issued on January 23, 2018, as against the Applicants, until the disposition of the Applicants' appeal to the Divisional Court, which appeal was commenced by Notice of Appeal dated February 21, 2018 (the "**Appeal**");

ON READING the Notice of Application dated February 21, 2018, and considering the consent of Staff of the Commission to the requested Order;

IT IS ORDERED THAT, pursuant to subsection 9(2) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), the following terms of the Commission's Order issued January 23, 2018 are stayed, as they pertain to the Applicants, until the disposition of the Appeal:

1. Paragraph 6(a), requiring the Applicants to pay administrative penalties pursuant to paragraph 9 of subsection 127(1) of the Act;

2. Paragraph 7, requiring to Applicants to disgorge funds to the Commission pursuant to paragraph 10 of subsection 127(1) of the Act; and

3. Paragraph 9, requiring the Applicants and the other respondents to pay costs to the Commission pursuant to section 127.1 of the Act.

"Timothy Moseley"

2.2.6 BCE Inc. 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
BCE INC. AND
BMO NESBITT BURNS INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of BCE Inc. (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 purchase by the Issuer of up to the lower of (i) 3,169,000 of its common shares (the "**Common Shares**") or (ii) the number of Common Shares representing a purchase price of $175,000,000 (the "**Program Maximum**") 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, 10 to 17, inclusive, 19 to 26, inclusive, 30, 32, 34, 35, 36, 38 and 39;

AND UPON BMO Nesbitt having represented to the Commission the matters set out in paragraphs 6 to 9, inclusive, 17 to 20, inclusive, 25, 27 to 31, inclusive, 33, 37, 39 and 40 as they relate to BMO Nesbitt;

AND UPON Bank of Montreal ("BMO", and together with BMO Nesbitt, the "**BMO Entities**") having represented to the Commission the matters set out in paragraphs 5, 17 to 20, inclusive, 25, 27 to 31, inclusive, 33, 39 and 40 as they relate to BMO;

1. The Issuer is a corporation governed by the Canada Business Corporations Act.

2. The registered and head office of the Issuer is located at 1, Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun (Québec) H3E 3B3.

3. The Issuer is a reporting issuer in each of the provinces of Canada (the "Jurisdictions") and the Common Shares are listed for trading on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange under the symbol "BCE". The Issuer is not in default of any requirement of the securities legislation of the Jurisdictions.

4. The authorized common share capital of the Issuer consists of: (a) an unlimited number of Common Shares; (b) an unlimited number of first preferred shares issuable in series; (c) an unlimited number of second preferred shares issuable in series; and (d) an unlimited number of Class B shares. As of December 31, 2017, the Issuer had the following shares outstanding:

	Number of shares outstanding
Common shares	900,996,640
First preferred shares, Series R	8,000,000
First preferred shares, Series S	3,513,448
First preferred shares, Series T	4,486,552
First preferred shares, Series Y	8,081,491
First preferred shares, Series Z	1,918,509
First preferred shares, Series AA	11,398,396
First preferred shares, Series AB	8,601,604
First preferred shares, Series AC	5,069,935
First preferred shares, Series AD	14,930,065
First preferred shares, Series AE	9,292,133
First preferred shares, Series AF	6,707,867
First preferred shares, Series AG	4,985,351
First preferred shares, Series AH	9,014,649
First preferred shares, Series AI	5,949,884
First preferred shares, Series AJ	8,050,116
First preferred shares, Series AK	22,745,921
First preferred shares, Series AL	2,254,079
First preferred shares, Series AM	9,546,615
First preferred shares, Series AN	1,953,385
First preferred shares, Series AO	4,600,000
First preferred shares, Series AQ	9,200,000

5. BMO is a Schedule I bank governed by the *Bank Act* (Canada). The corporate headquarters of BMO are located in the Province of Ontario.

6. BMO Nesbitt is registered as an investment dealer under the securities legislation of the Jurisdictions. It is also registered as a futures commission merchant under the *Commodity Futures Act* (Ontario), as a derivatives dealer under the *Derivatives Act* (Québec), and as 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 corporate headquarters of BMO Nesbitt are located in Toronto, Ontario.

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

8. BMO Nesbitt is the beneficial owner of at least 3,169,000 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 December 24, 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.

9. 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*.

10. The Issuer announced on February 8, 2018 that it is engaging in a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase for cancellation, over a 12-month period beginning on February 13, 2018 and ending February 12, 2019, up to 0.388 % of its issued and outstanding Common Shares as of the date specified in the Notice of Intention to make a Normal Course Issuer Bid (the "**Notice**") dated February 8, 2018 which was accepted by the TSX, subject to a maximum aggregate purchase price of $175,000,000. The Notice specifies that purchases under the Normal Course Issuer Bid will be conducted through the facilities of the TSX or any other exchange or alternative trading system in Canada, 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**"), by a securities regulatory authority, or under applicable securities laws and regulations, including by private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities.

11. The Normal Course Issuer Bid 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**").

12. The Normal Course Issuer Bid may also be conducted in the normal course on the New York Stock Exchange as well as on other permitted published markets in Canada (the "**Canadian 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**").

13. Pursuant to the TSX Rules, the Issuer has appointed BMO Nesbitt as its designated broker in respect of the Normal Course Issuer Bid (the "**Responsible Broker**").

14. The Issuer may, from time to time, appoint a non-independent purchasing agent (a "**Plan Trustee**") to purchase Common Shares on the open market to fulfill requirements for the delivery of Common Shares under the Issuer's security-based compensation plans (the "**Plan Trustee Purchases**"). A Plan Trustee has not been appointed by the Issuer, no Plan Trustee will be appointed by the Issuer during the Program Term (as defined below) and no Plan Trustee Purchases will be required or made during the Program Term.

15. The maximum number of Common Shares that the Issuer is permitted to repurchase under the Normal Course Issuer Bid will be reduced by the number of Plan Trustee Purchases, if any.

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 December 31, 2017 consisted of 900,380,283 Common Shares, representing approximately 99.93% of the Issuer's issued and outstanding Common Shares as of such date. 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 Filers wish to participate in the Program during, and as part of, the Normal Course Issuer Bid 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.

18. 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 Canadian Other Published Markets (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.

19. 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.

20. The Program will begin on or after February 27, 2018 and will terminate on the earlier of March 30, 2018 and 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 under the Program or to the Issuer or either of the BMO Entities.

21. At least two clear Trading Days (as defined below) 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 Normal Course Issuer Bid; and (c) states that, immediately following the end of the Program Term, the Issuer will issue and file the Completion Press Release (as defined below) (the "**Commencement Press Release**").

22. The Program Maximum will not exceed the number of Common Shares remaining that the Issuer will be entitled to acquire under the Normal Course Issuer Bid, calculated as at the date of the Program Agreement.

23. The Program Term will not include times during which the Issuer is not permitted to trade in its securities, including regular quarterly blackout periods and other internal blackout periods (each such time, 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.

24. 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 Normal Course Issuer Bid.

25. 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 Trading 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 if the Issuer was conducting the Normal Course Issuer Bid in reliance on the Exemptions.

26. 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).

27. 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 Normal Course Issuer Bid, provided that:

    (a) the aggregate number of Common Shares to be acquired on Canadian Markets by BMO Nesbitt on each Trading Day shall not exceed the maximum daily limit that is imposed upon the Normal Course Issuer Bid 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 on each Trading Day will not exceed the maximum daily limit that is imposed on the Normal Course Issuer Bid 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 any pre-arranged trade.

28. The aggregate number of Common Shares to be 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.

29. 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 that can be purchased using the Canadian dollar amount provided in the instructions received by BMO from the Issuer prior to the opening of trading on such Trading 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.

30. 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 first Trading Day thereafter (or such other Trading Day thereafter as agreed to between the parties to the Program Agreement), and the Issuer will pay BMO Nesbitt, upon delivery, a purchase price equal to the Discounted Price (as defined below) for each such Inventory Share. Each Inventory Share purchased by the Issuer under the Program will be cancelled upon delivery to the Issuer.

The "**Discounted Price**" per Common Share will be equal to: (i) the volume weighted average price of the Common Shares on the Canadian Markets on the Trading Day on which purchases were made for the period from 9:31 a.m. to 3:30 p.m. (Toronto time) (excluding blocks of 10,000 or more shares and any trade above the maximum price established in the instructions received by the BMO Entities from the Issuer prior to the opening of trading on such day) less an agreed upon discount; or (ii) upon the occurrence of a Market Disruption Event, the volume weighted average price of the Common Shares on the Canadian Markets from 9:31 a.m. (Toronto time) up to the time of the Market Disruption Event less an agreed upon discount.

31. 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.

32. 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) not appoint a Plan Trustee or make any Plan Trustee Purchases.

33. 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.

34. 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**").

35. 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 Normal Course Issuer Bid 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 a desirable use of the Issuer's funds.

36. 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.

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

38. 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.

39. 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**").

40. 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, the Program Agreement 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, the Program Agreement and 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 Normal Course Issuer Bid, as modified by paragraph 27 of this Order;

(ii) taken into account by the Issuer when calculating the maximum annual aggregate limits that are imposed upon the Normal Course Issuer Bid 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 is appointed and no Plan Trustee Purchases are conducted;

(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 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 22nd day of February, 2018.

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

2.2.7 Castle Resources Inc. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
CASTLE RESOURCES INC. (the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

1. the Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA and has an authorized capital consisting of an unlimited number of common shares (**Common Shares**);

2. the Applicant's registered address is located at 82 Richmond Street East, Suite 200, Toronto, ON M5C 1P1;

3. on January 4, 2018, 99.36% of the Applicant's shareholders approved a going private transaction carried out by way of consolidation of the issued and outstanding Common Shares (the **Going Private Transaction**) at a special meeting of the shareholders;

4. immediately prior to the special meeting of the shareholders approving the Going Private Transaction, there were 8,248,974 issued and outstanding Common Shares. Of the 8,248,974 Common Shares, Drake Private Investments LLC (**Drake**) owned 7,721,166 Common Shares or 93.6% of the Applicant's issued Common Shares;

5. pursuant to the Going Private Transaction, all Common Shares were consolidated on the basis of 1 new Common Share for each 7,721,166 Common Shares. As a result, the Applicant currently has one Common Share outstanding and Drake is the Applicant's sole shareholder;

6. as fractional shares were not issued in the consolidation, all shareholders, other than Drake, are entitled to $0.20 in cash for each Common Share held by them (with no amount payable to a shareholder who was entitled to receive, net of withholding taxes, less than $10);

7. in satisfaction of the Applicant's obligations to its shareholders, the Applicant has transferred the totality of the funds owing to its shareholders as a result of the Going Private Transaction to the Canadian Depository for Securities (**CDS**) and AST Trust Company (Canada) (the **Transfer Agent**);

8. the Common Shares on the Canadian Securities Exchange were de-listed at the close of trading on January 5, 2018;

9. the Applicant has no intention to seek public financing by way of an offering of securities;

10. on January 18, 2018, the Applicant was granted an order pursuant to subclause 1(10) (a) (ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*.

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

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

DATED at Toronto, this 2nd day of March, 2018.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

2.2.8 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) to vary the Recognition Order of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 144.

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.

VARIATION ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commissions (**Commission**) issued an order dated July 4, 2012, as varied and restated on December 21, 2012 and as varied on December 7, 2012, May 1, 2013, June 25, 2013, June 24, 2014, January 27, 2015, March 27, 2015 and December 20, 2016, pursuant to section 21.2 of the Act continuing the recognition of The Canadian Depository for Securities Limited (**CDS Ltd.**) and CDS Clearing and Depository Services Inc. (together with CDS Ltd., **CDS**) as clearing agencies (the **Clearing Agency Recognition Order**);

AND WHEREAS CDS has filed an application (**Application**) with the Commission to vary the Clearing Agency Recognition Order pursuant to section 144 of the Act to replace the definition of "independent" in section 4.3(a) of Schedule "B" of the Clearing Agency Recognition Order (the **Independence Definition**) for the limited purpose of permitting the same individuals to be considered "independent" for the boards of directors of both CDS and the Canadian Derivatives Clearing Association (**CDCC**);

AND WHEREAS the Application requests that the Commission vary the Independence Definition to provide that notwithstanding paragraphs (ii), (iii) and (iv) of such definition, a director of CDCC is not considered to be non-independent solely on the ground that he or she is (v) a director, or in the case of the chair of the board of directors only, an officer, of CDCC, or (vi) in the case of the chair of the board of directors only, an officer of CDS, a recognized clearing agency;

AND WHEREAS the Commission has determined based on the Application and representations made by CDS that it is not prejudicial to the public interest to vary the Clearing Agency Recognition Order to replace the Independence Definition;

IT IS HEREBY ORDERED that, pursuant to section 144 of the Act, section 4.3(a) of Schedule "B" of the Clearing Agency Recognition Order is deleted and replaced with the following:

(a) a director is independent, if the director is not:

(i) an associate, partner, director, officer or employee of a significant Maple shareholder;

(ii) an associate, partner, director, officer or employee of a Participant of the recognized clearing agency or such Participant's affiliated entities or an associate of such director, partner, officer or employee;

(iii) an associate, partner, director, officer or employee of a marketplace or such marketplace's affiliated entities or an associate of such partner, director, officer or employee, or

(iv) an officer or employee of the recognized clearing agency or its affiliated entities or an associate of such officer or employee,

notwithstanding paragraphs (ii), (iii) and (iv) above:

(v) a director of the Canadian Derivatives Clearing Corporation (**CDCC**) is not considered to be non-independent solely on the ground that he or she is a director, or in the case of the chair of the board of directors only, an officer, of CDCC; and

(vi) the chair of the board of directors of the recognized clearing agency is not considered non-independent solely on the ground that he or she is an officer of the recognized clearing agency; and

Dated at Toronto this 28th day of February, 2018.

“Maureen Jensen”

“Philip Anisman”

2.2.9 Sun Life Financial Inc. and Canadian Imperial Bank of Commerce – 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.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
SUN LIFE FINANCIAL INC. AND
CANADIAN IMPERIAL BANK OF COMMERCE

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Sun Life Financial Inc. (the "**Issuer**") and Canadian Imperial Bank of Commerce ("**CIBC**", 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 3,230,000 (the "**Program Maximum**") of its common shares (the "**Common Shares**") from CIBC 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, 10 to 18, inclusive, 20 to 27, inclusive, 31, 33, 35 to 37, inclusive, 40 and 41;

AND UPON CIBC and CIBC World Markets Inc. ("**CIBCWM**", and together with CIBC, the "**CIBC Entities**") having represented to the Commission the matters set out in paragraphs 5 to 9, inclusive, 17, 19 to 21, inclusive, 24, 26, 28 to 32, inclusive, 34, 38, 40 and 41 as they relate to the CIBC Entities;

1. The Issuer is a corporation incorporated under the *Insurance Companies Act* (Canada).

2. The Issuer's registered and head office is located at 1 York Street, 31st Floor, Toronto, Ontario, M5J 0B6.

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 and the New York Stock Exchange under the symbol "SLF". 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, Class A shares and Class B shares. As at December 31, 2017, the Issuer had the following shares outstanding:

Common Shares outstanding	610,478,656
Class A shares outstanding	
Class A – Series 1	16,000,000
Class A – Series 2	13,000,000
Class A – Series 3	10,000,000
Class A – Series 4	12,000,000
Class A – Series 5	10,000,000
Class A – Series 8R	5,192,686
Class A – Series 9QR	6,007,314
Class A – Series 10R	6,919,928
Class A – Series 11QR	1,080,072
Class A – Series 12R	12,000,000
Class B Shares Outstanding	0

5. CIBCWM is registered as an investment dealer under the securities legislation 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) as a dealer (futures commission merchant) under *The Commodity Futures Act* (Manitoba). CIBCWM 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 CIBCWM is located in Toronto, Ontario.

6. CIBC is a Schedule I bank governed by the *Bank Act* (Canada). The corporate headquarters of CIBC are located in the Province of Ontario.

7. CIBC does not own, directly or indirectly, more than 5% of the issued and outstanding Common Shares.

8. CIBC is the beneficial owner of at least 3,230,000 Common Shares, none of which were acquired by, or on behalf of, CIBC in anticipation or contemplation of resale to the Issuer (such Common Shares over which CIBC has beneficial ownership, the "**Inventory Shares**"). All of the Inventory Shares are held by CIBC in the Province of Ontario and all purchases of Inventory Shares by the Issuer from CIBC will be executed and settled in the Province of Ontario. No Common Shares were purchased by, or on behalf of, CIBC on or after December 12, 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 CIBC to the Issuer.

9. CIBC 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**"). CIBC is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

10. Pursuant to a Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**") which was accepted by the TSX effective August 9, 2018, the Issuer is permitted to make a normal course issuer bid (the "**NCIB**") to purchase for cancellation, during the 12-month period beginning on August 14, 2017 and ending on August 13, 2018, up to 11,500,000 Common Shares, representing approximately 1.9% 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 as well as other designated exchanges and published markets in Canada, 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 NCIB Rules**") or a securities regulatory authority, including under automatic trading plans, and by private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities.

11. 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**").

12. The NCIB is also being conducted in the normal course on other permitted published markets (collectively, 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**").

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

14. 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).

15. The maximum number of Common Shares that the Issuer is permitted to repurchase under the NCIB will be reduced by the number of purchases to date, if any.

16. As at January 11, 2018, the Issuer had purchased a total of 3,542,167 Common Shares pursuant to the NCIB, none of which were purchased pursuant to issuer bid exemption orders issued by securities regulatory authorities.

17. The Filers wish to participate in the Program during, and as part of, the NCIB to enable the Issuer to purchase from CIBC, and for CIBC to sell to the Issuer, a number of Common Shares up to the Program Maximum.

18. To the best of the Issuer's knowledge the "public float" (calculated in accordance with the TSX NCIB Rules) for the Common Shares as at December 31, 2017, was 609,959,283, which represented approximately 99.91% of all the issued and outstanding 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**").

19. Pursuant to the terms of the Program Agreement (as defined below), CIBCWM will 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 on a market that is not a Canadian Market.

20. 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 Issuer and the CIBC Entities prior to the commencement of the Program and a copy of which will be delivered by the Filers to the Commission promptly thereafter.

21. The Program will terminate on the earlier of: (a) August 13, 2018; and (b) the date on which the Issuer will have purchased the Program Maximum under the Program (the "**Program Term**"). Neither the Issuer nor either of the CIBC 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 CIBC Entities.

22. At least two clear Trading Days (as defined below) 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 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 completion of the Program, the Issuer will issue and file the Completion Press Release (as defined below) (the "**Commencement Press Release**").

23. The Program Maximum will not exceed 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.

24. The Program Term may include Blackout Periods. No Common Shares will be purchased under the Program during Blackout Periods.

25. The TSX has: (a) been advised of the Issuer's intention to enter into the Program; (b) been provided with a draft 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. At such times during the Program Term when the Issuer is not in a Blackout Period, CIBCWM will purchase Common Shares on the applicable Trading Day in accordance with instructions received by CIBCWM from the Issuer prior to the opening of trading on such day, 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.

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

28. All Common Shares acquired for the purposes of the Program by CIBCWM 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 NCIB 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 CIBCWM on each Trading Day shall not exceed the maximum daily limit that is imposed upon the NCIB pursuant to the TSX NCIB 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 CIBCWM on each Trading Day will not exceed the maximum daily limit that is imposed on the NCIB pursuant to the TSX NCIB Rules; and

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

29. The aggregate number of Common Shares acquired by CIBCWM 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.

30. On every Trading Day during which the Issuer is not in a Blackout Period, CIBCWM 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 CIBCWM 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 CIBCWM under the Program;

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

    (d) the Modified Maximum Daily Limit.

31. CIBC will deliver to the Issuer that number of Inventory Shares equal to the number of Common Shares purchased by CIBCWM 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 CIBC 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.

    The "**Discounted Price**" per Common Share will be equal to (i) 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

(ii) 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. CIBC will not sell any Inventory Shares to the Issuer unless CIBCWM has purchased the equivalent number of Common Shares on Canadian Markets under the Program. The number of Common Shares that are purchased by CIBCWM on Canadian Markets under the Program on a Trading Day will be equal to the Number of Common Shares for such Trading Day. CIBCWM will provide the Issuer with a daily written report of CIBCWM'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.

33. During the Program Term, the Issuer will (a) not purchase, directly or indirectly, any Common Shares (other than Inventory Shares purchased under the Program) and (b) prohibit the Responsible Broker and any other agent of the Issuer from acquiring any Common Shares on its behalf.

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

35. The Issuer will report its purchases of Common Shares under the Program to the TSX in accordance with the TSX NCIB Rules. In addition, immediately following the completion of the Program, 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**").

36. The Issuer is of the view that (a) it will be able to purchase Common Shares from CIBC 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.

37. The entering into of the Program Agreement, the purchase of Common Shares by CIBCWM in connection with the Program, and the sale of Inventory Shares by CIBC 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.

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

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

40. At the time that the Issuer and the CIBC Entities enter into the Program Agreement, neither the Issuer, nor any member of the Equity Derivatives Trading Group of CIBC, nor any personnel of either of the CIBC 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**").

41. Each of the CIBC 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, the Program Agreement 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 the Program Agreement and 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 CIBC 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 CIBCWM, and are:

(i) made in accordance with the NCIB Rules applicable to the NCIB, as modified by paragraph 28 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 NCIB 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 CIBC Entities on a continual basis for the purposes of ensuring compliance with the terms of this Order, the 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 or any other agent of the Issuer; and (iii) no ARP is implemented or operative;

(d) the number of Inventory Shares transferred by CIBC 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 CIBCWM on Canadian Markets under the Program in respect of the Trading Day;

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

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

(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 Equity Derivatives Trading Group of CIBC, or any personnel of either of the CIBC 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, were aware of any Undisclosed Information;

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

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

(i) the CIBC Entities maintain records of all purchases of Common Shares that are made by CIBCWM 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 NCIB Rules, immediately following the completion of the Program, 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 12th day of February, 2018.

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

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Miles S. Nadal – ss. 127(1), 127(10)

IN THE MATTER OF
MILES S. NADAL

REASONS FOR DECISION
(Subsections 127(1) and (10) of the
***Securities Act*, RSO 1990, c S.5 and Rule 11 of the**
***Rules of Procedure and Forms* (2017), 40 OSCB 8988)**

Citation: *Nadal (Re)*, 2018 ONSEC 9
Date: 2018-02-28
File No. 2017-77

Hearing:	In Writing	
Decision:	February 28, 2018	
Panel:	Philip Anisman	Commissioner
Submissions by:	Raphael Eghan	For Staff of the Commission
	R. Paul Steep Shane C. D'Souza	For Miles S. Nadal

TABLE OF CONTENTS

REASONS FOR DECISION

I. INTRODUCTION

[1] This is the first proceeding in which the expedited procedure for a written hearing on an application for an inter-jurisdictional order in the Commission's new procedural rules has been adopted. For the reasons that follow, I have concluded that the proceeding should be continued as an oral hearing.

II. BACKGROUND

[2] On May 11, 2017, the United States Securities and Exchange Commission ("**SEC**") accepted an offer of settlement from Miles S. Nadal ("**Nadal**") in which he consented to the entry of an SEC order (the "**SEC Order**") under section 21C of the *Securities Exchange Act of 1934* (the "***1934 Act***"), making findings and imposing remedial sanctions and a cease and desist order solely for the purpose of administrative and other proceedings to which the SEC is a party, without admitting or denying the findings, except with respect to the SEC's jurisdiction and except with respect to exceptions to discharge under the U.S. Bankruptcy Code.[1]

[3] The SEC found that Nadal was chairman of the board, chief executive officer and president of MDC Partners, Inc. ("**MDCA**"), a Canadian corporation headquartered in New York. MDCA's common shares were traded on the NASDAQ National Market and were registered under the *1934 Act*,[2] which is equivalent to being a reporting issuer under the *Securities Act* (Ontario) (the "***Act***").[3]

[4] From 2009 through 2014, Nadal improperly received from MDCA US$11.285 million in perquisites, personal expense reimbursements and other items, without these payments being disclosed as compensation in MDCA's annual proxy statements. MDCA's proxy statements for these years disclosed average annual payments to Nadal of approximately US$645,000, but failed to disclose an annual average of approximately US$1.88 million in unidentified perquisites and personal benefits that he received. This resulted in their "understating the perquisites and personal benefits portion of Nadal's compensation by an average of almost 300% each year."[4]

[5] The SEC found that during this period, Nadal, knowingly or recklessly, solicited proxies for his election as director and approval of his compensation based on these deficient executive compensation disclosures, that the proxy statements contained materially false and misleading executive compensation disclosures and that they omitted numerous personal expenses for which Nadal had sought and obtained reimbursement as if they were proper business expenses. It also found that he improperly received payments from MDCA by submitting unsubstantiated expenses outside of MDCA's expense reimbursement process. In addition, he completed, signed and submitted director and officer questionnaires in which he failed to disclose his perquisites and personal benefits.[5]

[6] The SEC found, as well, that MDCA's proxy statements were incorporated by reference in its annual reports, which Nadal signed and certified. MDCA also filed a registration statement with the SEC, signed by Nadal, which incorporated deficient executive compensation disclosures in MDCA's 2013 and 2014 proxy statements, under which MDCA and/or Nadal offered and sold securities to investors. Finally, it found that from 2009 through 2014, MDCA's books, records and accounts did not accurately and fairly reflect the disposition of its assets because it incorrectly recorded payments to Nadal as business expenses, not compensation.[6]

[7] Nadal cooperated with an internal investigation initiated by MDCA after it received a subpoena from SEC staff, and he agreed to pay back to it US$11.285 million for the compensation that he improperly received during these years. He resigned from MDCA in July, 2015.[7]

[8] Based on this conduct, the SEC found that Nadal violated various provisions of the *1934 Act*, including its antifraud provisions, its proxy disclosure requirements, and provisions prohibiting knowing falsification of MDCA's books, records or accounts, and caused MDCA to violate other provisions relating to record keeping and disclosure.[8]

[9] The SEC ordered that Nadal cease and desist committing or causing violations of the relevant provisions of the *1934 Act*, prohibited him from acting as an officer or director of a reporting issuer in the United States for a period of five years from the date of the SEC Order and required him to pay disgorgement, prejudgment interest and a civil money penalty totaling US$5.5 million.

III. THIS PROCEEDING

[10] On December 13, 2017, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing, based on a Statement of Allegations filed by enforcement staff of the Commission ("**Staff**") the previous day, under subsections

---

1 *In the Matter of Miles S. Nadal*, Securities Exchange Act of 1934 Release No. 80652, May 11, 2017, Parts II and V, Hearing Brief of Staff of the Ontario Securities Commission ("**Hearing Brief**"), Tab 4. This introduction is based on the findings in the SEC Order.

2 SEC Order at paras 1-3.

3 *Securities Act*, RSO 1990, c S.5, s. 1(1) "reporting issuer".

4 SEC Order at paras 4-6.

5 SEC Order at para 7.

6 SEC Order at paras 8-10.

7 SEC Order at paras 2 and 11.

8 SEC Order at paras 12-18.

127(1) and 127(10) of the *Act*.[9] The Statement of Allegations requested an inter-jurisdictional order requiring Nadal to resign any positions he holds as a director or officer of a reporting issuer and prohibiting him from acting as a director or officer of a reporting issuer until May 11, 2022, the final date of the similar prohibition under the SEC Order. The Notice of Hearing said that Staff elected to proceed by way of the expedited procedure for a written hearing authorized by Rule 11(3) of the Commission's new rules of procedure.[10]

[11] Rule 11(3) was adopted to provide an expeditious procedure for reciprocal orders in view of the fact that such orders were usually made on consent or without participation by the respondent, following a written hearing ordered, at Staff's request, on the first return date of the proceeding.[11] It allows, but does not require, Staff to follow this expedited procedure.[12] If they adopt this expedited procedure, Rule 11(3) requires Staff to serve and file, without delay, the notice of hearing, statement of allegations, their hearing brief with all documents relied on and their written submissions.[13]

[12] On December 14, 2017, Staff filed the Hearing Brief containing the Notice of Hearing, Statement of Allegations and a Consent signed on behalf of Nadal by his counsel consenting to the order requested by Staff in the Statement of Allegations. Staff's Hearing Brief also contained a certificate issued under section 139 of the *Act*, with Nadal's registration history with the Commission, as shown in its records, from 2001 to August 24, 2017, the certificate's date.[14] It said that Nadal was registered as a director and officer of various registrants from 2001 to 2004 and again from 2008 to 2014, as a dealing representative in 2009 and 2010, and was currently a shareholder of three registrants.[15] The Hearing Brief also contained a section 139 certificate relating to MDCA, which said there was no record of its having been registered under the *Act*.[16]

[13] When Staff filed the Hearing Brief, they referred to the respondent's Consent and asked the Registrar whether the panel hearing this matter (the "**Panel**") required written submissions to be filed.[17] Nadal's counsel informed the Registrar the following day that Nadal was content to have the matter dealt with in writing and would not request an oral hearing.[18] In view of the information in the section 139 certificate concerning Nadal's involvement with registrants in Ontario, I asked the Registrar to send the following response to the parties:[19]

> In response to Staff's question about the need for its written submissions, the Panel (Commissioner Anisman) has requested that Staff serve and file written submissions. He has also requested that these submissions address: (i) the sanctions sought by Staff and explain why, in view of the conduct contained in the SEC's findings and Mr. Nadal's past and present association with registrants in Ontario, an order has not been requested with respect to his ability to act as an officer or director of a registrant or as a registrant, (ii) a panel's authority to make an order that is not requested in a Statement of Allegations, but of which the respondent receives notice and an opportunity to be heard, and (iii) the relevance of the fact that the SEC's order resulted from its acceptance of Mr. Nadal's offer to settle, "without admitting or denying the findings" on which it was based.

[14] The same day the Registrar received an email from Nadal's counsel, sent with Staff's permission, providing copies of identical terms and conditions applicable to the three registrants identified in the section 139 certificate and to a fourth registrant who was not so identified.[20] The terms and conditions, imposed on each of the registrants by the Director under section 28 of the *Act*, were dated December 14, 2017.

---

9 *Nadal (Re)* (2017), Notice of Hearing, 40 OSCB 10026; Statement of Allegations, 40 OSCB 10027; Hearing Brief, Tab 2.

10 *Rules of Procedure and Forms* (2017), 40 OSCB 8988 ("***OSC Rules***"). The *OSC Rules* became effective on November 1, 2017.

11 See, e.g., *Soleja (Re)* (2017), 40 OSCB 955 (Order); *Cook (Re)* (2017), 40 OSCB 8977.

12 They may also bring a proceeding under Rule 11 in the usual way or follow an alternative procedure like the one described in *Dhanani (Re)* (2017), 40 OSCB 4457, 2017 ONSEC 15 ("***Dhanani***") at para 12.

13 *OSC Rules*, r 11(3)(c) and (d). The Notice of Hearing repeated this requirement; it said Staff "must serve" these documents on the respondents.

14 Hearing Brief, Tab 3.

15 Echelon Wealth Partners Inc., an investment dealer; Vestcap Investment Management Inc., a portfolio manager; and Artemis Investment Management Limited, an investment fund manager, commodity trading manager, exempt market dealer and portfolio manager.

16 Hearing Brief, Tab 3. The certificate did not refer to MDCA's status as a reporting issuer, but Staff's subsequent written submissions state that it is a reporting issuer in Ontario; Written Submission of Staff of the Ontario Securities Commission, January 12, 2018 at para 28 ("**Staff's Submissions**").

The Hearing Brief included a copy of the SEC Order and a draft of the order requested by Staff, Tabs 4 and 5, and was accompanied by an affidavit of service; Affidavit of Service of Lee Crann, sworn December 14, 2017.

17 Staff Email to Registrar, December 14, 2017.

18 Email of Paul Steep, December 15, 2017.

19 Email from the Registrar, December 18, 2017.

20 Email of Paul Steep, December 18, 2017; Terms and Conditions on Triumph Asset Management Inc. (now Amadeus Investment Partners Inc.), December 14, 2017.

[15] The email said that Nadal and the registrants consented to these terms and conditions and asked whether it was "still necessary" to answer my questions. The terms and conditions each provided that until May 11, 2022, which is five years after the date of the SEC Order, Nadal would not be permitted, "directly or indirectly, to act as a director or officer" of the registrant, including acting "as an integral part of the mind and management of" the registrant, attempting "in any way to influence management or the board", and playing a "significant role" in the registrant's financial affairs or its business or day-to-day management.[21]

[16] On December 19, 2017, the Registrar sent the parties my response:

> The terms and conditions provided by Mr. Steep are relevant to my questions but do not fully respond to them. As the terms and conditions are limited to the four specific registrants, they do not address the general question concerning acting as a director or officer of a registrant or as a registrant, or the two other questions that follow from it, on which I requested submissions.

[17] On January 15, 2018, Staff filed Staff's Submissions with an affidavit of service.[22] Nadal's written submissions were filed on January 19, 2018.[23] Rule 11(3)(h) provides that Staff may serve and file written reply submissions within fourteen days after service of the respondent's submissions. Staff have not filed reply submissions.

IV. THE PARTIES' SUBMISSIONS

[18] Staff submitted that this Panel has authority to impose a more onerous sanction than the SEC did, but that it should not in this case. They argued that Nadal has disgorged US$11.285 million to MDCA and paid administrative penalties totaling US$5.5 million to the SEC, that the proposed order mirrors the SEC Order, which did not address registration, that Nadal cooperated with the Commission's Compliance Registration and Regulation Branch ("**CRR**") in consenting to the imposition of the terms and conditions on the four registrants of which he is a shareholder and that CRR Staff could oppose any attempt by him to become a registrant or a director or officer of a registrant prior to May 11, 2022.[24] In Staff's submission, the order they propose is in the public interest.

[19] Nadal agreed with Staff's Submissions concerning the proposed order. Emphasizing that he neither admitted nor denied the facts found by the SEC, he argued that it would be an error in principle to impose more onerous sanctions than the SEC had. He submitted that his Consent to the proposed order, which resulted from negotiations with Staff and CRR Staff, was a settlement that should be approved as it is within a range of reasonable outcomes, the standard applicable to settlements.[25] Nadal said he consented to the specific order and sanctions proposed, not to the Panel making another order under subsection 127(1); on this basis he consented to the admission of the SEC Order, opted not to tender evidence and agreed to an expedited proceeding. He argued it would be procedurally unfair to impose more onerous sanctions in view of these concessions.[26]

[20] In his submission, as with a proposed settlement, the only decision available to the Panel is to approve or reject the order; if it is rejected, an opportunity to be heard cannot cure the procedural unfairness, and the matter should go to a hearing before a different panel[27] because the Panel lacks jurisdiction to substitute new terms.[28]

V. RULING

[21] Having read the parties' submissions, I have concluded that an oral hearing is required for a full consideration of the issues in this proceeding. The written submissions do not address the implications of the fact that the SEC Order contains findings and that Nadal admitted those findings for purposes of specified bankruptcy matters or the fact that the Notice of Hearing and Statement of Allegations do not refer to registration. These and other issues identified below can best be addressed in an oral hearing.

[22] The issues raised by Nadal with respect to the nature of this proceeding and the Panel's jurisdiction, however, can be addressed now on the basis of the parties' written submissions.

---

21 Copies of the terms and conditions applicable to all four registrants are contained in Schedule "D" to Staff's Submissions.

22 Affidavit of Service of Lee Crann, sworn January 15, 2018.

23 Written Submissions of the Respondent, Miles S. Nadal, January 19, 2018 ("**Nadal's Submissions**").

24 Staff's Submissions at paras 60-62.

25 Nadal's Submissions at paras 20-24, citing *Electrovaya Inc. (Re)* (2017), 40 OSCB 5795, 2017 ONSEC 25 ("***Electrovaya***"), and *R v Anthony-Cook*, 2016 SCC 43 ("***Anthony-Cook***").

26 Nadal's Submissions at para 34.

27 Nadal's Submissions at para 35, citing *Koonar (Re)* (2002), 25 OSCB 2691 ("***Koonar***").

28 Nadal's Submissions at paras 35-37.

A. Jurisdiction

[23] The *OSC Rules* mandate the procedure for a settlement approval hearing. The parties to a proposed settlement must first attend a confidential settlement conference.[29] The purpose of this settlement conference is to allow the parties to make confidential submissions to a panel of commissioners "to obtain guidance on whether the terms of" a proposed settlement would be in the public interest.[30] In the settlement conference, the panel considers the proposed settlement and determines whether it falls within a reasonable range of appropriateness. While the panel's consideration is based on the facts agreed to in the settlement agreement, it may take into account issues of principle and facts not contained in the settlement agreement that are disclosed by the parties to provide context to enable the panel to make the necessary determination.[31] Only after such a conference can a public settlement hearing be convened.

[24] The panel in a settlement conference must be satisfied that the settlement is fair and reasonable and that its approval is in the public interest.[32] If the panel concludes that the proposed settlement should not be approved, a public hearing will not be convened and the members of the panel cannot participate in a subsequent hearing of the matter on its merits, unless the parties consent.[33] If the panel concludes that the proposed settlement is acceptable, it will then go to a public hearing at which the panel must include at least one of the commissioners from the settlement conference panel.[34]

[25] This is not a settlement hearing. It is an enforcement proceeding brought by Staff under Rule 11, in which Staff adopted the expedited procedure in Rule 11(3). As a result, the Commission decisions referred to in Nadal's Submissions on the role of a panel in a settlement approval hearing are not applicable.[35]

[26] The Panel has the same jurisdiction in this proceeding as in any other enforcement proceeding. Subsection 127(10) of the *Act* provides that the Commission may make an order under subsection 127(1) if a person is subject to an order of another securities regulatory authority, like the SEC, that imposes sanctions, conditions, restrictions or requirements on the person. The Commission may make a reciprocal order on the basis of the order made and facts found by the other regulatory authority.[36] Although a reciprocal order will generally be made on this basis, subsection 127(10) does not limit "the generality of" subsection 127(1); the Commission retains full discretion to make any order authorized by subsection 127(1) that "in its opinion is in the public interest."[37]

[27] Although the burden of persuasion remains with Staff, the effect of subsection 127(10) is to impose a practical burden on a respondent to adduce evidence concerning the Commission's exercise of discretion whether to make an order and the terms of any order that might be made.[38] Any such order must be proportionate in light of the respondent's circumstances as shown in the initial order and findings and any other evidence adduced by the parties.

B. Issues to be Addressed in an Oral Hearing

1. Opportunity to be Heard

[28] Consideration of a sanction relating to registration in this proceeding raises a number of issues. Nadal's Submissions state that he consented to the admission of the SEC Order, chose not to adduce evidence and agreed to the expedited procedure in reliance on the terms of the order requested by Staff. The admissibility of the SEC Order is determined by

---

29 *OSC Rules*, r 32.

30 *Ontario Securities Commission Rules of Procedure* (2014), 37 OSCB 4169, r 12.1 ("***Former OSC Rules***").

31 *Electrovaya* at para 6. For example, the evidence (in addition to the SEC Order) that was provided by the parties relating to Nadal's registration history and shareholdings in registrants indicates that he is currently a shareholder in four registrants, but the section 139 certificate shows that he held shares in only three registrants as of August 24, 2017. This disparity, which is not addressed in the parties' written submissions, may be relevant to the registration issue identified in my email. Clarification might have been obtained in a confidential settlement conference.

Although these facts are part of the public record in this proceeding, additional facts disclosed in a confidential settlement conference may not be made public; *OSC Rules*, r 32(4); and see, e.g., *Assante Capital Management Ltd. (Re)* (2017), 41 OSCB 99, 2017 ONSEC 45 at para 8 ("***Assante***").

32 *Electrovaya* at paras 5-8.

33 *OSC Rules*, r 20(2); see also *Former OSC Rules*, r 12.6. These rules adopt the dictum in *Koonar* that is cited in Nadal's Submissions at para 35.

34 *OSC Rules*, r 33.

35 See Nadal's Submissions at paras 36-37, citing *Koonar* and *Rankin (Re)* (2008), 31 OSCB 3303, 2008 ONSEC 6. Both decisions preceded the adoption, in 2009, of the current settlement process.

36 See, e.g., *JV Raleigh Superior Holdings Inc.* (*Re)* (2013), 36 OSCB 4639, 2013 ONSEC 18 at para 16.

37 *Elliott (Re)* (2009), 32 OSCB 6931, 2009 ONSEC 26 at para 27; *Pierce (Re)*, 2016 BCSECCOM 188.

38 *Dhanani* at paras 8-9; *Global 8 Environmental Technologies Inc. (Re)* (2017), 40 OSCB 7127, 2017 ONSEC 31 at para 13; see also Bryant, Lederman and Fuerst, *The Law of Evidence in Canada* (3d ed. 2009) at 109-111 ("tactical burdens").

paragraph 127(10)4 of the *Act*, but Nadal was entitled to present evidence concerning the weight it should be given and any sanctions that might follow based on it, and Rule 11(3)(e) itself provides that he was not obligated to agree to a written hearing. As a matter of procedural fairness, Nadal is entitled to a full opportunity to address any such issue. Accordingly, if he wishes to adduce evidence with respect to any issue that he considers relevant in this proceeding or in view of my questions, he is entitled to do so and will have that opportunity in an oral hearing.

2. SEC Order and Findings

[29] Nadal, and Staff, should also have an opportunity to address the issues raised by my questions, but not fully addressed in their written submissions. First, the significance of the findings in the SEC Order and of Nadal's admission with respect to other proceedings must be addressed. The authorities cited by Staff and Nadal do not consider this issue.

[30] Staff's Submissions rely on *Re Graham*, in which the Commission accepted allegations in an SEC complaint as a basis for "reciprocating" an order of the United States District Court ("**USDC**") to which the respondent had consented without admitting or denying the allegations.[39] On the basis of this decision, Staff submits that the Panel can rely on the findings in the SEC Order.

[31] Nadal argues that *Graham* should not be followed, in part because Graham informed Staff that he did not oppose the order requested and did not appear, but more importantly because the decision in *Graham* preceded the *Lines* decision of the British Columbia Court of Appeal ("**BCCA**").[40] In *Lines*, the BCCA held a decision of the British Columbia Securities Commission ("**BCSC**") unreasonable because the BCSC had relied only on an order of the USDC, to which the respondents had consented without admitting or denying the allegations, when it imposed more onerous sanctions than those in the USDC's order. As in *Graham*, the respondents had also waived findings of fact and conclusions of law.[41] The BCCA's decision was based on the fact that there was no evidence to support a more onerous sanction because there was neither a finding by a court or regulatory authority nor an admission that Lines had broken any law and thus no evidence of wrongdoing.[42]

[32] In this case, although the SEC Order may reflect a no-contest settlement, the SEC made findings of fact and of multiple violations of the *1934 Act* in its order, and Nadal admitted these findings for specified purposes under the U.S. Bankruptcy Code. The effect of these provisions of the SEC Order, therefore, must be addressed, and the parties should have an opportunity to do so, if so advised, before the Panel makes any determination of the terms of any reciprocal order that may be in the public interest.[43]

3. Effect of Consent

[33] Staff and Nadal seek the reciprocal order to which Nadal agreed. Nadal's Submissions characterize this agreement as a settlement and their submissions that the order is in the public interest as joint submissions.[44] If a sanction relating to registration is to be considered, the effect of Nadal's Consent and/or the joint submission raise several issues that must be addressed.

[34] It is clear that the appropriate sanction in a proceeding like this one is a matter for the Commission's discretion. The question is how the exercise of this discretion should be affected by the Consent and/or joint submission of the parties. Nadal has cited the Commission's *Electrovaya* decision and the Supreme Court of Canada's decision in *Anthony-Cook*. Both relate to approval or acceptance of settlements. How should the standards in these decisions apply, if at all, to a proceeding like this one in light of the procedure required for settlements in the *OSC Rules*?

[35] If they are applicable, the standards adopted in these two cases may not be the same. As quoted in Nadal's Submissions, the standard in *Electrovaya* for approval of a settlement is whether "the sanctions agreed to by the parties are within a reasonable range of appropriateness in light of the facts admitted in the settlement agreement, taking into account the settlement process and its benefits",[45] while the standard for rejection of a joint sentence submission in a criminal proceeding is "whether the proposed sentence would bring the administration of justice into disrepute", that is, whether it is "so unhinged from the circumstances of the offence and the offender that its acceptance

---

39 *Graham (Re)* (2009), 32 OSCB 7202, 2009 ONSEC 33 ("***Graham***"). The respondent had also waived findings of fact and conclusions of law in the proceeding before the USDC; para 19.

40 *Lines v British Columbia (Securities Commission)*, 2012 BCCA 316 ("***Lines***").

41 See, e.g., Final Judgment as to Defendant Brian Lines, *SEC v Lines*, CA No. 07-11387 (DLC), September 29, 2010 (DCNY). When approving a no-contest settlement, the Commission, like the USDC, does not make findings of fact, but relies on Staff's declaration that the facts and conclusions in the settlement agreement are true; see *Assante* at para 7.

42 *Lines* at paras 29 and 32-33.

43 This is the issue to which my third question was directed.

44 Nadal's Submissions at para 15.

45 *Electrovaya* at para 5; Nadal's Submissions at para 20.

would lead reasonable and informed persons, aware of all the relevant circumstances, including the importance of promoting certainty in resolution discussions, to believe that the proper functioning of the justice system had broken down."[46] Both standards are contextual. If one is to be applied here, is the seemingly stricter standard in *Anthony-Cook* appropriate for regulatory proceedings like this one? The reasoning in a recent decision of an Investment Industry Regulatory Organization of Canada hearing panel may be relevant to this question.[47]

4. More Onerous Sanction

[36] The parties' submissions address the broad question of whether the Panel has jurisdiction to impose a more onerous sanction than one requested by Staff, but neither directly addresses my question relating to a sanction not requested in a statement of allegations and neither refers to Commission jurisprudence addressing this issue.[48]

[37] My question concerning sanctions not requested in a statement of allegations has two aspects. The first is the potential imposition of a more onerous sanction than requested by Staff, but of the same type. The second is the potential for a sanction of a type not identified in the statement of allegations, as is the case here, as Staff's request relates to acting as a director or officer of a reporting issuer and not to registration or registrants. This issue should be addressed in light of any regulatory precedents.[49] Prior Commission decisions imposing a more onerous sanction of the type Staff requested may also be relevant.[50]

VI. ORDER

[38] The parties should have an opportunity to address all of these issues before the Panel makes any determination concerning the terms of an order under subsection 127(1). The *Statutory Powers Procedure Act* provides that a panel may hold both written and oral hearings in a proceeding.[51] The *OSC Rules* recognize a panel's discretion to hold a hearing in writing or otherwise; they provide, both generally and with respect to expedited reciprocal hearings, that a hearing shall be conducted in writing if the parties consent, unless a panel orders otherwise.[52] In the exercise of this discretion, I shall make an order continuing this hearing as an oral hearing so that the parties may have an opportunity to adduce any evidence they consider relevant and to make additional submissions.

[39] A number of alternatives are open to the parties. Nadal or Staff may wish to adduce evidence relating to an issue they have not raised as a result of Nadal's Consent or to adduce additional evidence concerning Nadal's involvement in registrants' activities. In view of the issues identified above, they may also wish to make additional written submissions. These are matters for the parties. For this reason, my order will require the parties to determine how they wish to proceed and to contact the Registrar to schedule a prehearing attendance or an oral hearing on the merits.

Dated at Toronto this 28th day of February, 2018.

"Philip Anisman"

46 *Anthony-Cook* at paras 5 and 34; Nadal's Submissions at para 21.

47 See *Jacob (Re)*, 2017 IIROC 17.

48 The decisions cited by the parties involve reciprocal orders imposing more onerous sanctions than the initial order being reciprocated, but the sanctions were requested by Staff; see, e.g., *Graham*; *Lines*; *Pierce*; *Bochinski (Re)*, 2017 BCSECCOM 300; see also *Dhanani* at para 9 n 19.

49 See, e.g., *Jawhari (Re)* (2017), 40 OSCB 8551, 2017 ONSEC 36; *Cook (Re)*, 2017 BCSECCOM 260.

50 See, e.g., *Limelight Entertainment Inc.* (*Re*) (2008), 31 OSCB 12030, 2008 ONSEC 28; *Merax Resource Management Ltd. (Re)* (2012), 35 OSCB 11545, 2012 ONSEC 45.

51 RSO 1990, c S.22, s 5.2.1.

52 *OSC Rules*, r 11(3)(f) and 23(2).

This page intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
THERE IS NOTHING TO REPORT THIS WEEK.		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	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	

This page intentionally left blank

Request for Comments

6.1.1 Proposed Amendments to National Instrument 45-106 Prospectus Exemptions and National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations relating to Syndicated Mortgages and Proposed Changes to Companion Policy 45-106CP Prospectus Exemptions

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice and Request for Comment
Proposed Amendments to National Instrument 45-106 *Prospectus Exemptions* and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* relating to Syndicated Mortgages

and

Proposed Changes to Companion Policy 45-106CP *Prospectus Exemptions*

March 8, 2018

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period proposed amendments (the **Proposed Amendments**) to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) related to syndicated mortgages.

The Proposed Amendments are set out in Annexes A and C of this notice. Related changes to Companion Policy 45-106CP *Prospectus Exemptions* (the **Proposed Changes**) are set out in Annex B. This notice will also be available on the following websites of CSA jurisdictions:

nssc.novascotia.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.fcaa.gov.sk.ca
www.fcnb.ca
www.lautorite.qc.ca
www.mbsecurities.ca
www.osc.gov.on.ca

Substance and Purpose

The Proposed Amendments include changes to the prospectus and registration exemptions available for the distribution of syndicated mortgages. A syndicated mortgage is a mortgage in which two or more persons participate, directly or indirectly, as lenders in the debt obligation that is secured by the mortgage.

In particular, the Proposed Amendments:

- Remove the prospectus and registration exemptions under sections 2.36 of NI 45-106 and 8.12 of NI 31-103 respectively for the distribution of syndicated mortgages in the CSA jurisdictions where the exemptions are available.

- Introduce additional requirements to the offering memorandum exemption under section 2.9 of NI 45-106 (the **OM Exemption**) that apply when the exemption is used to distribute syndicated mortgages.

- Amend the private issuer prospectus exemption under section 2.4 of NI 45-106 (the **Private Issuer Exemption**) so that it is not available for the distribution of syndicated mortgages.

The Proposed Changes provide guidance regarding the new requirements introduced by the Proposed Amendments and regarding the determination of the issuer of a syndicated mortgage.

The purpose of the Proposed Amendments is to introduce additional investor protections related to the distribution of syndicated mortgages and to increase harmonization regarding the regulatory framework for syndicated mortgages across all CSA jurisdictions.

Background

All CSA jurisdictions currently have prospectus and registration exemptions for securities that are mortgages (the **Mortgage Exemptions**) if they are sold by a mortgage broker licensed in the Canadian jurisdiction where the property is located. The rationale for the Mortgage Exemptions is that an alternative regulatory regime applies to the distribution of mortgages.

In Alberta, British Columbia, Manitoba, New Brunswick, Québec and Saskatchewan, the Mortgage Exemptions are not available for syndicated mortgages.

There has been a significant increase in the offering of syndicated mortgages in connection with real estate developments in certain jurisdictions. These offerings potentially raise investor protection concerns, particularly when sold to retail investors, because they may:

- be used to raise seed financing for real estate developments, such as the costs of initial design proposals and start-up expenses;
- be sold based on projected values of a completed development;
- not be fully secured by a charge against real property, since the amount of the loan may significantly exceed the current fair value of the land;
- be subordinate to future financings, such as construction financing, which may be substantial and effectively render the investment more similar in risk to an equity investment rather than a fixed income investment;
- be offered by issuers with no source of income, rendering the payment of ongoing interest dependent on future financing or reserves from the principal advanced; and
- be subject to the risk of delay and increased costs inherent to real estate development.

Summary of the Proposed Amendments

Changes to the Mortgage Exemptions

Consistent with the current approach in Alberta, British Columbia, Manitoba, New Brunswick, Québec and Saskatchewan, the Proposed Amendments, together with related legislative amendments in Ontario, would remove the Mortgage Exemptions for syndicated mortgages in Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon.

Alternative prospectus exemptions would be required for the distribution of syndicated mortgages in all CSA jurisdictions. If we make the Proposed Amendments, we expect that syndicated mortgages will most likely be offered primarily under the accredited investor exemption under section 2.3 of NI 45-106 (the **AI Exemption**), the OM Exemption or the family, friends and business associates exemption under section 2.5 of NI 45-106 (the **FFBA Exemption**), although other prospectus exemptions may be available.

In those jurisdictions where the Mortgage Exemptions currently apply to syndicated mortgages, market participants that are in the business of trading syndicated mortgages would be required to consider whether the registration requirement applies to them. Since entities involved in financing real estate developments tend to engage in repeated financing activities, we expect that some of these firms will be required to become registered as a dealer or to rely on a registration exemption. In Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Yukon, the amendment to the registration exemption will be made effective one year later than the change to the prospectus exemption to allow time for market participants to register as required.

Changes to the Offering Memorandum Exemption

The OM Exemption is available for the distribution of syndicated mortgages. The OM Exemption allows for the distribution of securities to retail investors and is premised on adequate disclosure being provided to prospective purchasers.

Projected values of the completed development and the fact that the syndicated mortgage is secured against real property are often emphasized in connection with the marketing of these investments. The protection provided by this security interest depends primarily on the current fair market value of the real property relative to the obligations and any prior ranking charges.

The Proposed Amendments require issuers to deliver an appraisal of the current fair market value of the property subject to the syndicated mortgage to prospective purchasers under the OM Exemption. The appraisal would be prepared by a qualified appraiser who is independent of the issuer. Any other value of the property disclosed by the issuer would be required to have a reasonable basis and the issuer would be required to disclose the material factors and assumptions underlying that value and whether it was prepared by a qualified appraiser who is independent of the issuer.

Consistent with the current approach in British Columbia, the Proposed Amendments also include supplemental disclosure requirements that are tailored to syndicated mortgages, including disclosure of development risks, prior obligations secured against the real property and the price paid by the developer to acquire the real property. The intention of these amendments is to require adequate information for:

- potential purchasers under the OM Exemption to make an informed investment decision, and
- any registrants involved in the distribution to discharge their obligations to know the product being offered and to conduct a meaningful analysis of the suitability of the investment.

Issuers of syndicated mortgages would be required to meet the requirements of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*, as supplemented by proposed Form 45-106F18 *Supplemental Offering Memorandum Disclosure for Syndicated Mortgages*. The new disclosure requirements include information regarding the business and financial position of the borrower under the syndicated mortgage. We expect that the issuer of the syndicated mortgage and the borrower will generally be the same entity. However, in circumstances where the issuer of the syndicated mortgage is not the borrower, its ability to rely on the OM Exemption will be dependent on its ability to provide the required information regarding the borrower and to certify that it does not contain a misrepresentation. We consider information regarding the borrower to be essential, since it is the borrower that will be required to make payments of principal and interest under the syndicated mortgage.

Any mortgage broker involved in the distribution of a syndicated mortgage under the OM Exemption would also be required to provide a certificate that the offering memorandum does not contain a misrepresentation with respect to matters within its knowledge and that the mortgage broker has made best efforts to ensure that matters that are not within its knowledge do not contain a misrepresentation. The certificate requirement for mortgage brokers is modelled on the current requirements that apply in British Columbia. In some jurisdictions, a person that certifies an offering memorandum is subject to the statutory right of action for purchasers if the offering memorandum contains a misrepresentation.

Changes to the Private Issuer Exemption

The Proposed Amendments would make the Private Issuer Exemption unavailable for the distribution of syndicated mortgages. The Private Issuer Exemption is intended for small businesses to raise capital and we do not believe that it is appropriate for this exemption to be used for products such as syndicated mortgages. We are also concerned with our ability to monitor developments related to syndicated mortgage distributions without adequate reporting through reports of exempt distribution, which are not required under the Private Issuer Exemption. Since the FFBA Exemption and the AI Exemption will be available as alternatives to the Private Issuer Exemption, this proposed amendment should not significantly restrict the range of potential purchasers for syndicated mortgages.

Removing the Private Issuer Exemption for syndicated mortgages would result in more consistent reporting for syndicated mortgage distributions through the report of exempt distribution. The additional reporting would provide us with more information about this market, enabling us to develop more targeted compliance and investor education programs related to syndicated mortgages.

Impact on Investors

Investors in syndicated mortgages who purchase under the amended OM Exemption would be entitled to enhanced disclosure relating to their investment. We anticipate that this additional disclosure would result in more informed investment decisions and enable registrants involved in the distribution to better fulfil their obligations related to the distribution.

Investors in syndicated mortgages distributed under other prospectus exemptions would benefit from the potential involvement of a registrant in the distribution, in the same manner as for the distribution of other real estate related securities.

Anticipated Costs and Benefits of the Proposed Amendments and Proposed Changes

The Proposed Amendments and Proposed Changes are intended to enhance investor protection, particularly in connection with distributions to retail investors under the OM Exemption.

The proposed amendments to the OM Exemption are intended to enhance the ability of investors to understand the risks related to investing in syndicated mortgages and the extent to which the security interest in the property subject to the syndicated mortgage provides meaningful protection in the event of a default under the syndicated mortgage. The additional disclosure proposed under the OM Exemption is also intended to assist registrants in discharging their obligations to their clients.

The Proposed Amendments would also result in greater harmonization regarding the regulation of syndicated mortgages.

The costs associated with the Proposed Amendments and Proposed Changes may include the costs of:

- obtaining a property appraisal and providing supplemental disclosure for distribution under the OM Exemption;
- filing of reports of exempt distribution for the distribution of syndicated mortgages that could otherwise have been made in reliance on the Private Issuer Exemption; and
- registering as an exempt market dealer and ongoing compliance for market participants in jurisdictions where syndicated mortgages may currently be offered in reliance on the Mortgage Exemptions.

With the exception of the costs of registration and compliance, we do not expect these costs to be significant. For firms that are currently in the business of trading in syndicated mortgages and are licensed under mortgage broker legislation, the transition to registration as an exempt market dealer could potentially involve significant costs. These firms would be subject to new requirements and would be required to adopt new policies and procedures. We are proposing that the changes to the registration exemption for mortgages will take effect one year later than the other Proposed Amendments to minimize the immediate impact on these firms.

We consider that the costs associated with the Proposed Amendments and the Proposed Changes are proportionate to the benefits of increased investor protection.

Alternatives Considered

We have not considered any alternatives to the Proposed Amendments related to the Mortgage Exemptions or the OM Exemption. We consider the additional investor protections related to the distribution of syndicated mortgages included in the Proposed Amendments to be necessary.

As an alternative to removing the Private Issuer Exemption for syndicated mortgages, we considered requiring an issuer distributing syndicated mortgages under that exemption to file a report of exempt distribution. However, because the AI Exemption and FFBA Exemption would allow for the distribution of syndicated mortgages to substantially the same potential purchasers as the Private Issuer Exemption, we did not think that alternative was preferable. Further, adding a reporting requirement to the Private Issuer Exemption would require additional changes to the form of report of exempt distribution and system changes to the electronic filing systems in certain jurisdictions, which could result in additional costs and complexity for market participants.

Local Matters

Annex D is being published in any local jurisdiction that is proposing related changes to local securities laws, including local notices or other policy instruments in that jurisdictions. It may also include additional information that is relevant to that jurisdiction only.

Request for Comments

We welcome your comments on the Proposed Amendments and Proposed Changes.

In addition, we would appreciate comments regarding the following questions:

Appraisals

1. As proposed, an appraisal would be required in all cases where a syndicated mortgage is distributed under the OM Exemption. Should there be exceptions to this requirement? For example, should an appraisal be required if the property was acquired recently in an open market transaction with all parties acting at arm's length?

Mortgage broker requirements

2. Are there circumstances where requiring additional disclosure by and a certificate from a mortgage broker would not be appropriate in connection with the use of the OM Exemption? If so, please explain why and whether there are other participants in the distribution that should be subject to these requirements.

3. Is it appropriate to require a mortgage broker to certify that it has made best efforts to ensure that the offering memorandum does not contain a misrepresentation with respect to matters that are not within its personal knowledge?

Exclusion of syndicated mortgages from the Private Issuer Exemption

4. Are there circumstances where the distribution of syndicated mortgages under the Private Issuer Exemption would be appropriate and reporting to the securities regulatory authorities would not be necessary? If so, please provide examples and explain why there are limited investor protection concerns in those circumstances.

Alternative prospectus exemptions

5. Should alternative prospectus exemptions be provided to facilitate the distribution of specific classes of syndicated mortgages where the investor protection concerns may not be as pronounced?

6. Should we consider adopting an exemption for the distribution of syndicated mortgages on existing residential properties similar to the exemption for "qualified syndicated mortgages" under British Columbia Securities Commission Rule 45-501 *Mortgages*?

7. Should an exemption be provided for the distribution of a syndicated mortgage to a small number of lenders on a property that is used for residential or business purposes by the mortgagor? If so, should the exemption be subject to conditions? For example, should the exemption be available only for a distribution: (i) by an individual; and/or (ii) relating to a residential property; and/or (iii) involving a specified maximum number of lenders?

Please submit your comments in writing on or before June 6, 2018. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Address your submission to all of the CSA as follows:

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission (New Brunswick)
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Deliver your comments only to the addresses below. Your comments will be distributed to the other CSA jurisdictions.

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

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, rue du Square-Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Fax : 514-864-6381
consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.albertasecurities.com, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.gov.on.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Contents of Annexes

Annex A – Proposed Amendments to National Instrument 45-106 *Prospectus Exemptions*

Annex B – Proposed Changes to Companion Policy 45-106CP *Prospectus Exemptions*

Annex C – Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions And Ongoing Registrant Obligations*

Annex D – Local Matters

Questions

Please refer your questions to any of the following:

Ontario Securities Commission

David Surat
Senior Legal Counsel, Corporate Finance
416.593.8052
dsurat@osc.gov.on.ca

Matthew Au
Senior Accountant, Corporate Finance
416.593.8132
mau@osc.gov.on.ca

Melissa Taylor
Legal Counsel, Corporate Finance
416.596.4295
mtaylor@osc.gov.on.ca

Adam Braun
Legal Counsel, Compliance and Registrant Regulation
416.593.2348
abraun@osc.gov.on.ca

Alberta Securities Commission

Lanion Beck
Senior Legal Counsel
403.355.3884
lanion.beck@asc.ca

Autorité des marchés financiers

Alexandra Lee
Senior Policy Adviser
514.395.0337, ext. 4465
alexandra.lee@lautorite.qc.ca

British Columbia Securities Commission

Gordon Smith
Acting Manager and Senior Legal Counsel, Corporate Finance
604.899.6656
gsmith@bcsc.bc.ca

Leslie Rose
Senior Legal Counsel, Corporate Finance
604.899.6654
lrose@bcsc.bc.ca

Financial and Consumer Affairs Authority of Saskatchewan

Mikale White
Legal Counsel, Securities Division
306.798.3381
mikale.white@gov.sk.ca

Financial and Consumer Services Commission (New Brunswick)

Ella-Jane Loomis
Senior Legal Counsel, Securities
506.658.2602
ella-jane.loomis@fcnb.ca

Manitoba Securities Commission

Chris Besko
Director, General Counsel
204.945.2561
chris.besko@gov.mb.ca

Nova Scotia Securities Commission

H. Jane Anderson
Director, Policy & Market Regulation and Secretary to the Commission
902.424.0179
jane.anderson@novascotia.ca

ANNEX A

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*

1. National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.

2. Section 1.1 is amended by adding the following definitions:

"professional association" means an organization of real property appraisers with its head office in Canada that

(a) is generally accepted within the Canadian real property appraisal community as a reputable association,

(b) admits individuals on the basis of their academic qualifications, experience and ethical fitness,

(c) requires compliance with professional standards of competence and ethics established or endorsed by the organization,

(d) requires or encourages continuing professional development, and

(e) has and applies disciplinary powers, including the power to suspend or expel a member regardless of where the member practices or resides;***,***

"qualified appraiser" means an individual who

(a) regularly performs property appraisals for compensation,

(b) is a member of a professional association holding the appropriate designation, certification, charter or licence to act as an appraiser for the type of property, and

(c) is in good standing with the professional association;***, and***

"syndicated mortgage" means a mortgage in which two or more persons participate, directly or indirectly, as a lender in a debt obligation that is secured by the mortgage;***.***

3. Section 2.4 is amended by:

(a) adding "or a syndicated mortgage***" after "***a short-term securitized product***" in subsection (4), and***

(b) adding the following subsection:

(6) Subsection 73.4(2) of the *Securities Act* (Ontario) does not apply to a distribution of a short-term securitized product or a syndicated mortgage.***.***

4. Section 2.9 is amended by adding the following subsections:

(19) For the purposes of subsections (19.1) and (19.3), a qualified appraiser is independent of an issuer of a syndicated mortgage if there is no circumstance that, in the opinion of a reasonable person aware of all of the relevant facts, could interfere with the qualified appraiser's judgment regarding the preparation of an appraisal for a property.

(19.1) Subsections (1), (2) and (2.1) do not apply to a distribution by an issuer of a syndicated mortgage unless, at the same time or before the issuer delivers an offering memorandum to the purchaser in accordance with subsections (1), (2) or (2.1), the issuer delivers to the purchaser an appraisal of the property subject to the syndicated mortgage that

(a) is prepared by a qualified appraiser who is independent of the issuer,

(b) is prepared in accordance with the applicable professional standards of the professional association of which the qualified appraiser is a member,

(c) provides the fair market value of the property subject to the syndicated mortgage, without taking into account any proposed improvements or proposed development, and

(d) is prepared with an effective date that is within 12 months preceding the date that the appraisal is delivered to the purchaser.

(19.2) An issuer of a syndicated mortgage distributed in reliance on the exemption described in subsection (1), (2) or (2.1) must not disclose any value of the property subject to the syndicated mortgage, other than the fair market value disclosed in the appraisal required under subsection (19.1), unless the issuer has a reasonable basis for that value.

(19.3) If an issuer of a syndicated mortgage distributed in reliance on the exemption described in subsection (1), (2) or (2.1) discloses any value of the property subject to the syndicated mortgage, other than the fair market value disclosed in the appraisal required under subsection (19.1), the issuer must state

(a) with equal or greater prominence the fair market value disclosed in the appraisal required under subsection (19.1),

(b) the material factors or assumptions used to develop the value, and

(c) whether or not the value was prepared by a qualified appraiser who is independent of the issuer.

(19.4) The issuer of a syndicated mortgage distributed in reliance on the exemption described in subsection (1), (2) or (2.1) must file with the securities regulatory authority a copy of the appraisal required under subsection (19.1) on or before the 10th day after the distribution of the syndicated mortgage.**.**

5. Section 2.36 is amended by:

(a) repealing subsection (1),

(b) replacing "Except in Ontario, and subject***" in subsection (2) with "***Subject***", and***

(c) replacing "In Alberta, British Columbia, Manitoba, New Brunswick, Québec and Saskatchewan, subsection (2)***" in subsection (3) with "***Subsection (2)***".***

6. Section 6.4 is amended by adding the following subsection:

(3) Despite subsections (1) and (2), if the security distributed under section 2.9 [*Offering memorandum*] is a syndicated mortgage, the required form of offering memorandum is Form 45-106F2 supplemented by Form 45-106F18.**.**

7. The following form is added after Form 45-106F17:

Form 45-106F18

Supplemental Offering Memorandum Disclosure for Syndicated Mortgages

INSTRUCTIONS:

1. Integrate the following disclosure into your offering memorandum for a distribution of a syndicated mortgage.

2. You do not need to follow the order of items in this form. Information required in this form that has already been disclosed in response to the requirements of Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers *need not be repeated.*

3. You do not need to respond to any item in this form that is inapplicable.

4. Certain items of this form require disclosure about the issuer of a syndicated mortgage or the borrower under a syndicated mortgage. In general, the borrower will also be the issuer of the syndicated mortgage. In these circumstances, the terms "issuer" and "borrower" are interchangeable and there is no requirement to duplicate information.

There may be circumstances where the borrower is not the issuer of a syndicated mortgage, such as where a mortgage is syndicated by the original lender to add lenders. In these circumstances, the issuer is required to provide all disclosure required under Form 45-106F2 and this form as the issuer of the security being distributed. This form also requires information about the borrower under the syndicated mortgage, because the borrower is the person obligated to pay the principal and interest under the syndicated mortgage.

5. In this form, the distribution of a syndicated mortgage may also be referred to as the "offering". The lenders or investors in a syndicated mortgage may also be referred to in this form as the "purchasers".

6. References to the "principal holder" of a person mean each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the person. If a principal holder is not an individual, also provide the information required for the principal holder for any person that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

7. When the term "related party" is used in this form, it has the meaning set out in the General Instructions to Form 45-106F2.

Item 1 – Description of the Offering

(1) Describe what kind of investment is being offered and the legal rights of the purchaser, including, but not limited to, details of the following:

(a) the nature of the investment, i.e., whether it is a participation in a mortgage, an assignment of a participation in a mortgage, a mortgage unit or some other direct or indirect interest or participation in a mortgage over real property and the legal rights of the purchaser attaching to the investment;

(b) the rights of the purchaser on default by the borrower and the rights of the purchaser to share in the proceeds of any recovery from the borrower, in particular the purchaser's voting rights and whether the purchaser has the right to institute individual legal action against the borrower and, if not, the person or persons who may institute or coordinate the institution of legal action against the borrower; and

(c) if the issuer of the syndicated mortgage is not the borrower under the syndicated mortgage, the rights of the purchaser against the issuer of the syndicated mortgage.

(2) Describe the project and the plans for the use of the funds.

Item 2 – Raising of Funds

(1) If the funds to be raised through the offering are required to be raised in stages, disclose the period over which the funds will be raised and the criteria to determine when they will be raised.

(2) If there are any arrangements under which any part of the funds raised will only become available to the borrower if certain conditions are fulfilled, describe those conditions and the procedure for the return of funds to the purchaser if the conditions are not met and any deduction or penalty imposed on the borrower or any other person for not meeting the conditions. Give details of the arrangements made for, and the persons responsible for, the supervision of the trust or escrow account or the investment of unreleased funds, and the investment policy to be followed.

Item 3 – Other Risk Factors Specific to Syndicated Mortgages

(1) State in bold:

Investments in syndicated mortgages are speculative and involve a high degree of risk. Purchasers should be aware that this investment has not only the usual risks associated with the financial ability of the borrower to make repayments but also risks associated with financing real estate and risks associated with syndication.

(2) If the syndicated mortgage includes a personal covenant, guarantee or other financial commitment, state in bold:

The ability of the person providing the personal covenant, guarantee or other financial commitment to perform under the personal covenant, guarantee or other financial commitment will depend on the financial strength of the person. There is no assurance that the person will have the financial ability to be able to satisfy their obligations under the personal covenant, guarantee or other financial commitment and therefore you may not receive any return from your investment, including any initial amount invested.

(3) Disclose the risk factors that make the offering a risk or speculation.

INSTRUCTIONS:

Risk factors may include, but are not limited to

- *the reliance on the ability of the borrower to make payments under the mortgage,*
- *the financial strength of any person offering a personal covenant, guarantee or financial commitment,*
- *the ability to raise further funds as progress in development or construction takes place,*
- *changes in land value,*
- *unanticipated construction and development costs,*
- *the ability to recover one's investment in the event of foreclosure,*
- *whether there are other encumbrances on the mortgaged property and their relative priority,*
- *the level of ranking of the syndicated mortgage in relation to other mortgages and other encumbrances,*
- *the conflicts of interest between the borrower and the mortgage broker,*
- *the mortgage broker's efforts, ability and experience,*
- *inadequate insurance coverage,*
- *inability to change the trustee (if any), and*
- *the restrictions imposed by securities legislation on the resale of the syndicated mortgage.*

Item 4 – Administration Agreement

(1) Disclose whether there is an administration agreement requiring the purchaser to pay fees or expenses for the administration of the syndicated mortgage to any person, such as a mortgage broker or a related party. Disclose all fees and expenses to be charged to the purchaser and how they are to be calculated. Also disclose the specific responsibilities of all parties to the administration agreement, including

- the collection responsibility for payments due under the syndicated mortgage,
- the commencement of legal action on default,
- the follow-up on insurance expirations or cancellations, and
- all other matters of administration to be provided by the person administering the syndicated mortgage.

(2) State:

> Copies of the administration agreement are available on request from the borrower or any mortgage broker involved in the distribution.

Item 5 – Trust Agreement

Disclose whether there is any trust or other agreement that provides for any person to make advances of the funds to the borrower and to distribute the proceeds of repayments made by the borrower. Disclose the material terms of any agreement, in particular,

- whether the purchaser is required to grant a power of attorney to the trustee and the terms of that power of attorney,

- all fees and expenses to be charged to the purchaser, and
- the specific responsibilities of all parties to the agreement, including
    - the opening of a trust account into which all investment proceeds must be paid until advanced to the borrower and into which all proceeds received in repayment of the syndicated mortgage must be paid before distribution to the purchasers,
    - the means by which the syndicated mortgage will be repaid, and
    - the mechanism for replacing the trustee and the procedure for dispute resolution.

Item 6 – Property Subject to Mortgage

Describe the details of the property subject to the mortgage, including

- the address and legal description,
- the past, current and intended use,
- any proposed improvements,
- the date of acquisition of the property and the purchase price paid,
- the details, including the purchase price, of any other transactions involving the property known to the borrower, any related party of the borrower or any of their respective partners, directors, officers or principal holders,
- if the borrower is not the issuer of the syndicated mortgage, the details, including the purchase price, of any other transactions involving the property known to the issuer, any related party of the issuer or any of their respective partners, directors, officers or principal holders,
- any contractual arrangements relating to the property,
- any insurance policies applicable to the property and their status,
- any claims or litigation,
- any known contamination or environmental concerns, and
- any other material facts.

Item 7 – Details of the Syndicated Mortgage

(1) Describe the details of the syndicated mortgage, including

- the material terms of the syndicated mortgage, including the principal amount, term, amortization period, interest rate, maturity date, any prepayment entitlement and the ranking of the syndicated mortgage (i.e., first, second, etc.),
- the material terms and relative priority of any other mortgages and other encumbrances on the mortgaged property,
- the loan-to-value ratio of the property, calculated on an aggregate basis using the loan value of the syndicated mortgage and all other mortgages or encumbrances with priority over the syndicated mortgage and the appraised value of the property described under item 8,
- the aggregate dollar amount of the funds being raised under the offering,

- the status of the syndicated mortgage, including whether there are any arrears and, if so, the amount and due dates of outstanding payments, if advances have already been made to the borrower and interests in the syndicated mortgage are subsequently sold to purchasers,

- the means by which the repayments by the borrower will be distributed and the procedure for establishing the proportion to which each purchaser is entitled to share in the distribution, and

- the source of funds that the borrower will use to pay interest on the syndicated mortgage, including any reserve accounts or other fund maintained by the borrower or any other person.

(2) Attach a copy of any commitment letter, or other commitment document, in which the mortgage broker or other person sets out the terms of the commitment to advance funds to the borrower.

Item 8 – Appraisal

Describe the most recent appraisal of the value of the land and existing improvements, including all assumptions and qualifications and the date of the appraisal prepared by a qualified appraiser in accordance with subsection 2.9(19.1) of National Instrument 45-106 *Prospectus Exemptions*.

Provide details of the most recent assessment of the land, including existing improvements by any provincial or municipal assessment authority.

Item 9 – Exemptions

Disclose any statutory or discretionary exemption from the registration requirement that is being relied upon by any person involved in the offering of the syndicated mortgage.

Item 10 – Guarantees or Other Similar Financial Commitments

(1) Summarize, in plain language, the key terms of any personal covenant, guarantee or other financial commitment provided in connection with the syndicated mortgage. Explain how the personal covenant, guarantee or financial commitment works and state:

> Copies of the personal covenant, guarantee or other financial commitment are available on request from the borrower or any mortgage broker involved in the distribution.

(2) Disclose the financial position and business experience of the person providing any personal covenant, guarantee or other financial commitment.

(3) Indicate whether the purchasers will be entitled to ongoing disclosure of the financial position of the person providing any personal covenant, guarantee or other financial commitment during the period of the personal covenant, guarantee or commitment, and the nature, verification, timing and frequency of any disclosure that will be provided to purchasers.

Item 11 – Organization of Mortgage Broker

State the laws under which the mortgage broker is organized and the date of formation of the mortgage broker.

Item 12 – Borrower Information

If the borrower is not the issuer of the syndicated mortgage, include the disclosure required under items 2, 3, 4 and 12 of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* as if the borrower were the issuer of the syndicated mortgage.

Item 13 – Developer

If the property subject to the syndicated mortgage is being developed, state the laws under which the developer is organized and the date of formation of the developer. Describe the business of the developer and any prior experience of the developer in similar projects.

Item 14 – Mortgage Broker, Partners, Directors, Officers and Principal Holders

(1) Disclose the name, municipality of residence and principal occupation for the last 5 years of the mortgage broker, if the mortgage broker is an individual, or of the partners, directors, officers and any principal holders, if the mortgage broker is not an individual.

(2) Disclose any penalty or sanction, including the reason for it and whether it is currently in effect, that has been in effect during the last 10 years, or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against

- the mortgage broker,
- a director, executive officer or control person of the mortgage broker, or
- any issuer of which a person referred to above was a director, executive officer or control person at the time.

(3) Disclose any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to

- the mortgage broker,
- a director, executive officer or control person of the mortgage broker, or
- any issuer of which a person referred to above was a director, executive officer or control person at that time.

Item 15 – Developer, Partners, Directors, Officers and Principal Holders

Disclose the information required by item 14 in respect of the mortgage broker for the developer and, if the developer is not an individual, its partners, directors, officers and principal holders.

Item 16 – Conflicts of Interest

(1) State the name of the mortgage broker, any relationship between the mortgage broker and the borrower or issuer, particulars of any agency or similar agreement and the remuneration, if any, that purchasers will pay to the mortgage broker in connection with the offering.

(2) Describe any existing or potential conflicts of interest that could reasonably be expected to affect the purchaser's investment decision among any of

- the borrower,
- the issuer,
- the mortgage broker,
- any partners, directors, officers and principal holders of the borrower, issuer, mortgage broker or developer, or
- the trustee and any person providing goods or services to the borrower, issuer, mortgage broker or developer in connection with the syndicated mortgage.

(3) Describe any direct or indirect interest of the mortgage broker, developer or related parties in the property, mortgage or business of the borrower, issuer or trustee.

Item 17 – Material Agreements

(1) To the extent not already disclosed elsewhere in the offering memorandum, give particulars of every material agreement relating to the offering of the syndicated mortgage entered into or to be entered into by the borrower, issuer or the mortgage broker or any of the affiliates of the borrower, issuer or mortgage broker, within the 2 years preceding the date of the offering memorandum.

(2) If the material agreements are not attached to the offering memorandum, disclose a place at which during regular business hours those agreements or copies of those agreements may be inspected during distribution of the syndicated mortgage.

Item 18 – Disclosure of Fees Specific to the Syndicated Mortgage

(1) Disclose whether a mortgage broker has provided a disclosure statement under mortgage broker legislation to the borrower concerning all fees, by whatever name those fees are called, charged to the borrower in addition to assessment, appraisal, survey and legal fees. State that a copy of that disclosure statement is available to the purchaser on request from the mortgage broker or issuer.

(2) If no mortgage broker has provided a disclosure statement to the borrower, state what fees (by whatever name those fees are called) are to be charged to the borrower, how they are to be calculated and paid and when any person involved in the distribution is entitled to payment.

(3) Disclose all fees to be paid by the purchaser, directly or indirectly, including any commissions, charges or referral fees.

Item 19 – Registration documentation

State:

> In addition to all other material and documentation reasonably requested and mutually agreed upon, the purchaser should request, either from the lawyer or notary acting on the purchaser's behalf, or from the borrower, issuer or any mortgage broker involved in the distribution, the following documentation after the completion of registration and disbursement of the syndicated mortgage
>
> - a copy of the certificate of mortgage interest or assignment of the mortgage or any other document evidencing the investment,
> - a copy of a confirmation signed by any secured party with priority over the syndicated mortgage confirming the outstanding balance of its encumbrance over the property and that the borrower is not in arrears with any payments,
> - written confirmation of valid insurance on the property and disclosure of the interest of the purchaser in the insurance,
> - written confirmation that there are no outstanding arrears or delinquent municipal property taxes on the property,
> - a state of title certificate, or equivalent, within 120 days of the date of the syndicated mortgage, and
> - a copy of administration agreement or trust indenture.

Item 20 – Certification by Mortgage Broker

State, in a certificate signed by the mortgage broker, the following:

> With respect to matters that are or should be within my personal knowledge, the foregoing contains no misrepresentation. With respect to matters that are not and are not required to be within my personal knowledge, I have made best efforts to ensure that the foregoing contains no misrepresentation.

The certificate must be signed by the persons holding positions with the mortgage broker that are the same as the signatories for an issuer under subsections 2.9(9) to 2.9(12) of National Instrument 45-106 *Prospectus Exemptions*.**.**

8. This Instrument comes into force on ●.

ANNEX B

PROPOSED CHANGES TO
COMPANION POLICY 45-106CP *PROSPECTUS EXEMPTIONS*

1. Companion Policy 45-106CP Prospectus Exemptions is changed by this Document.

2. Section 3.8 is changed by adding the following subsections:

(11) Issuer of a syndicated mortgage

Where a borrower enters into a mortgage with two or more persons participating as lenders under the debt obligation secured by the mortgage, or enters into a mortgage with a view to the subsequent syndication of that mortgage to two or more purchasers, lenders or investors, we would generally consider the borrower to be the issuer of the syndicated mortgage. Consequently, the obligations to comply with the conditions of the exemption and reporting requirements (including the filing of a report of exempt distribution) would fall on the borrower.

There may be circumstances where we would consider a person other than the borrower to be an issuer of a syndicated mortgage. For example, where a borrower enters into a mortgage with a single lender, and that lender subsequently distributes interests in the mortgage, or assigns interests in the mortgage, to more than one lender, purchaser or investor, the original lender could be considered to be the issuer of the syndicated mortgage. The determination of the identity of the issuer, or issuers of a syndicated mortgage, will depend on the particular facts and circumstances of the transaction.

Where a person other than the borrower is the issuer of a syndicated mortgage, the ability of the issuer to rely on the offering memorandum exemption for the distribution of the syndicated mortgage will be dependent upon the issuer providing the required information regarding the borrower, including financial statements, in the offering memorandum. The issuer's certificate that the offering memorandum does not contain a misrepresentation will extend to any information provided about the borrower under the syndicated mortgage.

(12) Professional association

The definition of "qualified appraiser" in section 1.1 of the Instrument requires a qualified appraiser to be a member of a professional association. The Appraisal Institute of Canada, The Canadian National Association of Real Estate Appraisers and l'Ordre des évaluateurs agréés du Québec are examples of organizations that we consider to meet the definition of a professional association.

(13) Independent qualified appraiser for syndicated mortgages

Subsection 2.9(19) of the Instrument provides the test that the issuer of a syndicated mortgage and a qualified appraiser must apply to determine whether a qualified appraiser is independent of the issuer. The following are examples of when we would consider that a qualified appraiser is not independent. These examples are not a complete list. We would consider that a qualified appraiser is not independent of an issuer if the qualified appraiser:

(a) is an employee, insider or director of the issuer,

(b) is an employee, insider or director of a related party of the issuer,

(c) is a partner of any person in paragraph (a) or (b),

(d) holds or expects to hold securities, either directly or indirectly, of the issuer or a related party of the issuer,

(e) holds or expects to hold securities, either directly or indirectly, in another issuer that has a direct or indirect interest in the property that is the subject of the appraisal or in an adjacent property,

(f) is an employee, insider or director of another issuer that has a direct or indirect interest in the property that is the subject of the appraisal or in an adjacent property,

(g) has or expects to have, directly or indirectly, an ownership, royalty or other interest in the property that is the subject of the appraisal or in an adjacent property, or

(h) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the appraisal from the issuer or a related party of the issuer.

(14) Appraisals

Subsection 2.9(19.1) of the Instrument requires the issuer to deliver an appraisal of the property subject to a syndicated mortgage. The appraisal must disclose the fair market value of the property, without taking into account any proposed improvements or proposed development. The fair market value of the property, as it currently exists, is important information for prospective purchasers to understand the protection afforded by the security interest in the property subject to the syndicated mortgage in the event of a default by the borrower.**.**

3. These changes become effective on ●.

ANNEX C

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. Section 8.12 is amended by:

(a) replacing "In Alberta, British Columbia, Manitoba, New Brunswick, Québec and Saskatchewan, subsection (2)***" in subsection (3) with "***Subsection (2)***", and***

(b) repealing subsection (4).

3. This Instrument comes into force on ●.

ANNEX D

Local Matters (Ontario)

Short-term Securitized Products

In Ontario, the Proposed Amendments remove the Private Issuer Exemption for the distribution of short-term securitized products. This change is being made to harmonize the treatment of short-term securitized products in Ontario with the other CSA jurisdictions. Please refer to the CSA Notice and Request for Comment, dated January 23, 2014, for Proposed Amendments to NI 45-106 relating to the Short-term Debt Prospectus Exemption and Proposed Securitized Products Amendments for additional discussion relating to this change.

Amendments to the *Securities Act* (Ontario)

Bill 177 received Royal Assent on December 14, 2017. It includes amendments to the *Securities Act* (Ontario) to remove the existing prospectus and registration exemptions for the distributions of mortgages. As a result, the amended form of the Mortgage Exemptions included in the Proposed Amendments will apply in Ontario, in the same manner as all other CSA jurisdictions. These amendments come into force on proclamation, which we expect will correspond to the times at which the Proposed Amendments come into force.

Anticipated Costs and Benefits

The anticipated costs and benefits of the Proposed Amendments are set out in the attached notice. In Ontario, the anticipated costs of the Proposed Amendments will be offset by the costs of compliance with the amended regulations under the *Mortgage Brokerages, Lenders and Administrators Act* (the **MBLAA**) that are scheduled to come into force during 2018. In particular, the requirements for an appraisal of the fair market value of a property subject to a syndicated mortgage and the supplemental disclosure requirements for the OM Exemption are similar to requirements that are expected to apply under the MBLAA in the absence of the Proposed Amendments.

Unpublished Materials

In proposing the Proposed Amendments and the Proposed Changes, we have not relied on any significant unpublished study, report or other written materials.

Authority for Proposed Amendments

In Ontario, the rule-making authority for the Proposed Amendments is as follows:

- NI 45-106: paragraph 20 of subsection 143(1) of the *Securities Act* (Ontario).
- NI 31-103: paragraph 8 of subsection 143(1) of the *Securities Act* (Ontario).

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:
North American High Yield Bond Fund (Putnam)
Mackenzie Floating Rate Income Fund
Mackenzie Canadian Balanced Fund1
Dividend Fund (GWLIM)
Mackenzie Canadian Large Cap Dividend Fund
U.S. Value Fund (Putnam)
Mackenzie US All Cap Growth Fund
Mackenzie US Mid Cap Growth Class
Mackenzie Ivy European Class
Mackenzie Global Growth Class
Mackenzie Emerging Markets Class
Mackenzie Canadian Resource Fund
Mackenzie Precious Metals Class*
Dividend Class (GWLIM)
U.S. Value Class (Putnam)
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated February 28, 2018
Received on February 28, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Quadrus Investment Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2621242

Issuer Name:
BetaPro S&P 500 VIX Short-Term Futures™ Daily Inverse ETF
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated March 1, 2018
Received on March 2, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2697878

Issuer Name:
Evolve Active Core Fixed Income ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 28, 2018
NP 11-202 Preliminary Receipt dated March 2, 2018
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Evolve Funds Group Inc.
Project #2736084

Issuer Name:
Fidelity ClearPath® 2005 Portfolio
Fidelity ClearPath® 2010 Portfolio
Fidelity ClearPath® 2015 Portfolio
Fidelity ClearPath® 2020 Portfolio
Fidelity ClearPath® 2025 Portfolio
Fidelity ClearPath® 2030 Portfolio
Fidelity ClearPath® 2035 Portfolio
Fidelity ClearPath® 2040 Portfolio
Fidelity ClearPath® 2045 Portfolio
Fidelity ClearPath® 2050 Portfolio
Fidelity ClearPath® 2055 Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus and Amendment #3 to Annual Information Form dated March 1, 2018
Received on March 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canada Limited
Promoter(s):
N/A
Project #2675619

Issuer Name:
Fidelity ClearPath® 2060 Portfolio
Fidelity Emerging Markets Local Currency Debt Investment Trust
Fidelity Founders Class
Fidelity Founders Currency Neutral Class
Fidelity Founders Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 2, 2018
NP 11-202 Preliminary Receipt dated March 2, 2018
Offering Price and Description:
Series A, B, E1, E1T5, E2, E2T5, E3, E3T5, E4, E5, F, F5, F8, O, P1, P1T5, P2, P2T5, P3, P3T5, P4, P5, S5, S8, T5 and T8 shares
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #2736874

Issuer Name:
NBI Short Term Canadian Income Fund
Principal Regulator – Quebec
Type and Date:
Amendment #5 to Final Simplified Prospectus dated March 5, 2018
Received on March 5, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
National Bank Investments Inc.
Promoter(s):
National Bank Investments Inc.
Project #2626325

Issuer Name:
Purpose US Preferred Share Fund
Redwood Pension Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 1, 2018
Received on March 2, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Redwood Asset Management Inc.
Promoter(s):
Redwood Asset Management Inc.
Project #2690436

Issuer Name:
Redwood Growth Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated March 1, 2018
Received on March 2, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Logiq Capital 2016
Project #2633187

Issuer Name:
Russell Investments Multi-Factor US Equity Pool
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 27, 2018
NP 11-202 Preliminary Receipt dated March 2, 2018
Offering Price and Description:
(Series A, B, F and O Units)
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #2736869

Issuer Name:
Evolve Blockchain ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated February 26, 2018
NP 11-202 Receipt dated February 27, 2018
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Evolve Funds Group Inc.
Project #2725272

Issuer Name:
Excel Emerging Markets Balanced Fund
Excel India Balanced Fund
Excel High Income Fund
Excel Money Market Fund
Excel India Fund
Excel New India Leaders Fund
Excel China Fund
Excel Chindia Fund
Excel Emerging Markets Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated February 16, 2018
NP 11-202 Receipt dated March 2, 2018
Offering Price and Description:
Series A, F, DB, I, N and Institutional Series @ Net Asset Value
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
Excel Funds Management Inc.
Project #2671952

Issuer Name:
Invesco Advantage Bond Fund
Invesco Canadian Bond Fund
Invesco Canadian Premier Growth Class
Invesco European Growth Class
Invesco Floating Rate Income Fund
Invesco Global Bond Fund
Invesco Global Dividend Income Fund
Invesco Global Growth Class
Invesco Global High Yield Bond Fund
Invesco Global Monthly Income Fund
Invesco Global Real Estate Fund
Invesco Indo-Pacific Fund
Invesco International Growth Class
Trimark Canadian Endeavour Fund
Trimark Canadian Opportunity Class
Trimark Canadian Plus Dividend Class
Trimark Diversified Yield Class
Trimark Emerging Markets Class
Trimark Energy Class
Trimark Europlus Fund
Trimark Fund
Trimark Global Balanced Class
Trimark Global Diversified Income Fund
Trimark Global Dividend Class
Trimark Global Endeavour Class
Trimark Global Fundamental Equity Class
Trimark Global Small Companies Class
Trimark International Companies Class
Trimark Resources Fund
Trimark U.S. Companies Class
Trimark U.S. Small Companies Class
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus and Amendment #4 to Annual Information Form dated February 23, 2018
NP 11-202 Receipt dated March 2, 2018
Offering Price and Description:
Series A, Series D, Series F, Series FH, Series H, Series I, Series P, Series PF, Series PFH, Series PH, Series PTF, Series T4, Series T6, Series T8, Series PF6, Series PF8, Series PTF, Series PTFU, Series PT4, Series PT6, Series PT8, Series T4CAP, Series T6CAP, and Series T8CAP Shares/Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Invesco Canada Ltd.
Project #2636650

Issuer Name:
iShares International Fundamental Index ETF ("CIE")
iShares Japan Fundamental Index ETF (CAD-Hedged) ("CJP")
iShares US Fundamental Index ETF ("CLU")
iShares Emerging Markets Fundamental Index ETF ("CWO")
iShares Canadian Fundamental Index ETF ("CRQ")
iShares S&P/TSX Canadian Dividend Aristocrats Index ETF ("CDZ")
iShares S&P/TSX Canadian Preferred Share Index ETF ("CPD")
iShares US Dividend Growers Index ETF (CAD-Hedged) ("CUD")
iShares Global Monthly Dividend Index ETF (CAD-Hedged) ("CYH")
iShares Global Real Estate Index ETF ("CGR")
iShares Global Infrastructure Index ETF ("CIF")
iShares Global Water Index ETF ("CWW")
iShares Global Agriculture Index ETF ("COW")
iShares Balanced Income CorePortfolio™ Index ETF ("CBD")
iShares Balanced Growth CorePortfolio™ Index ETF ("CBN")
iShares High Quality Canadian Bond Index ETF ("XQB")
iShares 1-5 Year Laddered Corporate Bond Index ETF ("CBO")
iShares 1-10 Year Laddered Corporate Bond Index ETF ("CBH")
iShares U.S. High Yield Fixed Income Index ETF (CAD-Hedged) ("CHB")
iShares 1-5 Year Laddered Government Bond Index ETF ("CLF")
iShares 1-10 Year Laddered Government Bond Index ETF ("CLG")
iShares Convertible Bond Index ETF ("CVD")
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Long Form Prospectus dated February 6, 2018
NP 11-202 Receipt dated March 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Promoter(s):
N/A
Project #2620760

Issuer Name:
iShares Premium Money Market ETF
iShares Canadian Financial Monthly Income ETF
iShares Equal Weight Banc & Lifeco ETF
iShares Short Duration High Income ETF (CAD-Hedged)
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 6, 2018
NP 11-202 Receipt dated March 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2676827

Issuer Name:
RBC Vision Women's Leadership MSCI Canada Index ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated February 27, 2018
NP 11-202 Receipt dated February 27, 2018
Offering Price and Description:
units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
RBC Global Asset Management Inc.
Project #2721399

Issuer Name:
UIT Alternative Health Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated February 2, 2018
NP 11-202 Receipt dated March 5, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2661879

NON-INVESTMENT FUNDS

Issuer Name:
12 Exploration Inc.
Type and Date:
Preliminary Long Form Prospectus dated March 2, 2018
(Preliminary) Receipted on March 2, 2018
Offering Price and Description:
2,000,000 Common Shares on Exercise of 2,000,000 Outstanding Special Warrants
Price per Warrant: $0.15
Underwriter(s) or Distributor(s):
–
Promoter(s):
Tom Obradovich
Project #2736871

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 28, 2018
NP 11-202 Preliminary Receipt dated February 28, 2018
Offering Price and Description:
$150,090,500.00
4,270,000 Units
Price: $35.15 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Raymond James Ltd.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Promoter(s):
–
Project #2731864

Issuer Name:
Falco Resources Ltd. (formerly Falco Pacific Resource Group Inc.)
Principal Regulator – Quebec
Type and Date:
Preliminary Shelf Prospectus dated March 5, 2018
Received on March 5, 2018
Offering Price and Description:
$500,000,000.00
Common Shares
Warrants
Units
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2737475

Issuer Name:
Foreshore Exploration Partners Corp.
Principal Regulator – British Columbia
Type and Date:
Amendment dated March 2, 2018 to Preliminary CPC Prospectus (TSX-V) dated December 4, 2017
NP 11-202 Preliminary Receipt dated March 2, 2018
Offering Price and Description:
Minimum of 2,100,000 Common Shares up to a Maximum of 4,000,000 Common Shares (the “Common Shares”)
Price: $0.10 per Common Share
Minimum of $210,000 up to a Maximum of $400,000
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Chris Beltgens
Toby Pierce
Benjamin Gelber
Project #2706711

Issuer Name:
Hydro One Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated February 28, 2018
NP 11-202 Preliminary Receipt dated March 1, 2018
Offering Price and Description:
$4,000,000,000.00
Medium Term Notes (unsecured)
Rates on Application
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Casgrain & Company Limited
CIBC World Markets Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
–
Project #2735198

Issuer Name:
Nutrien Ltd.
Principal Regulator – Saskatchewan
Type and Date:
Preliminary Shelf Prospectus dated February 27, 2018
NP 11-202 Preliminary Receipt dated February 27, 2018
Offering Price and Description:
U.S.$3,000,000,000.00 – Common Shares, Preferred Shares, Subscription Receipts, Debt Securities, Share Purchase, Contracts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2733973

Issuer Name:
Profound Medical Corp. (formerly Mira IV Acquisition Corp.)
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 5, 2018
NP 11-202 Preliminary Receipt dated March 5, 2018
Offering Price and Description:
$30,000,000.00
30,000,000 Units
$1.00 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Paradigm Capital Inc.
CIBC World Markets Inc.
Beacon Securities Limited
Echelon Wealth Partners Inc.
Mackie Research Capital Corporation
Promoter(s):
–
Project #2737477

Issuer Name:
Rogers Sugar Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 2, 2018
NP 11-202 Preliminary Receipt dated March 2, 2018
Offering Price and Description:
$85,000,000.00 – Seventh Series 4.75% Convertible Unsecured Subordinated Debentures
Price: $1,000.00 per Offered Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
Promoter(s):
–
Project #2733255

Issuer Name:
Sabina Gold & Silver Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated February 28, 2018
NP 11-202 Preliminary Receipt dated March 1, 2018
Offering Price and Description:
$500,000,000.00 – Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2735292

Issuer Name:
STEP Energy Services Ltd.
Principal Regulator – Alberta (ASC)
Type and Date:
Preliminary Short Form Prospectus dated February 28, 2018
NP 11-202 Preliminary Receipt dated February 28, 2018
Offering Price and Description:
$50,034,000.00
5,380,000 Subscription Receipts each representing the right to receive one Common Share
Price $9.30 per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Peters & Co. Limited
BMO Nesbitt Burns Inc.
GMP Securities L.P.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Cormark Securities Inc.
Tudor, Pickering, Holt & Co. Securities – Canada, ULC
AltaCorp Capital Inc.
Industrial Alliance Securities Inc.
Promoter(s):
–
Project #2731989

Issuer Name:
American Pacific Mining Corp.
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated February 27, 2018
NP 11-202 Receipt dated February 27, 2018
Offering Price and Description:
11,365,000 Common Shares and 5,682,500 Common Share Purchase Warrants issuable on deemed exercise of outstanding Special Warrants and 9,690,000 Common Shares issuable on deemed exercise of outstanding Debentures
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2722291

Issuer Name:
Aumento Capital VII Corporation
Principal Regulator – Ontario
Type and Date:
Final CPC Prospectus (TSX-V) dated February 26, 2018
NP 11-202 Receipt dated March 1, 2018
Offering Price and Description:
$500,000.00 – 1,000,000 Common Shares
Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
–
Project #2720496

Issuer Name:
Aurora Cannabis Inc.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated March 2, 2018
NP 11-202 Receipt dated March 2, 2018
Offering Price and Description:
$200,000,000.00 aggregate principal amount of 5.0% Unsecured Convertible Debentures
Price per Debenture: $1,000.00
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
PI Financial Corp.
Beacon Securities Limited
Eight Capital
GMP Securities L.P.
Mackie Research Capital Corporation
Promoter(s):
–
Project #2716085

Issuer Name:
Chorus Aviation Inc.
Principal Regulator – Nova Scotia
Type and Date:
Final Short Form Prospectus dated March 5, 2018
NP 11-202 Receipt dated March 5, 2018
Offering Price and Description:
$100,000,800.00
11,628,000 Variable Voting Shares and/or Voting Shares
Price: $8.60 per Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Cormark Securities Inc.
Canaccord Genuity Corp.
Paradigm Capital Inc.
Promoter(s):
–
Project #2730792

Issuer Name:
Cognetivity Neurosciences Ltd. (formerly, UTOR Capital Corp.)
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated February 28, 2018
NP 11-202 Receipt dated March 2, 2018
Offering Price and Description:
$4,167,500.00 – 16,670,000 Qualified Units on exercise or deemed exercise of 16,670,000 Special Warrants
Underwriter(s) or Distributor(s):
–
Promoter(s):
Sina Habibi
Seyed-Mahdi Khaligh-Razavi
Project #2715040

Issuer Name:
Commerce Acquisition Corp.
Principal Regulator – Ontario
Type and Date:
Final CPC Prospectus (TSX-V) dated February 27, 2018
NP 11-202 Receipt dated February 28, 2018
Offering Price and Description:
Maximum of $1,000,000.00 – 5,000,000 Common Shares
Minimum of $500,000.00 – 2,500,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Industrial Alliance securities Inc.
Promoter(s):
–
Project #2721365

Issuer Name:
George Weston Limited
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated February 26, 2018
NP 11-202 Receipt dated February 27, 2018
Offering Price and Description:
$1,000,000,000.00 – Senior Unsecured Debt Securities Subordinated Unsecured Debt Securities Preferred Shares
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2728177

Issuer Name:
Mira X Acquisition Corp
Principal Regulator – Ontario
Type and Date:
Final CPC Prospectus (TSX-V) dated February 26, 2018
NP 11-202 Receipt dated February 28, 2018
Offering Price and Description:
$350,000.00 (3,500,000 Common Shares)
Price:$0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Ronald D. Schmeichel
Project #2726154

Issuer Name:
Nevada Copper Corp.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated March 1, 2018
NP 11-202 Receipt dated March 2, 2018
Offering Price and Description:
256,410,256 Common Shares upon exercise of 256,410,256 Special Warrants
Price per Special Warrant $0.50
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2724304

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Encasa Financial Inc.	From: Investment Fund Manager To: Investment Fund Manager and Portfolio Manager	February 28, 2018
New Registration	Sarona Asset Management Inc.	Exempt Market Dealer	February 28, 2018
Change in Registration Category	Baillie Gifford Overseas Limited	From : Portfolio Manager To: Portfolio Manager and Exempt Market Dealer	February 28, 2018
Voluntary Surrender	Nasdaq CXC Limited	Investment Dealer	March 1, 2018
Change in Registration Category	Alphafixe Capital Inc.	From: Investment Fund Manager and Portfolio Manager To: Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	March 1 2018

This page intentionally left blank

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Proposed Amendments to Transaction Reporting for Debt Securities – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS TO TRANSACTION REPORTING FOR DEBT SECURITIES

IIROC is publishing for public comment proposed amendments to transaction reporting for debt securities in the Dealer Member Rules (the Proposed Amendments). The Proposed Amendments would:

- shorten the transaction reporting deadlines for debt securities to align with the change to shorter settlement cycles
- remove the reporting requirement on alternative trading systems when trades in debt securities are executed against a Dealer Member to eliminate duplicative reporting
- add new data fields to enhance the surveillance capabilities of IIROC Debt Surveillance and assist with the regulatory functions of the Bank of Canada.

A copy of the IIROC Notice including the proposed amendments is published on our website at www.osc.gov.on.ca. The comment period ends on June 6, 2018.

13.2 Marketplaces

13.2.1 Nasdaq CXC Limited – Changes to CXC Trading Book – Notice of Proposed Changes and Request for Comment

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Nasdaq CXC Limited (Nasdaq Canada) has announced plans to implement the change described below in August 2018 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol). Pursuant to the Exchange Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by April 9, 2018 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Fax 416 595 8940
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Nasdaq CXC Limited
25 York St., Suite 900
Toronto, ON M5J 2V5
Email: matthew.thompson@nasdaq.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGES

Nasdaq Canada has announced plans to implement the change described below in August, 2018 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Exchange Protocol.

Summary of Proposed Changes

Nasdaq Canada is proposing to change the allocation matching priority for the CXC Trading Book from price/time priority to price/broker/time priority (broker preferencing). Associated with this change, CXC will introduce the ability for an order to be attributed on a pre-trade basis (currently attribution is only available on a post trade basis with a requirement to opt-in). All orders that are entered on CXC will be attributed by default. Members may elect to have their orders be entered without attribution by selecting the anonymous order marker.

How it Works Today

Today the sequence of priority for matching orders in the CXC Trading Book today is determined first by price and then by time.

Price Priority – priority is given to an order with the best price (highest bid or lowest offer).

Priority	Broker ID #	Size	Bid	Offer	Size	Broker ID #
P1	**09**	**300**	**10.00**	**10.01**	**500**	**85**
P2	07	100	9.99	10.02	600	63
P3	05	100	9.98	10.03	100	07

The buy order for 300 shares entered by broker #09 has execution priority because it is the highest price bid. Likewise, the sell order for 500 shares entered by broker #85 has execution priority because it is the lowest price offer.

Time Priority – priority is given to an order at a price that was entered first.

Priority	Broker ID #	Size	Arrival Time	Bid
P1	**09**	**300**	**9:30:01**	**10.00**
P2	07	100	9:31:00	10.00
P3	05	100	9:32:00	10.00

In this example, the buy order for 300 shares by broker #09 entered at 9:30:01 has execution priority because it was entered before the other two orders for 100 shares at the same price.

Proposed Change

Broker Priority – priority is given at the same price to an order with the same broker ID before orders at that price that were entered first.

Priority	Broker ID #	Size	Arrival Time	Bid
P1	09	300	9:30:01	10.00
P2	**07**	**100**	**9:31:00**	**10.00**
P3	05	100	9:32:00	10.00

This snapshot of the bid side of the protected market is identical to the example provided above for time priority. However, unlike the 300 share order that was entered first and had priority in the aforementioned example, broker priority allows for a contra-side sell order entered by a Member to execute against a buy order entered by that same Member first. In this example, if a sell order

is entered at 10.00 by either broker #07 or broker #05, it will first match with the buy order entered by the same Member before proceeding to execute with other orders in priority.

This is demonstrated when broker #07 enters a sell order for 100 shares at 10.00.

Action: #07 enters a sell order for 100 shares.

Broker ID #	Size	Arrival Time	Bid
09	300	9:30:01	10.00
07	**100**	**9:31:00**	**10.00**
05	100	9:32:00	10.00

Although broker #09 had time priority in the book, broker priority oversteps the time priority of this order and instead priority is given to the buy order entered by broker #07.

Action: #07's buy order (P2) executes against the incoming sell order by #07 for 100 shares.

Expected Date of Implementation

Subject to regulatory approval we are expecting to introduce this feature in August 1, 2017.

Rationale and Relevant Supporting Analysis

Nasdaq Canada (formally Chi-X Canada ATS Limited) began operations in 2008 when it introduced its flagship market CXC as a fully anonymous trading book matching orders with strict price/time priority. At that time we believed and continue to believe that intra-market price/time priority is fundamental to promoting fair and transparent markets as well as price discovery as it properly rewards those who are willing to assume risk by setting a new price level.

Broker preferencing has been an established market structure characteristic in Canada long before the introduction of multiple marketplaces. With the introduction of multiple marketplaces this feature was adopted by all new competing markets with the exception of CXC. CXC's differentiating market structure led to success where it established itself as the second largest market.

However, given recent changes in dealer workflows and the developments in technology where routers are able to seek the cross and preference attributed markets, broker preferencing has become more and more relevant. Broker preferencing has proven itself to be an efficient tool for dealers to unwind positions accumulated from deploying capital for client facilitation while at the same time providing passive liquidity to the market.

Concerns around internalization have recently been raised, leading to an Industry Roundtable to discuss the topic along with the impact of broker preferencing. While a policy review may be underway, Nasdaq Canada is proposing to introduce broker preferencing for the reasons aforementioned.

Expected Impact on Market Structure Impact of the Changes

There is little expected impact from the introduction of the proposed change as this feature is already supported by all lit markets.

Consultation and Review

This change is being made in response to feedback solicited by Members.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

Very little time is expected for Members and Vendors to prepare for the change. Participants are already familiar with broker preferencing and pre-trade attribution. No new tags will be added to either the Fix or Market Data protocols.

Discussion of any alternatives considered

No alternatives were considered.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

All other markets except Lynx support broker preferencing.

Any questions regarding these changes should be addressed to Matt Thompson, Nasdaq CXC Limited:
matthew.thompson@nasdaq.com, T: 416-647-6242

13.2.2 Liquidnet Canada – Notice of Proposed Changes and Request for Comment

LIQUIDNET CANADA

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Liquidnet Canada is publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto." Market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by April 9, 2018 to

Market Regulation Branch
Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, ON M5H 3S8
Fax: (416) 595-8940
marketregulation@osc.gov.on.ca

and

Thomas Scully
General Counsel
Liquidnet Canada Inc.
498 Seventh Avenue
New York, NY 10018
tscully@liquidnet.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

Any questions regarding the information below should be addressed to:

Albert Kovacs
Head of Liquidnet Canada & Chief Compliance Officer
Liquidnet Canada Inc.
79 Wellington Street West - Suite 2403
TD South Tower
Toronto, ON M5K 1K2
akovacs@liquidnet.com

Liquidnet Canada proposes to introduce the following changes to the Liquidnet Canada trading system:

1. Trading of Canadian corporate bonds

A. Description of the proposed change

Pursuant to an exemption from Section 6.3 of National Instrument 21-101 *Marketplace Operation*, Liquidnet Canada ATS currently provides institutional clients with access to trading of non-Canadian corporate bonds via trading systems operated by foreign affiliates Liquidnet, Inc. (LNI) and Liquidnet Europe Limited (LNEL). Liquidnet Canada ATS proposes to expand its bond trading services to also offer trading of Canadian corporate bonds using the same functionality offered for trading non-Canadian bonds. We note that Section 6.3(b) of NI 21-101 expressly permits trading of Canadian corporate bonds on an ATS.

Hours of trading

As with US bonds, the hours of trading for Canadian high-yield and investment grade corporate bonds will be 7 am London time (2 am EST) to 5 pm EST. Hours of trading are Monday through Friday, except that Liquidnet is closed for trading when the fixed income trading markets are closed in the applicable region. Liquidnet Member Services personnel will be available until 7 pm EST for trade processing and related support for Canadian bonds.

B. The expected date of implementation

It is expected that the proposed change will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed change to offer institutional subscribers liquidity and trading opportunities in a new category of corporate bond, i.e., Canadian bonds. The proposed change will also harmonize trading across the North American region by permitting subscribers to trade both Canadian and US bonds.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change will only expand the bond trading functionality provided to institutional subscribers by also offering trading of Canadian bonds. As noted above, Section 6.3(b) of National Instrument 21-101 *Marketplace Operation* expressly permits an ATS to trade Canadian corporate bonds.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with market structure, Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

Liquidnet Canada and its affiliates consulted with certain customers before proceeding with the proposed change. The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed functionality or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed change will not require participants or service vendors to make any changes to the way they currently interface with, service or access the Liquidnet Canada ATS from a technology perspective.

H. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada does not currently offer trading of Canadian bonds in other markets or jurisdictions. Liquidnet Canada does offer subscribers trading of US and European bonds on marketplaces operated by affiliates.

2. Virtual High Touch (VHT) functionality for trading bonds

A. Description of the proposed change

Liquidnet Canada ATS is proposing to provide Canadian institutional clients with access to Virtual High Touch ("VHT") workflow functionality for trading both Canadian and non-Canadian bonds.

Background

Liquidnet Canada ATS currently provides institutional clients with access to trading of non-Canadian corporate bonds via trading systems operated by foreign affiliates Liquidnet, Inc. (LNI) and Liquidnet Europe Limited (LNEL). The fixed income trading system provides negotiation functionality based on indications (not firm orders) sent by Members to the Liquidnet Canada ATS, which are then routed to the indication matching engine operated by affiliates LNI and LNEL. Upon receipt of notification of a match, the two matching Members may negotiate a price for the trade. When a match is not available, a buy-side subscriber who has opted into targeted invitations (TI) functionality can send a TI to (i) a trader who had an opposite-side indication in the bond during a specified look-back period, and (ii) a trader who has the bond on his or her targeted invitation watchlist.

Overview of the proposed Virtual Hight Touch® (VHT) functionality

Building upon existing dark matching and targeted invitation functionality, LNI and LNEL have implemented VHT for Members located in the US and Europe. VHT functions as a smart, virtual assistant that reviews a subscriber's fixed income orders (as made available to the system) and suggests an execution strategy for different groups of orders. For example, VHT may suggest a "lit" strategy for a small order in a liquid bond, while suggesting a "dark" strategy for a larger order in a less liquid bond (including, in the case of buy orders, the possibility of substitute liquidity in similar bonds). While additional detail concerning the proposed functionality is provided below, we wish to highlight the following important characteristics of the proposed VHT workflow:

- VHT allows for different handling of indications based on whether the indication is included in the lit or dark stream.

- VHT incorporates both pre-existing functionality, e.g., dark matching, negotiation and targeted invitations, and new functionality, e.g., open invitations and substitute liquidity.

- A trader can disable VHT or change his or her VHT configurations at any time.

Criteria for Initial grouping in the lit or dark stream

To be included in the lit stream for the initial grouping, an indication must meet all of the following criteria:

- ***Indication size.*** The indication size cannot be greater than the threshold size designated by the trader. The following are the default thresholds:

	Canadian and US bonds	**European bonds**
High-yield bond	$2.5 million	€2.5 million
Investment grade bond	$5 million	€5 million

  A trader can adjust these default thresholds.

- ***Issue size.*** The issue size for the bond must be $400 million or more, or the equivalent in another currency if the bond is issued in another currency.

- ***Price.*** The last known mid-price for the bond (as obtained by Liquidnet from a third-party source that estimates the mid-price) must be 85% of the face value or higher.

- ***Trading volume.*** For a US bond, there must have been at least one trade of $1 million or more notional amount at any time during the current trading day or the preceding five trading days. At present, the trading volume condition only applies for US bonds.

Liquidnet may amend these criteria in the future subject to prior notice to customers. The criteria other than indication size are not configurable by trader or customer.

If an indication does not meet all of the applicable criteria to be in the lit stream, as described above, the indication is initially grouped in the dark stream. A trader can move a specific indication from the dark stream to the lit stream or from the lit stream to the dark stream. The dark stream process (as described below) commences for any indication that Liquidnet initially groups in the dark stream upon receipt of the indication by Liquidnet.

Commencement of the lit stream process

A trader at a Member or dealer firm can make one of the following elections for when the lit stream process should commence for an indication that Liquidnet initially groups in the lit stream:

- ***Upon trader confirmation.*** This is the default option. If a trader elects this option, the lit stream will only commence for an indication upon confirmation from the trader. If a trader elects this option, the system notifies the trader upon Liquidnet's receipt of an indication by Liquidnet (except as described below with respect to subsequent indications).

- ***10 minutes after receipt of the indication by Liquidnet.*** If a trader has elected this option, the system notifies the trader upon receipt of an indication by Liquidnet (except as described below with respect to subsequent indications). During the 10-minute period, the trader can move any indications between the lit and dark streams. If the trader during this period confirms his or her selections, the lit stream process will commence for any indications in the lit stream grouping and the dark stream process will commence or continue for any indications in the dark stream grouping. If the trader does not confirm his or her selections within the 10-minute period, at the end of the 10-minute period, the lit stream process will commence for any indications in the lit stream grouping and the dark stream process will commence or continue for any indications in the dark stream process. The 10-minute period is also referred to as the "interim period".

- ***Upon receipt of the indication by Liquidnet.*** If a trader elects this option and an indication is eligible for the lit stream, the system automatically handles the indication as a lit stream indication.

Prior to the lit stream process commencing for an indication that Liquidnet initially groups in the lit stream, the indication is subject to standard matching and negotiation functionality and targeted invitations are automatically sent to eligible recipients.

Commencement of the lit stream process for subsequent indications

If Liquidnet receives indications from a trader that are not part of the trader's first group of indications for a trading day (referred to as a "subsequent group of indications"), Liquidnet will not display the VHT dashboard to the trader until the earlier of:

- the receipt by Liquidnet of five or more indications as part of this subsequent group

- 30 minutes after receipt by Liquidnet of the first indication in this subsequent group.

Upon request by a trader, Liquidnet can change the number of indications or time period for determining when the VHT dashboard will be displayed to the trader for a subsequent group of indications.

If a trader has elected to enable automated sending of indications to the lit stream 10 minutes after receipt by Liquidnet, the 10-minute period for any indications in a subsequent group of indications will commence when Liquidnet displays the VHT dashboard to the trader.

This sub-section applies where the trader's method for sending indications to Liquidnet is manual or through the trader's OMS. This sub-section does not apply where the trader's method for transmitting indications is import or copy and paste.

Capped size for the dark and lit streams

A trader at a Member or dealer firm can set separate default cap sizes for either or both of the following:

- Lit stream indications

- Indications sent from the dark stream to the displayed book.

A cap size sets a maximum size that is displayed to other VHT customers for an indication.

When setting a default cap size for either lit stream indications or dark stream indications sent to the displayed book:

- A trader selects a default cap size based on a menu of thresholds provided by Liquidnet for each type of bond.

- In addition to selecting a default cap size, the trader can elect as a default to display a plus sign when the size of the trader's indication is above the cap size set by the trader for the applicable type of bond.

A trader can override or adjust the default cap size for any specific indication.

Dark stream process

The dark stream process for an indication involves the following steps in sequence (except as otherwise indicated):

- Step 1: Negotiation functionality
- Step 2: Send targeted invitations to eligible recipients, except that the only parameters that apply are look-back period and priority (i.e., whether to prioritize recipients based on "most recent" or "size"). In Step 2, targeted invitations are not sent to watchlist recipients.
- Step 3: Send targeted invitations to watchlist recipients.
- Step 4: Send targeted invitations to up to ten eligible recipients that are known holders of the bond, as described below.
- Step 5 (for buy indications only): Identification of opposite liquidity in a similar bond of the same issuer.
- Step 6 (for buy indications only): Identification of opposite liquidity in a similar bond of another issuer.
- Step 7: Display all or a portion of the indication in the displayed book.

Steps 2 through 6 are not available for dealers. Steps 4 through 7 are described in more detail below. Steps 5 and 6 are also referred to as "substitute liquidity alerts".

Mandatory and optional steps

Steps 1 and 2 are mandatory for the dark stream. Steps 3 through 7 are optional and can be configured by a trader. Steps 3 and 4 are enabled by default; Steps 5 through 7 are disabled by default.

Progression of steps

The negotiation step for an indication continues for as long as there is at least one opposite-side match or negotiation for the indication, but if the only remaining matches are resting matches, the system proceeds to the next step. Steps 2, 3 and 4 continue until the respective periods for each targeted invitation recipient to respond have expired. Steps 5 and 6, once commenced, apply continuously. Step 7 (the displayed book), once commenced, applies continuously, except that if a match (other than a resting match) or negotiation is in effect for an indication, the indication is not displayed in the displayed book during that period.

Steps 1 through 4, subject to the trader having enabled the relevant step, are repeated continuously during the trading day while the indication is still in the dark stream, except that the commencement of a match for negotiation pauses the sending of TIs. If a trader has enabled Step 7 and all or a portion of the trader's indication is displayed in the displayed book (as described below), the indication continues to reside in the dark stream.

If a trader has received a targeted invitation or match notification for a bond based on a prior step or cycle, the trader does not receive a targeted invitation or match notification for the same bond and contra in a subsequent step or cycle.

If a negotiation for a VHT indication is not successful, the system continues to display a resting match as it moves to subsequent steps. Negotiation continues to be available while other steps are in process.

Option to display a cap size for dark stream targeted invitations

If elected by a trader, Liquidnet can configure the trader's targeted invitations sent in Steps 2 through 4 above to display size. If the size of the trader's indication is above the thresholds in the table below, the system will disclose the targeted invitation as being above the threshold without displaying the actual size:

	Canadian and US bonds	**European bonds**
High-yield bond	$2.5 million	€2.5 million
Investment grade bond	$5 million	€5 million

For example, if the targeted invitation is for a high-yield US bond and the trader's indication size is $3 million, the targeted invitation will display a size of $2.5 million+. This configuration is not enabled by default. A trader can enable this configuration through the Liquidnet desktop software or by request to the trader's sales coverage.

Displayed book and open invitations

In addition to Step 7, a trader at any time can display all or a portion of a dark stream indication in the displayed book or initiate an open invitation for a dark stream indication, as described below.

Targeted invitations to known holders of a bond

This step involves sending targeted invitations to up to ten recipient firms that are known holders of the applicable bond, based on publicly available data. A recipient firm could have multiple traders who receive a targeted invitation. Recipients are prioritized based on the size of their respective holdings with a recipient with a larger reported holding receiving a targeted invitation ahead of a recipient with a smaller reporter holding. Liquidnet updates this data on a periodic basis. If the number of known holders exceeds ten, recipients are prioritized based on the size of their respective holdings.

A recipient of a targeted invitation pursuant to this section (a "known holder recipient") has the same options as a watchlist recipient of a targeted invitation, except that a known holder recipient has one minute to respond, instead of three minutes.

By default, all VHT customers can receive targeted invitations sent pursuant to this section. A trader can elect to block receipt of these targeted invitations.

Identification of opposite liquidity in similar bonds of the same issuer

If a trader has this option enabled, the trader can pre-configure the maturity and yield ranges for other bonds of the same issuer that the trader would consider substitute bonds. A trader can configure the maturity range as a specified number of years above or below the maturity of the bond in which the trader has the buy indication (referred to as the "base bond"). For base bonds with a maturity of 20 years or more, the minimum maturity range is plus or minus 5 years. A trader can configure the yield as a percentage plus or minus relative to the base bond.

If a trader selects this option, the trader can view potential matches in these substitute bonds from contras that also have this option enabled. The contras cannot view the potential match at this point. Upon receipt of a notification pursuant to this section, a trader can create an indication in the substitute bond, resulting in a match eligible for negotiation.

As noted above, this option only applies where the trader has a buy indication. If a trader enables this option, the trader's indications can be identified to other traders who have this option enabled.

Identification of opposite liquidity in similar bonds of other issuers

If a trader has this option enabled, the trader can pre-configure the maturity and yield range for similar bonds of other issuers that the trader would consider substitute bonds, as described in the preceding section.

If a trader selects this option, the trader can view potential matches in these substitute bonds from contras that also have this option enabled. The contras cannot view the potential match at this point. Upon receipt of a notification pursuant to this section, a trader can create an indication in the substitute bond, resulting in a match eligible for negotiation.

As noted above, this option only applies where the trader has a buy indication. If a trader enables this option, the trader's indications can be identified to other traders who have this option enabled.

Additional provisions relating to identification of opposite liquidity in similar bonds

Display of size

In connection with notification of opposite liquidity in a substitute bond:

- Size (subject to any applicable cap) is displayed to the trader receiving notice of the substitute bond (the "first trader") if the opposite liquidity is in the displayed book or the trader with the opposite liquidity has sent an open invitation for the indication.

- Size is not displayed to the first trader if the opposite liquidity is a dark stream indication, unless the trader with the opposite liquidity agrees to disclose size based on the request of the first trader, as described below.

Cap on number of substitute bonds

Liquidnet can set a cap on the number of substitute bonds that can be identified for any buy indication. The initial cap will be three; Liquidnet can modify the cap from time-to-time.

Prioritization of substitute liquidity

If the number of substitute bonds exceeds the cap set by Liquidnet, Liquidnet will prioritize the substitute bonds for display based on prioritization criteria relating to maturity, issue size, and/or yield.

Minimum size for displaying indications in substitute bonds

Offer indications are identified as substitute bonds only if the indication size meets the following minimum size threshold:

	Canadian and US bonds	**European bonds**
High-yield bond	$2.5 million	€2.5 million
Investment grade bond	$5 million	€5 million

Responding to a notification of substitute bonds

Upon receipt of a notification of substitute bonds, a trader has the following options with respect to each bond included in the notification:

- ***Accept the notification.*** This results in a match for potential negotiation.
- ***Reject the notification.*** This cancels the notification.
- ***Request size (when the notification does not display size).*** See discussion below.

When the trader receiving the notification requests size, the system provides the following options to the trader who has the substitute bond:

- Disclose a specific cap size based on a menu of thresholds made available by Liquidnet (for example, $5 million)
- Disclose the full size
- Reject the request.

Displaying all or a portion of a dark stream indication in the displayed book

If a trader enables Step 7, Liquidnet will display in the displayed book all or a portion of the trader's dark stream indications. In the case of a Member indication, Liquidnet will display the indication to all VHT customers, unless the trader has elected to block dealers from viewing the trader's indications. In the case of a dealer indication, Liquidnet will display the indication to Members but not to other dealers.

Additional configurations relating to display of dark stream indications in the displayed book

The following additional configurations, as elected by a trader at a Member or dealer firm, are available relating to the display of dark stream indications in the displayed book:

- The trader can elect to require a prompt to the trader and a confirmation from the trader before the applicable portion of an indication can be displayed in the displayed book
- The trader can elect to designate a time at which an indication can first be displayed, which can either be:
    - A specific time of day
    - A specified number of minutes after the indication has been received by Liquidnet.

When confirming that an indication can be displayed in the displayed book, a trader also can modify the default cap for that indication and elect whether or not to display a plus sign if the size of the trader's indication exceeds the cap set by the trader for the indication.

Lit stream process

The lit stream process for an indication involves the following steps in sequence (except as otherwise indicated):

- Step 1: Negotiation functionality
- Step 2: Send targeted invitations to eligible recipients, except that the only parameters that apply are look-back period (as set by the trader and subject to any look-back period restrictions set by the recipient) and priority (i.e., whether to prioritize recipients based on "most recent" or "size"). The max recipients and time in force parameters do not apply. In Step 2, targeted invitations are not sent to watchlist recipients.
- Step 3: Send targeted invitations to watchlist recipients.
- Step 4: Display all or a portion of the indication in the displayed book
- Step 5: Alert eligible recipients that are known holders of the bond that there is an indication in the displayed book or an open invitation, as applicable. By default, all VHT customers can receive these alerts; upon request by a trader, Liquidnet can disable the trader from receiving these alerts or filter the alerts received by a trader. These alerts are sometimes referred to as "displayed book alerts".
- Step 6: Send an open invitation.

Steps 4 through 6 are described in more detail below.

Mandatory and optional steps

Steps 1 through 4 are mandatory for the lit steam, except that a trader can elect to skip the sending of targeted invitations (Steps 2 and 3). Steps 5 and 6 are optional and can be configured by the trader through the settings area of the Liquidnet desktop software or by request to the trader's sales coverage. Step 5 is enabled by default; Step 6 is disabled by default.

Progression of steps

The negotiation step for an indication continues for as long as there is at least one opposite-side match or negotiation for the indication, but if the only remaining matches are resting matches, the system proceeds to the next step. Steps 2 and 3 continue until the respective periods for each targeted invitation recipient to respond have expired; Steps 2 and 3 no longer apply once Step 4 has commenced, but a trader who otherwise would have received a targeted invitation based on Steps 2 and 3 will receive an alert in place of the TI. Step 4, once commenced, operates continuously, except that:

- If a match (other than a resting match) or negotiation is in effect for an indication, the indication is not displayed in the displayed book during that period; and
- When an open invitation has been sent for an indication (Step 6), the indication is removed from the displayed book until the open invitation process expires (as described below), including where cancelled by the trader that initiated the open invitation.

Upon termination of the open invitation process, the indication is once again displayed in the displayed book. For any indication in the lit stream, a trader can initiate the open invitation process at any time.

If a trader has received a match notification for a bond based on a prior step or cycle, the trader does not receive a match notification for the same bond and contra in a subsequent step or cycle.

If a negotiation for a VHT indication is not successful, the system continues to display a resting match as it moves to subsequent steps. Negotiation continues to be available while other steps (including Step 6) are in process. While a match (other than a resting match) or negotiation is in effect for an indication, the indication is not displayed in the displayed book.

Displayed size for lit stream targeted invitations

Liquidnet displays the size for all lit stream targeted invitations based on the trader's configuration for displaying size.

Displaying all or a portion of a lit stream indication in the displayed book

If a trader at a Member enables this step, Liquidnet will display all or a portion of the trader's displayed book indications to all Members that are enabled for VHT. The size displayed takes into account any cap size set by the trader. Liquidnet also displays a trader's displayed book indications to dealers, unless the trader has elected to block dealers from viewing the trader's indications.

If a trader at a dealer enables this step, Liquidnet will display a portion of the dealer's indication to all Members that are enabled for VHT, but not to other dealers.

Information displayed

The displayed book displays the following information for an indication:

- Ticker
- Direction (buy or sell)
- Size (subject to any cap size as set by the trader).

A trader also has the option to display the following for all of his or her displayed book indications:

- Price
- A "MID" preference, signaling intention to trade around the mid-price for the bond even though no such mid-price is identified.

Price and MID preference are not displayed, unless the trader elects this configuration.

The displayed book identifies whether an indication is from a Member or a dealer. If a displayed book indication is from a dealer, the system shows the indicative price and indicative size.

Interacting with a displayed book indication

A trader can elect to interact with a displayed book indication, in which case the matching and negotiation process applies. While a match (other than a resting match) or negotiation is in effect for an indication, the indication is not displayed in the displayed book. Upon termination of all matches (other than resting matches) and negotiations, the indication can once again be displayed in the displayed book.

Submitting a displayed book indication after a partial execution or failed negotiation

Following a partial execution or a failed negotiation in the dark or lit stream, a trader has the option to send a displayed book indication, with or without a price displayed. In this scenario, if the trader's indication is already displayed in the displayed book but without a displayed price, the trader can elect to display a price.

Open invitations

An open invitation is a request for bids or offers sent to other customers that have enabled VHT. An open invitation has the following characteristics:

- Ticker
- Identifier
- Direction
- Size
- Minimum size for response
- Expiry time (in minutes) ("expiry time")
- Time for responses to be valid after expiry ("good for time").

Only traders at Member firms can send open invitations; dealers cannot send open invitations. A bid or offer sent in response to an open invitation is referred to as a "response".

Automated and manual sending of open invitations

For indications in the lit stream, a trader can enable the automated initiation of the open invitation process (Step 6). For these indications, Liquidnet applies the default parameters (size, minimum size for responses, expiry time and good for time) pre-set by the trader. The system only initiates the open invitation process one time for any indication in the lit stream.

Alternatively, a trader can enable Step 6 of the lit stream process subject to the trader confirming the initiation of the open invitation process for any indication. If a trader elects this configuration, the system will display a reminder to the trader prior to Step 6, but the system will not initiate the open invitation process for any indication unless confirmed by the trader for the specific indication.

In addition, to these configurations, a trader at any time can manually initiate the open invitation process for any lit or dark stream indication, including for indications where the open invitation process has previously occurred.

Display of open invitations in the displayed book

When a trader submits an open invitation, the open invitation appears in the displayed book but with a time counter next to it to identify it as an open invitation with a time expiry. By default, open invitations from traders at a Member firm are sent to all Members and dealers that participate in VHT, but a trader at a Member firm can elect to block dealers from viewing open invitations from the trader.

Responses; expiry and good for times

Any customer that sees an open invitation can send a response before the expiry time. The originator of an open invitation can view any response at the time it is sent and execute against one or more of the responses before the expiry time or between the expiry time and the end of the good for time.

A trader cannot cancel his or her response between the expiry time and the good for time (i.e., the response is executable by the initiator of the open invitation during this period).

Display of responses

Responses are displayed to the originator of the open invitation in order based on the following criteria:

- ***Price.*** Orders with a better price (i.e., higher bid price or lower offer price) are displayed above orders with a worse price.

- ***Size.*** For orders with the same price, a larger size order is displayed above a smaller size order.

- ***Time stamp of response creation.*** For orders with the same price and size, an order with an earlier time stamp is displayed above an order with a later time stamp.

Prioritization of responses

Orders are prioritized for execution in the same manner as they are displayed. If the originator of an open invitation accepts responses that have different prices, the execution price for all executions is the highest offer or lowest bid price accepted by the originator.

Maximum execution size

A trader can establish a size cap to be communicated in any open invitation sent for the trader's indications. The originator of an open invitation cannot accept responses for an aggregate size that is greater than the size communicated in the open invitation, unless the originator includes a "+" in the open invitation (for example, $2MM+).

Executions below a responder's size and the sender's minimum size

A trader who initiates an open invitation can elect to execute against a responder for a size that is below the responder's size and below the minimum size for response set by the trader.

Termination of an open invitation

An open invitation terminates upon the earliest to occur of the following events:

- The originator receives no responses by the expiry time
- The originator executes against one or more responses
- The originator has not executed against one or more responses by the good for time
- The originator cancels the open invitation.

Limiting the number of targeted invitations received by a recipient for a bond

A trader (the first trader) can limit the number of targeted invitations for a specific bond sent by the first trader that can be received by another trader (the second trader) during a specified period of time. This limitation is not enabled by default, but may be implemented by a trader. If a trader elects to implement this limitation, the following configurations are available:

- Maximum number of targeted invitations for a specific bond sent by the first trader that can be received by any second trader over the applicable time period: 1, 2, or 3
- Applicable time period for the above limitation: 10 or 20 trading days.

Disabling and filtering alerts

For purposes of this section, alerts mean targeted invitations, displayed book alerts and open invitations. A trader can disable receipt of any or all of these alerts or filter any or all of these alerts based on one or more special characteristics, including:

- Sector or sectors
- Maturity range
- Rating
- Direction (buy or sell or both)
- Minimum size
- Yield range
- Credit spread range
- Limit to bonds where the trader had recent indications
- Filter for open invitations only
- Whether the securities are on a specific watchlist that the trader has set up
- Whether the securities are in the Member's holdings, and subject to any additional filters with respect to these holdings applied by the Member.

VHT dashboard

The VHT dashboard, which is part of the Liquidnet desktop application, displays VHT activity to a trader.

Pre-market blocks

Pre-market blocks is a pre-market session during which eligible customers can display indications of $5 million or more for high-yield bonds and $10 million or more for investment grade bonds. The indications are only displayed to other eligible customers.

Eligibility criteria

The following are the eligibility criteria for a customer to participate in pre-market blocks:

- The customer must be a Member
- The Member must have assets under management in corporate bonds globally of $75 billion or more, based on public information or information provided by the Member
- Any participating trader must have elected to participate in VHT.

For traders at a Member to view indications from other Members during any particular session (and have the Member's indications displayed to other participating Members during the session), traders at the Member must submit in aggregate at least two blocks during the session (for example, one trader at the Member submits two blocks or two traders at the Member each submit one block).

Information displayed & execution process

During a session, eligible customers can see the ticker and direction of available blocks. The size is not displayed, but customers know that the indication size meets the minimum size criteria set forth above. The execution process during the pre-market blocks session is the same as the matching and negotiation process, except as otherwise set forth in this section. Initially, Liquidnet will make the pre-market blocks session available periodically and will provide advance notice through the system when a pre-market block session will be made available.

Data from VHT via FIX in external system

Members and dealers that participate in VHT can receive data from VHT activity ("VHT data") via FIX or other automated feed into their own systems, including an OMS. Receipt of this data is subject to completing the required technical integration with Liquidnet in accordance with Liquidnet's technical requirements. VHT data consists of VHT public data and VHT restricted data and is limited to data that is otherwise available to the applicable Member through the Liquidnet desktop software.

VHT public data

VHT public data consists of information available to all VHT customers through the Liquidnet desktop software, as follows:

Category	Specific fields available
Information on displayed book indications	Ticker; direction; displayed size; price (if applicable); MID flag (if applicable); and time stamp
Information on open invitations	Ticker; direction; size; minimum size; expiry time; good for period; and time stamp
Dark and lit stream trade executions	As per Liquidnet's trade display policy set forth in Section 8.02

Note that VHT public data is not in fact public data and is considered confidential to Liquidnet and the applicable customers. Customers are subject to the same obligations of confidentiality as they are subject to with respect to other confidential information of Liquidnet and other customers.

VHT restricted data

VHT restricted data consists of information that is available to a VHT participant through the Liquidnet desktop software but is not available to all VHT customers through the Liquidnet desktop software, as follows:

Category	Specific fields available
Availability of a match against one of the Member's dark or lit stream indications	Ticker; direction; minimum size; and time stamp
Last price from the contra in a negotiation for a dark or lit stream indication	Ticker; direction; minimum size; price; and time stamp

Category	Specific fields available
Receipt of a dark or lit stream targeted invitation	Ticker; direction; minimum size; displayed size (if applicable); price (if applicable); type of targeted invitation; and time stamp
Suggestion for substitute liquidity	Information relating to the base bond: ticker; direction; and size Information relating to any substitute bond: ticker; direction; displayed size (if applicable); and time stamp

Handling open invitations in an external system

If Liquidnet has certified a customer for FIX connectivity (or other type of connectivity), the customer can engage in the following VHT activity through the customer's own system (including an OMS):

- Respond to open invitations from other customers and receive notice of resulting executions
- Send open invitations, review responses to open invitations initiated by the customer, execute against the responses, and receive notice of resulting executions

This process is based on a Liquidnet FIX specification or other Liquidnet technical specification. In all cases when using this connectivity, the customer must also be logged-on to the Liquidnet desktop software. Any data provided pursuant to this section is data that is otherwise available to the applicable customer through the Liquidnet desktop software.

B. The expected date of implementation

It is expected that the proposed change will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada is implementing the proposed VHT functionality to improve the trading experience for Canadian participants by increasing the probability of executing larger orders in less-liquid bonds against natural liquidity, while minimizing time spent on smaller, easier to trade orders. The proposed functionality has already proven successful in the US and European market, and Liquidnet Canada respectfully submits that Canadian participants are currently at a disadvantage without it.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed change will only help participants execute more of their orders in both Canadian and non-Canadian corporate bonds via the marketplace.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with market structure, Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

Liquidnet Canada consulted with certain customers before proceeding with the proposed change. The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed functionality or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed change will not require participants or service vendors to make any changes to the way they currently interface with, service or access the Liquidnet Canada ATS from a technology perspective. The proposed functionality has already been developed and implemented in other

jurisdictions, so Liquidnet Canada need only enable Canadian subscribers for this functionality in order to implement the proposed change.

H. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada's affiliates in other jurisdictions have already implemented the proposed functionality in other markets.

13.3 Clearing Agencies

13.3.1 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – Variation of Recognition Order – Notice of Commission Issuance of Variation Order

VARIATION OF THE RECOGNITION ORDER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (CDS LTD.)
AND
CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS CLEARING)

NOTICE OF COMMISSION ISSUANCE OF VARIATION ORDER

The Ontario Securities Commission (**Commission**) issued an order pursuant to section 144 of the *Securities Act* (Ontario) on February 28, 2018 (**Order**) varying the current recognition order of CDS Ltd. and CDS Clearing (collectively, **CDS**) (**Recognition Order**) to replace the definition of "independent" in section 4.3(a) of Schedule "B" of the Recognition Order for the limited purpose of permitting the same individuals to be considered "independent" for the boards of directors of both CDS and the Canadian Derivatives Clearing Association (**CDCC**); an affiliate of CDS; subject to a term and condition. This would have the effect of enabling CDS and CDCC to have a mirror Board and, consequently, mirror Board committees.

The Commission issued the Order to CDS subject to the following term and condition:

> CDS shall actively consider any conflict of interest or potential conflict of interest that arises as a result of the CDS/CDCC mirror board structure, and if CDS identifies any conflict of interest or potential conflict of interest that arises as a result of the CDS/CDCC mirror board structure, CDS will notify the Commission as soon as possible and provide the Commission with (a) a written summary of the relevant facts relating to the conflict of interest, or potential conflict of interest; (b) a detailed description of how the conflict of interest will be resolved; and (c) timing to resolve the conflict of interest. A conflict of interest includes, without limitation, the following:
>
> (a) Rulemaking: CDS shall identify in its notice of publication for any material rule change (any rule not defined as technical/ housekeeping) per Appendix A of the CDS Rule Protocol, the specific impact of the rule change, if any, on CDCC and its activities as a participant of CDS, and whether CDCC is impacted in a different manner than any other CDS participant and if it is, the reason for and an explanation of the difference; and
>
> (b) Suspension: An appeal of any decision of CDS management relating to the suspension of CDCC's participation in CDS will be directly made to the Commission pursuant to section 21.7 of the *Securities Act* (Ontario).

The Commission published CDS' application and draft order for comment on October 12, 2017 on the OSC website at http://www.osc.gov.on.ca/en/Marketplaces_cds_20171012-recognition-order.htm and at (2017), 40 OSCB 8476. No comment letters were received.

In issuing the Order, no substantive changes were made to the draft order published for comment.

The Order is published in Chapter 2 of this Bulletin.

Chapter 25

Other Information

25.1 Exemptions

25.1.1 CST Spark Inc. – s. 19.1 of NI 41-101 *General Prospectus Requirements*

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from subsection 2.3(1.1) of National Instrument 41-101 General Prospectus Requirements to file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, ss. 2.3(1.1), 19.1.

February 27, 2018

CST Spark Inc.

Attention: Carole Matear

Dear Sirs/Mesdames:

Re: CST Spark Inc. (the Filer)

Preliminary Long Form Prospectus dated August 31, 2017

Canadian Scholarship Trust SmartPlan (the Plan)

Exemptive Relief Application under Part 19 of National Instrument 41-101 *General Prospectus Requirements* (NI 41-101)

Application No. 2018/0091 SEDAR Project Number 2672383

By letter dated February 20, 2018 (the **Application**), the Filer, as manager of the Plan, applied on behalf of the Plan to the Director of the Ontario Securities Commission (the **Director**) under section 19.1 of NI 41-101 for relief from the operation of subsection 2.3(1.1) of NI 41-101, which prohibits an issuer from filing a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus which relates to the final prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Fund's final prospectus, subject to the condition that the final prospectus be filed by no later than **June 1, 2018**.

Yours very truly,

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

25.2 Consents

25.2.1 Subscribe Technologies Inc. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the "Regulation")
MADE UNDER THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED
(the "OBCA")

AND

IN THE MATTER OF
SUBSCRIBE TECHNOLOGIES INC.

CONSENT
(Paragraph 4(b) of the Regulation)

UPON the application (the "**Application**") of Subscribe Technologies Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, as required under paragraph 4(b) of the Regulation, for the Applicant to continue into another jurisdiction pursuant to section 181 of the OBCA (the "**Continuance**");

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated pursuant to the OBCA by certificate of incorporation effective on September 13, 2010 under the name Surrey Capital Corp. Effective January 3, 2017 the Applicant changed its name to Subscribe Technologies Inc.

2. The Applicant's head office is located at Suite 604 – 700 West Pender St., Vancouver, British Columbia, V6C 1G8. The Applicant's registered office is located at 466A Ellerslie Ave., Toronto, Ontario, M2R 1C4.

3. The authorized share capital of the Applicant consists of an unlimited number of common shares (the "**Common Shares**"), of which 37,977,670 Common Shares are issued and outstanding as at the date hereof, and an unlimited number of Preference shares, issuable in series, of which none are issued and outstanding as at the date hereof.

4. The Common Shares of the Applicant are listed for trading on the Canadian Securities Exchange (the "**Exchange**") under the symbol "SAAS". The Common Shares of the Applicant are not listed on any other exchange. The Common Shares of the Applicant are the only securities of the Applicant listed on any exchange.

5. The Applicant is an offering corporation under the provisions of the OBCA and is a reporting issuer within the meaning of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), and within the meaning of the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418 (the "**BCSA**") and the *Securities Act* (Alberta), R.S.A. 2000, c. S-4 (the "**ASA**"). The Applicant is not a reporting issuer in any other jurisdiction of Canada.

6. The Applicant intends to apply to the Director pursuant to section 181 of the OBCA (the "**Application for Continuance**") for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the "**BCBCA**").

7. Pursuant to paragraph 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent of the Commission.

8. The Applicant is not in default under any provision of the Act or the regulations or rules made the Act, and is not in default under the BCSA or the ASA.

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

10. The Applicant is not a party to any proceeding nor, to the best of its knowledge, information and belief, any pending proceeding under the Act, BCSA or the ASA.

11. The Application for Continuance is being made in connection with the Company's head office and business having moved from Ontario to British Columbia in 2016 and to allow the Company to move its corporate registered and records office to British Columbia. As the Applicant's head office and business are located in British Columbia, management of the Applicant believes it is in the best interests of the Applicant to continue into the governing jurisdiction of the Province of British Columbia in order for its corporate affairs to be governed by the BCBCA rather than the OBCA.

12. The holders of Common Shares of the Applicant authorized the Continuance of the Applicant at the 2017 annual and special meeting of shareholders (the "Meeting") held on December 15, 2017. The special resolution authorizing the Continuance was approved at the Meeting by 100.0% of the votes cast. No shareholder exercised dissent rights in respect of the Continuance pursuant to section 185 of the OCBA.

13. The management information circular of the Applicant, dated November 13, 2017, describing the Continuance (the "**Information Circular**"), provided to all the shareholders of the Applicant in connection with the Meeting, included full disclosure of the reasons for, and the implications of, the proposed Continuance, included a summary of the material differences between the OBCA and the BCBCA and advised the shareholders of their dissent rights in connection with the Continuance, pursuant to section 185 of the OBCA.

14. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

15. Following the Continuance, the Applicant intends to remain a reporting issuer in Ontario and in the other jurisdictions where it is currently a reporting issuer.

16. The Applicant's principal regulator is British Columbia. Following the Continuance, British Columbia will remain the Applicant's principal regulator.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario this 2nd day of March, 2018.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

This page intentionally left blank

Index